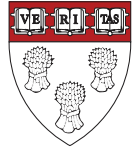


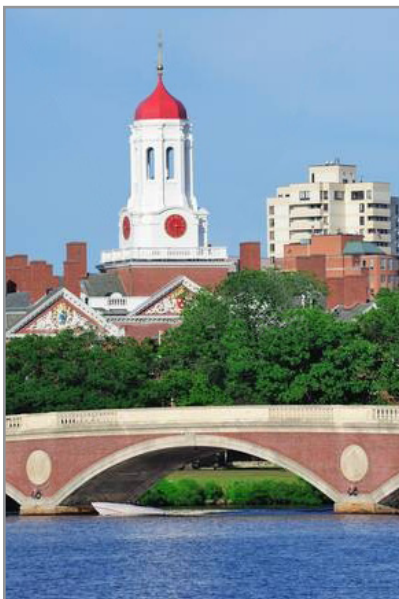
PROGRAM ON NEGOTIATION
HARVARD LAW SCHOOL



SPECIAL REPORT

International Negotiations

**Cross-Cultural Communication Skills
for International Business Executives**



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Cope with culture clashes

Entering the Soho Grand Hotel lobby in his most conservative suit, Stan brimmed with confidence as he approached an important potential customer, Vice President Sugimoto of MTV-Japan. Spotting the stylishly attired Sugimoto chatting with some musicians, Stan approached him with a deep bow and traditional Japanese greetings of respect. When he heard Sugimoto's reply—"What's up with *that*, my man?"—Stan felt a sinking sensation in his gut.

As Stan understood in hindsight, he needlessly raised cultural barriers between himself and Sugimoto that night. He should have realized—based on Sugimoto's employer, his hotel choice, and even his clothes—that his awkward attempt at traditional Japanese manners would only embarrass his guest.

Most of us can identify with Stan's faux pas. In our era of diversity and globalization, respect for cultural differences is constantly stressed. Yet our counterparts are complex people who won't necessarily follow their cultural scripts. Sometimes culture matters a lot, sometimes not at all!

When making judgment calls, we rely on *schemas*: cognitive templates that provide low-effort, ready-made answers. *Cultural schemas* account for the distinctive behavioral biases exhibited by negotiators from a particular culture. Suppose that a buyer in a procurement negotiation is surprised by a new seller's high initial bid. She may wonder, "Is this seller trying to gouge me, or does his product require a high bottom line?" A core American cultural schema attributes behavior to personality traits (as in the saying "Character is destiny"). If she follows this schema, she will interpret the seller's bid in terms of personal factors (the seller's greed) rather than in terms of situational factors (the seller's bargaining position).

Deadlines, distractions, emotional stressors, accountability—all these factors make negotiators more likely to rely on cultural schemas rather than considering a problem from multiple angles. An understanding of these triggering factors

can help you cope with culture at the bargaining table.

For instance, it can enable you to anticipate the extent to which culture will shape your counterpart's behavior. And it can do more than predict behavior, it can help you influence it. You can shape many features of the negotiation in advance—the location, the members of your team, the issues on the agenda, and so on—so as to reduce the possibility of cultural misunderstanding. In your behavior at the bargaining table, you can also work to minimize demands on your attention, emotional stressors, and cognitive cues that provoke culturally based thinking.

Consider the case of a manager who was negotiating a joint venture between his Silicon Valley firm and a major Japanese electronics company. Communication and trust had disintegrated, and meetings in San Jose and Tokyo had failed to restore a common understanding. In both settings, the visitors felt off-guard and defensive, while the hosts were surrounded by distractions and cultural primes. So the two sides decided to meet at a Hawaiian resort, a halfway point geographically and in other ways as well. Though within the United States, the resort catered primarily to Japanese tourists. The primary language was English, but the ambiance was as much Asian as American. In this setting, cultural barriers diminished, and trust was restored.

Adapted from “When Culture Counts—and When It Doesn’t,”
by Michael W. Morris (professor, Columbia University),
first published in the *Negotiation* newsletter (June 2005).

Weigh culture against other important factors

As members of organizations and families, we all know from experience that even people with identical backgrounds can have vastly differing negotiating styles and values. Nonetheless, we continue to be intrigued by the idea that distinct patterns emerge between negotiators from different cultures.

Researchers do confirm a relationship between national culture and negotiation style and success. An ongoing project sponsored by Northwestern

University's Dispute Resolution Research Center is exploring the link between process and outcomes—specifically, how cultural tendencies lead to certain process choices, which, in turn, can lead to better or worse negotiation results.

