How to optimize intercultural negotiations with Turkish suppliers, for Dutch fashion buyers.

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Before you lies an advice report for Dutch fashion buyers on how to optimize intercultural negotiation with Turkish suppliers. This advice report is a follow-up document on my research report on “communication and negotiation between Dutch fashion buyers and Turkish suppliers, from a cultural perspective”. I was engaged in researching and writing this advice, from January to May 2016, to fulfill the graduation requirements of the Fashion Management Program at Amsterdam Fashion Institute (AMFI).

The findings in my research report are examined, analysed and translated to recommendations on how Dutch fashion buyers should behave during negotiating with Turkish suppliers.

For completing my work I would like to thank my supervisors Mr. Smit and Ms. Feitsma for their guidance and support during the process. I also wish to thank my previous Cross Cultural Business teacher for inspiring me to explore the world of culture and providing me with otherwise unattainable research on how to conduct cross cultural business in the Netherlands and Turkey.

Finally I would like to thank all of the Dutch and Turkish interviewees, without whose cooperation I would not have been able to accurately target my advice towards the fashion industry.

I hope you enjoy your reading.

Joanna Steffens

Amsterdam, May 2016.
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INTRODUCTION

In recent years, Turkish textile and garment manufacturing has persisted an indispensable role to the Dutch ready to wear industry. Turkey is continually progressing and has now become the third largest import country for Dutch fashion, providing access to cheap labour, fine craftsmanship, quick response and just-in-time delivery. Within all fashion companies, negotiation with foreign suppliers is carried out by those in middle- management, the fashion buyers. Dutch fashion buyers are required to negotiate all elements of the buying process on a daily basis with their Turkish suppliers, making their communication crucial to negotiation results and therefore entire business.

This advice rapport corresponds to the research on: “communication and negotiation between Dutch fashion buyers and Turkish suppliers” by Joanna Steffens, commissioned by AMFI. The findings of this research are translated to an implementable negotiation advise towards Dutch fashion buyers.

For this advice the general negotiation model is analyzed, revealing different possibilities for Dutch fashion buyers to approach their Turkish suppliers during the buying process. The goal of this advice is to optimize communication between Dutch fashion buyers and Turkish suppliers by understanding their cultural differences and adapting to their behaviour.

As mentioned before, the advice is given based on the research report. All theoretical findings are justified by this report to account for the chosen advice. The recommendations in the final advice will be subdivided according to the different phases in the buying process. Both parties involved have been taken into consideration using the complications they experienced as practical examples, on how to adapt their behaviour to complement Turkish business culture.

To structureize this negotiation advice, Chapter one will focus on mapping out the actual problem. Thereafter, Chapter two will describe the standard negotiation model and give a thorough analysis of each element. Chapter three will attend the definite research composition, taking on the main- and subquestions. The methods used to answer these questions will be described in chapter four. All results and conclusions will be mapped in chapter five. And finally, chapter six will put all conclusions in perspective and give an implementable advice towards Dutch fashion buyers according to the buying process.
CHAPTER ONE: PROBLEM ANALYSIS

1.1 RESEARCH RATIONALE

Turkey has become the third largest import country for Dutch fashion (Jaarsema, 2014), making all negotiation elements during the buying process with Turkish suppliers essential factors to creating a positive business outcome. All negotiations revolve around communication. Effective communication between Dutch fashion buyers and Turkish suppliers can be challenging considering the added complications of cultural difference.

Culture is what enables a group to function smoothly on prominent levels. The difference in culture and therefore behaviour between Dutch fashion buyers and Turkish suppliers creates barriers, causing basic issues to interfere or completely barricade the communication and negotiation process. This emphasizes the importance of cultural knowledge among all business people operating internationally, including Dutch fashion buyers.