One study undertaken by the center has found that negotiators from the United States typically communicate their priorities more directly than do their Japanese counterparts, an advantage at the bargaining table. Because Japanese negotiators are generally good at making inferences, however, they match the performance of Americans in their ability to use information to generate joint gains.

By contrast, negotiators from Hong Kong and Russia do not create as much value as do American and Japanese negotiators, though for quite different reasons. Hong Kong negotiators often fail to share enough information to identify beneficial tradeoffs, while Russian negotiators tend to rely too much on power tactics.

Although the findings confirm some familiar national stereotypes, it would be a grave mistake to assume that group tendencies reliably predict any one individual's behavior. The important contribution of this research is that cultural differences in negotiation don't hinge precisely on where a negotiator happens to have been born. Rather, they depend on what that negotiator actually does at the bargaining table. The ability to engage in constructive communication—by revealing and interpreting information—matters much more than a negotiator's passport.

Adapted from "Cultural Notes," first published in the *Negotiation* newsletter (April 2004).

Prepare for possible cultural barriers

Even with a common language and the best of intentions, negotiators from different cultures face special challenges. Try following these guidelines when preparing for talks with someone from a different culture:

- 1. Research your counterpart's background and experience.** With a little homework, you should be able to learn who your negotiating partner will be and find out some details about her background and experience. If your counterpart has a great deal of international negotiating experience, you can probably assume that cultural stereotyping (and any effort to modify your negotiating strategy

accordingly) is likely to create new communication difficulties rather than solve old ones. If you have trouble getting information about your negotiating partner, ask an intermediary with contacts at that firm or organization to make inquiries for you. (Be sure the intermediary understands that he is not authorized to make any commitments on your behalf.)

2. Enlist an adviser from your counterpart's culture. If you discover that the person with whom you are likely to be negotiating has little or no international or cross-cultural experience, consider enlisting someone from his culture to serve as your “second” during the negotiation. Rather than deferring to this adviser during talks, plan out signals in advance to indicate when you should take a break for additional advice. In this manner, your cultural “guide” can help you size up the situation, coach you as needed, and even interject if he feels you have made an egregious error or misinterpretation.

3. Pay close attention to unfolding negotiation dynamics. Listen carefully during talks. If you're unsatisfied with the answers you receive, reframe your questions and try again. If you're unsure about what the other side said, repeat what you think you heard. It's safe to assume that people living and working in different cultural settings often view or interpret the same events differently. But in our era of globalization, it's also true that we have more in common on the person-to-person level than you might expect. Don't ignore your intuition, and mind your manners.

Most business professionals recognize when they need technical or legal expertise to proceed with a deal-making interaction. Similarly, cross-cultural negotiators should realize that they might well need help sizing up the situation in advance, as well as interpreting the signals and norms that could make or break a negotiation in a cross-cultural context.

Adapted from “What Gets Lost in Translation,”
by Lawrence Susskind (professor, Massachusetts Institute of Technology),
first published in the *Negotiation* newsletter (September, 2004).

Deal with translators

“The language of international business,” a British executive once said to me, “is broken English.” Fortunately for American negotiators, who usually don’t speak a foreign language well, if at all, much of global business *is* conducted in English—an English with a profusion of accents, cadences, and syntaxes.

Because translation complicates negotiation, executives should manage and plan for it as they would any other tactical element in dealmaking. Based on his book *The Global Negotiator: Making, Managing, and Mending Deals Around the World in the Twenty-First Century* (Palgrave Macmillan, 2003), Jeswald Salacuse has developed some simple rules that can help you negotiate more effectively in translation, four of which we summarize here.

1. Hire your own translator, and make your choice carefully. Except in cases where special reasons for trust exist, such as when you’re negotiating with a longtime partner, do not rely on the other side’s interpreter unless someone on your team understands the language and can check the translation. Before hiring an interpreter, try to determine her skill and experience from independent sources, such as the U.S. consulate or the local branch of a multinational bank. In many countries, the linguistic ability of people who call themselves “professional interpreters” varies considerably.

Hiring a mediocre interpreter can wreak unintentional havoc. Several years ago, an American negotiating team in China was astounded when its simple request to bring three typewriters into the country was rejected by government officials on the other side of the table. Only after an hour of wrangling did it become clear that the interpreter had mistranslated the English word “typewriter” as the Chinese word “stenographer.”

2. Brief your translator before negotiations start. Translators may be experts in languages, but they will rarely be experts in your business. Context gives words their meaning, but interpreters seldom will know the business context of your deal. For this reason, you should brief your interpreter beforehand on the background of the negotiation: the nature of your company, its business, and the deal you hope to arrange. You should also explain what type of translation

you expect. For example, if you want a word-for-word translation rather than a summary, make that requirement clear.