In order to establish sensible international trade relationships, the awareness of cross-cultural differences cannot be left out. When approaching or negotiating with foreign suppliers it is important to collect a proper amount of information about their cultural differences and gain knowledge on how to deal with these differences (Schroevens, 2015), in order to understand their business culture and establish a good trade relationship.

Negotiation in the purchasing process covers the period from when the first communication is made between the fashion buyer and supplier through the final stage of delivering the products in house (About money, 2016). The parties involved in this report are as mentioned before Dutch fashion buyers and their Turkish suppliers. A fashion buyer’s prime job involves selecting, ordering and delivering garments for their retailer. This is a lengthy process per garment which takes ongoing communication between both parties day in and day out. A small error in the process can cause a lot of lost time and money.

The results of this research are aimed towards Dutch fashion buyers, but will be of interest for both parties as understanding on another is what makes good communication.

1.2 RESEARCH AIM

The aim of this research is to improve the cultural knowledge of Dutch fashion buyers, working for scaled fashion companies, and to provide advice on how to negotiate specifically with Turkish garment suppliers.

The difficulties in communication are mostly caused by their cultural difference. An adjustment to their behaviour during negotiations is what can optimize the final outcome. This research provides information on the theoretical cultural differences and the current actual communication difficulties between both parties. The general negotiation process, behaviour and substance discussed between these parties are dissected and elaborated upon to create a clear view on how the Dutch should adapt their behaviour.

As a result, a targeted negotiation plan is formed, concerning the topics discussed during the buying process with Turkish suppliers. This will provide Dutch fashion buyers with an
uncomplicated advice on how to adapt their process and behaviour according to the standard substance discussed during negotiation with suppliers.

The negotiation substance will be centre point of the advice. All topic discussed between a Fashion buyer and supplier are highlighted with an explanation on how to adapt their behaviour, to complement each particular topic.

CHAPTER TWO: ANALYSIS AND DESCRIPTION

The theories mentioned in the following paragraphs will help visualize the negotiation field in which a buyer operates with his supplier. The theoretical framework (appendix 1) is divided in three subjects which can be individually targeted to optimize the negotiation process towards Turkish suppliers.

2.1 NEGOTIATION SYSTEM

Successful negotiations are both beneficial and necessary to optimize the outcome of the buying process. As Raymond Saner (2000, p 40) claims, negotiation involves three basic factors: process, behaviour and substance (Figure 1). The process involves all possible tactics and styles used during negotiation. Behaviour, which is culturally influenced, refers to the relationship and communication between both parties. And finally, the substance, refers to the topics discussed during negotiation. This factor is fixed as the business between a buyer and supplier remains the same. On the contrary, both process and behaviour can be adapted to benefit Turkish business culture.

![Figure 1 Negotiation system](image)

2.2 NEGOTIATIONS PROCESS

The process includes the steps followed and the roles taken in both preparing for and negotiating with Turkish suppliers. These are divided in two separate factors; the negotiation
tactics and negotiation styles (Figure 2). The possible tactics used can be split between distributive and integrative negotiation, which concern the distributions of gains (Brazeal, 2009) including all actions and responses related.

The possible negotiation styles adapted are; competing, collaborating, compromising, avoiding and accommodating (Long, 2013) which should depend on the context and interest of the other party.

2.3 NEGOTIATION BEHAVIOR

In this report Erin Meyer’s (2004) eight scaled model is chosen to substantiate the behavioural aspect in the negotiation model. The scales separate the behaviour in which these cultures communicate, evaluate, persuade, lead, decide, trust, disagree and schedule. By analysing and comparing Dutch and Turkish culture according to these eight scales, all critical differences and cultural gaps become visible. Their Behaviour during negotiation is therefore adaptable to the context of the negotiation and the cultural difference.

2.4 NEGOTIATION SUBSTANCE

The substance in this report refers to the daily topics discussed between a fashion buyer and supplier during the buying process. Abhishek Kumar (2012) has visualized the buying process in his research on fashion buying (appendix 2). The selected phases of the buying process below are the key moments of direct communication between buyer and supplier. To achieve optimal results when discussing these topics, Dutch buyers can adapt their behaviour accordingly.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price negotiation</td>
<td>Fabric quality, garment details and amount of pieces</td>
</tr>
<tr>
<td>Sampling process</td>
<td>Samples, style sheets and production list</td>
</tr>
<tr>
<td>Bulk manufacturing</td>
<td>Quality controle</td>
</tr>
<tr>
<td>Delivery</td>
<td>Shipment forecast</td>
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</tbody>
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CHAPTER THREE: SUBSTANIVE ORIENTATION

Since the problem and aim of this report are defined, the main question of this advice can be formulated. The question reads:

“How can Dutch fashion buyers improve communication and optimize negotiation results with their Turkish suppliers?”

To answer this main question the following sub-questions are formulated:

1. How does culture effect the negotiation process between international business partners?
   - What is the negotiation process?
   - Where does culture play a role in the process?

2. What are the topics of discussion during negotiations between a fashion buyer and supplier?

3. What are the predominant characteristics of the Dutch and Turkish business culture?
   - What are the goals and expectations of both cultures during a meeting?
   - What are the goals and expectations of both cultures during negotiations?
   - What values are significant for these cultures?

4. Where do the pitfalls lie for Dutch fashion buyers when bargaining with their Turkish suppliers?

The first question is answered using extensive desk research on general theories of culture, communication and negotiation. The answer to the second question derives from interviews with experienced buyers and suppliers in the field. Both results have been accommodated within the research analysis and description in chapter two. The third and fourth question are answered using results from both desk- and field research, which will appear in the research results of chapter five.

CHAPTER FOUR: METHODOLOGY

During this research several methods have been used to find the answers to all questions mentioned above. For the desk research phase only secondary sources have been used, meaning all information has been written or established by someone else. All exploratory field research on the other hand is original and self-published.

Firstly, the general concept of negotiation is analysed and dissected in three different elements; process, behaviour and substance, to create a clear perspective on the theoretical framework used for the final advice.
To start, the negotiation process is researched by looking at theories published by Harvard business & law on the topic of negotiation. To separate the behavioural aspects of both cultures, websites like Globe Smart, Executive planet, ING publications and the Turkish embassy are analysed. Also books like; business over Turkish coffee by Zafer Parlar and Software of the Mind by Geert Hofstede have helped to do so.

Next to this the cultural dimensions of culture theorists like; Geert Hofstede, Fons Trompenaars, Charles Hampden, Richard Gesteland and Erin Meyer are analysed to create a visible separation between both business cultures. Their theories have been juxtaposed during research, resulting in a fair amount of similarities which led to choosing one singular theorist; E. Meyers, to base the behavioural aspect in the advice on.

To further elaborate on the substance discussed between a fashion buyer and supplier several interviews have been conducted with Dutch fashion buyers Sabine Disveld, Patricia Datau and Joy Roeterdink, wwho have experience in doing business with Turkish suppliers. Also interviews with Turkish suppliers Gulser Işık and Sibel Uygun, have helped to give insight on the actual buying process between these partners. This exploratory research has offered a subject-oriented view on the business conducted between Dutch fashion buyers and Turkish suppliers.

**CHAPTER FIVE: CONCLUSIONS AND RESULTS**

In this chapter the negotiation model will be reviewed from a cultural perspective, concentrating on the result concerning the differences between both cultures. This will provide a clear view on their critical cultural differences, which will finally result to the advice.

The first paragraph indicates the negotiation tactics and styles used by both Turkey and the Netherlands. The second paragraph will cover their behaviour during negotiation and elaborate on the cultural values that influence that behaviour, which will finally result into the advice.