3. Stay on guard. Some interpreters, because of personal interests or ego, will try to take control of negotiations or slant them in a particular way. This risk may be especially high if the interpreter also works as a middleman, agent, or business consultant and is hoping for future business opportunities from your deal. You need to guard against such power plays by learning enough about your translator to determine potential conflicts of interest and by staying alert throughout talks to ensure that your translator is not adding in personal business advice.

4. Be sure to “chunk” it. When you negotiate in consecutive translation, speak in short, bite-size chunks, pausing after each one to give the interpreter a chance to translate your words. Inexperienced negotiators can become so engrossed in delivering their message that they forget to pause, or do so only after making a very long statement. This can confuse the interpreter and contribute to inaccurate translations. When planning your presentation, remember to pause frequently.

Adapted from “Negotiation in Translation,” by Jeswald W. Salacuse, first published in the *Negotiation* newsletter (October 2004).

Avoid ethical stereotypes

As professor Cheryl Rivers of Queensland University of Technology in Brisbane, Australia, has pointed out in a literature review, seasoned negotiators often hear stories about the unethical behaviors of people of other nationalities. Perhaps the toughest problems arise surrounding what Rivers calls “ethically ambiguous” negotiation tactics. Ambiguity can lead us to reach sinister conclusions about the motives of our counterparts, particularly when we lack a solid understanding of an opponent’s culture.

Rivers summarizes a variety of cultural differences in negotiation. For example, Asians are more likely to view cultivating a relationship with a negotiating counterpart through expensive gifts, entertainment, or personal

favors as more ethically appropriate than would Americans or Canadians. Similarly, she notes that although Mexicans have higher standards than Americans about what is ethically appropriate, necessity is more likely to lead Mexicans to violate these standards.

Like any differences between groups, these cultural differences are small, on average. Nonetheless, we tend to overuse the stereotypes that arise from these small differences, and these stereotypes block us from noting important individuating information. Thus, we too often act as if the person on the other side of the table represents the cultural stereotype we're expecting. From her statements and behaviors, we seek *confirmatory information* to back up these stereotypes. Perhaps most problematic, when a counterpart uses ethically ambiguous negotiation tactics, we adopt sinister explanations for her motives.

When it comes to negotiating behavior, more variance often exists within cultures than between them. Negotiators should seek out information about individual and cultural differences. However, negotiators are more likely to assume that people from other cultures are behaving unethically than they are to realize that standards of ethical behavior vary. Therefore, don't jump to harsh conclusions about the other side's motives when more benevolent explanations for their behavior are possible.

Adapted from "Cultural Caveats,"
first published in the *Negotiation* newsletter (July 2006).

Consider the team approach

According to conventional wisdom, when it comes to negotiation, there's strength in numbers. Indeed, several experimental studies have supported the notion that you should bring at least one other person from your organization to the bargaining table if you can. On average, this research has found that teams exchange more information than solo negotiators, make more accurate judgments of the other side, and create more value, resulting in greater profits compared to individuals.

Researchers Michele J. Gelfand, Jeanne M. Brett, Daphne Huang, Lynn Imai, and Hwa-Hwa Tsai tested these findings across cultures and contexts. In the United States, teams engaged in an exercise involving a potential deal outperformed solo negotiators; however, teams *underperformed* solo negotiators in the same exercise in Taiwan. When participants had to resolve a dispute rather than reach a deal, the results changed: teams and solo negotiators achieved similar outcomes in the United States, and teams *outperformed* solo negotiators in Taiwan.

What explains these intriguing findings? The researchers hypothesize that in collective cultures such as Taiwan, negotiating teams focus on developing relationships, both within the team and across the table, and thus are less likely to challenge each other. The result is greater harmony—and less of the friction that is needed to generate novel alternatives. By contrast, the stress of disputing in collectivist cultures may lead Taiwanese solo negotiators to engage in a “flight response” and take a minimum offer, while a team provides the support and assurance needed to stay at the table. The researchers further hypothesize that U.S. teams in a dispute will succumb to excessive competition, thus inhibiting value creation and distribution.

While more work must be done to pinpoint the factors underlying these results, it is clear that the notion of “strength in numbers” is context specific. The next time you are preparing for an important business negotiation, think through cultural and contextual factors before deciding whether to face your counterpart with a team or by yourself.

Adapted from “Team Negotiating: Strength in Numbers?” first published in the *Negotiation* newsletter (March 2007).



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