5.1 **PROCESS**

5.1.1 **NEGOTIATION TACTIC**

This appears to be a fixed factor as the chosen tactic is irrelevant to the cultural origin of the parties. The chosen tactic concerns the distribution of gains, and both buyer and supplier have a mutual goal, which is to sell as many garments as possible to their client. Meaning they will or should adopt an integrative, interest-based technique. This technique approaches negotiation as a shared problem rather than a personalized battle and often involves a higher degree of trust and the forming of a relationship (Brazeal, 2009).

5.1.2 **NEGOTIATION STYLE**

The initial negotiation style differs between these parties. Dutch buyers initially prefer to adopt a more aggressive, competing negotiation style to ensure the margins for their retailer
(Disveld, 2016). They perceive their position towards the supplier to be inferior as they play the client role during negotiation. In this same case Turkish suppliers prefer to adopt a collaborating negotiation style as they aim to pull in as many orders as possible.

The preferred Dutch competing style may come across as confrontational which can lead the Turkish supplier to lean toward adopting an avoiding negotiation style as they culturally do not respond well to conflict or aggression (Meyer, 2013). This can result in the Turkish supplier becoming less transparent and honest, which can finally diminish the deal or relationship.

5.2 BEHAVIOR

The following overview visualizes the score division of the Dutch and Turkish behaviour, based on Erin Meyer’s cultural scales.

![Culture map](image)

Figure 3 Culture map
The gaps visible on each scale indicate the cultural differences between both parties. As you can see in Figure 3, the Dutch are mostly positioned on extremes in the scale making them theoretically difficult to work with for cultures like Turkey. There cultural gaps often cause major barriers in the communication process, which affect the negotiation results and decreases the possibility of an optimal outcome. To understand, we can go back to the basics of the communication process (appendix 3), by focussing on the way in which the message is formulated and interpreted between the buyer and supplier. Understanding the cultural difference will make it easier to decode and correctly interpret the message sent by your supplier and formulate a response.

5.2.1 COMMUNICATING  
Dutch culture is extremely low-context, making their communication explicit, simple and clear. Turkish communication on the other hand is more nuanced, layered and sophisticated. The Dutch often perceive a high context culture like Turkey as secretive, lacking transparency, or unable to communicate effectively (Disveld, 2016). Meanwhile the Turkish perceive the Dutch as inappropriately stating the obvious, or even condescending and patronizing (Uygun, 2016).

5.2.2 EVALUATING  
The Dutch are very direct when it comes to providing negative feedback or criticism. They are bluntly honest and straightforward. For the Turkish being on the opposite side of the scale, this can come across as arrogant or rude (Uygun, 2016).

5.2.3 PERSUADING  
Persuasion is the most crucial negotiation skill. Without the ability to persuade your supplier to support your ideas, you won’t be able to attract the support you need to turn those ideas into reality. The Dutch apply application-first reasoning, basing their general conclusions on a pattern of factual observations (Meyer, 2013) and how things are done. On the contrary, Turkish suppliers prefer to understand the principles and significance of the situation before they move to application, leaning towards a more holistic way of thinking (Meyer, 2013).

5.2.4 LEADING  
The Dutch adapt an egalitarian culture when an aura of authority is low and communication often skips hierarchical lines. In Turkey, people are much more likely to acquire their superior’s approval as communication follows the hierarchical chain (Hofstede, 2010)

5.2.5 DECIDING  
On this scale both cultures score relatively towards consensual decision making. Comparing them to one another still results in the Dutch being more consensus-oriented where a buyer cannot make a decision on her own but needs to consult all departments involved. The Turkish supplier still often invest the decision making responsibility in one individual, for example the merchandiser, to speed up the decision-making process.

5.2.6 TRUSTING  
The Dutch tend to separate affective and cognitive trust, and rely mainly cognitive trust when
it comes to work relationships and negotiation (Meyer, 2013). They can quickly build or break trust based on business-related activities. Work and personal relationships are clearly separated. On the contrary, in Turkey establishing relationships takes time and are based on mutual trust on both business and personal level.

5.2.7 DISAGREEING

Dutch culture is extremely confrontational compared to the Turkish. Open confrontation and disagreement during debate is considered positive and appropriate. As the Turkish are conflict-averse and prefer to avoid confrontation, this way of handling can negatively impact the negotiation result.

5.2.8 SCHEDULING

The scheduling scale reflects how people tend to manage time. The Dutch approach time in a sequential manner, completing one task before beginning the next. The Turkish, on the other hand, approach time in a more fluid manner, changing tasks as opportunities rise. Their focus on adaptability, and flexibility is valued over organization. The Dutch often assume Turkish suppliers to be inflexible, chaotic, late or disorganized.

CHAPTER SIX: ADVICE

This final chapter contains the final negotiation advice towards Dutch fashion buyers. To make the advice more practically applicable for fashion buyers, each phase of the buying process that includes direct negotiation with the supplier is highlighted. Examples will be given on how to adapt your behaviour to complement the Turkish supplier.

- **Price negotiation**
  - Expect the price negotiation process to be lengthy as you both culturally follow a consensual decision-making process. Just as the head of your buying department and buying controlling department check your price decisions, Turkish suppliers deal with an even more hierarchical and top-down decision-making process. Try not to lose sight of your target prices during this time, due to the lengthiness of the negotiation and complicated bidding.
  
  - When you want to persuade your Turkish supplier to lower order prices, it will help to paint them a bigger picture. Instead of negotiating on the price per piece, try emphasizing on the total order amounts. This way you play in on their holistic thinking.

  - Compare your supplier with other reputable suppliers and inform them of the competition, this can play in on their principles-first way of thinking and persuade them to lower their prices.
- Know what your final acceptable price is and be prepared to walk away from a deal once the negotiations reach that price to avoid disagreeing on a price which can be confrontational for the Turkish supplier.

- When negotiating face to face, try to keep eye contact with your counterparts. In Turkey eye contact is a sign of sincerity. This will improve your trustworthiness during the meeting and provide you with a better chance of succeeding.

• **Sampling process**
  - Turkish have a fluid approach to time and might not immediately adapt to your strict, linear sampling procedure. Create a simple excel sheet with the order number, style and requested in-house date. Ask your supplier to send a daily follow-up on each style, so you can monitor their progress during sampling. This will help your Turkish supplier work according to your desired time-scheduling.

  - Provide clear information from the start, using simple style sheets. Provide stability during the sampling process by clearly communicating what you expect from your supplier regarding the production planning.

• **Bulk manufacturing**
  - The Turks willingness to do business depends on their trust and conviction that they could develop a long-lasting relationship. Creating a personal relationship with your Turkish supplier is therefore very beneficial for doing business. Make establishing a good relationship with them a top priority and gain their trust by appealing to their emotions. You can do this by frequently sharing personal information and showing sincere interest in their personal lives. At the end the Turkish will do a greater effort to finish and deliver orders for those whom they are close to.

  - Ask for a daily update on the process of running orders and their position in the production line. This stimulates your supplier to mention the mistakes they made. Turkish suppliers will probably fail to mention these, as they prefer to avoid confrontation and lose face.

  - Be as helpful as possible when your supplier experiences difficulties during the production process.

• **Delivery**
  - Apprehend a clear seasonal planning with your Turkish supplier to receive steady quality delivery. This will make it possible for them to focus on capacity planning beforehand and avoid conflict in time management and delays.
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APPENDIX

Appendix 1

Theoretical research framework, Joanna Steffens
Appendix 2

Fashion buying process, Abishek Kumar.
In orange are selected the elements that include direct negotiation between a fashion buyer and supplier, Joanna Steffens.
Circular communication model, Dr. D. Ashalatha.

Sender

- Formulates
- Encodes
- Transmits

Medium

Message

Transmits

Receiver

- Formulates
- Decodes
- Interprets