Intercultural Negotiation in International Business*

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Abstract

Cultural differences among negotiators is a constant in international business negotiations. Four elements of culture—behavior, attitudes, norms and values—influence such negotiations, particularly with regard to communication, the form and substance of transactions, and negotiating style. Negotiating style involves ten factors, and the article reports survey data on how negotiators from twelve different cultures view those factors. Rules for coping with cultural differences are suggested.

Key words: negotiation, culture, international business, transactions, relationships, contract, values, joint venture, management, conflict, dispute, deal making, process

I. Introduction

Although negotiating a purely domestic business deal and negotiating an international transaction have much in common, the factor that is almost always present in an international negotiation and generally absent from a domestic negotiation is a difference in culture among the parties. In international business, transactions not only cross borders, they also cross cultures. Culture profoundly influences how people think, communicate and behave, and it also affects the kinds of deals they make and the way they make them. Differences in culture among business executives, for example between a Chinese public sector plant manager in Shanghai and an American division head of a family company in Cleveland, can therefore create barriers that impede or completely stymie the negotiating process. The purpose of this article is to examine the effect of differences in culture on international business negotiations and to suggest ways to overcome problems encountered in intercultural dealings.

II. The nature of culture

Definitions of culture are as numerous and often as vague as definitions of negotiation itself. (Moran and Stripp 1991, p. 43–56. Zartman 1993, p. 19). Some scholars would confine the concept of culture to the realm of ideas, feeling, and thoughts. For example, one working definition offered by two negotiation experts is that "Culture is a set of shared and enduring meanings, values, and beliefs that characterize national, ethnic, and

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other groups and orient their behavior.” (Faure and Sjostedt 1993, p. 3) Others would have culture also encompass behavior patterns and institutions common to a given group or community. E. Adamson Hoebel, a noted anthropologist, defined culture as “the integrated system of learned behavior patterns which are characteristic of the members of a society and which are not the result of biological inheritance.” (Hoebel 1972, p. 7) While the essence of culture may reside in the mind, it must be pointed out that persons gain their understanding of their and others’ cultures primarily, if not exclusively, from observing the behavior and institutions of a particular group.

For purposes of this paper, culture is defined as the socially transmitted behavior patterns, norms, beliefs and values of a given community. (Salachuse 1991, p 45). Persons from that community use the elements of their culture to interpret their surroundings and guide their interactions with other persons. So when an executive from a corporation in Dallas, Texas, sits down to negotiate a business deal with a manager from a Houston company, the two negotiators rely on their common culture to interpret each other’s statements and actions. But when persons from two different cultures – for example an executive from Texas and a manager from Japan – meet for the first time, they usually do not share a common pool of information and assumptions to interpret each others’ statements, actions, and intentions. Culture can therefore be seen as a language, a “silent language” which the parties need in addition to the language they are speaking if they are truly to communicate and arrive at a genuine understanding (Hall 1959). Like any language, the elements of culture form a system, which has been variously characterized as a “system for creating, sending, storing, and processing information,” (Hall and Hall 1990, p. 179) and “group problem-solving tool that enables individuals to survive in a particular environment.” (Moran and Stripp 1991, p. 43) Culture serves as a kind of glue – a social adhesive – that binds a group of people together and gives them a distinct identity as a community. It may also give them a sense that they are a community different and separate from other communities.

This article is concerned primarily with national cultures, cultures identified with a particular country. But culture and nationality are not always the same thing. Within Nigeria, for example, the culture of the Ibos of the largely Christian southeastern part of the country and the Hausas of the mainly Moslem north are different and distinct. Similarly, individual corporations and professions may have their own distinct organizational or professional cultures whose norms and behavior patterns may predominate in certain respects over the ethnic or national cultures of their profession’s members. For example, a continuing concern in the current wave of mergers and acquisitions in the United States is the problem of blending the cultures of two organizations, such as Morgan Stanley and Dean Witter, after the deal has been signed (Labinin and O’Brien, 1997). But while cultural values, attitudes and behavior patterns may appear permanently embedded in a group, particularly in the context of an encounter between two different cultures, in fact culture is dynamic. It is constantly changing (Bohannan 1995).

And finally, in considering the role of culture in international business negotiation and relationships, it is important to remember that the world has a staggering diversity of cultures. For example, while certain observers speak of “Asian culture” as if it were a homogeneous set of values, beliefs and behavior patterns followed by all Asians (Mahbubani 1995), in reality Asia has many different and distinct cultures from India to
Laos, from Korea to Indonesia. Each has its own values and practices that may differ markedly from those prevailing in another country—or indeed in another part of the same country. The negotiating style of Koreans, for example, is not the same as that of the Lao. And even within countries that from outward appearances seem to have a fairly uniform cultural identity, like the French and the Germans, significant differences may nonetheless exist between regions, for example the difference between the business community in Paris and that of the midi in southern France.

III. The elements of culture

One may conceive of the four cultural elements mentioned in the definition above—behavior, attitudes, norms and values—as forming a series of concentric circles, like the layers of an onion, illustrated by Figure 1.

The process of understanding the culture of a counterpart in a negotiation is similar to peeling an onion. The outer most layer of the onion is behavior, the words and actions of one’s counterpart. It is this layer which a negotiator first perceives in an intercultural negotiation. A second inner layer consists of attitudes of persons from that culture toward specific events and phenomena, for example attitudes about beginning meetings punctually or the appropriate format of presentations. Attitudes may become evident to a counterpart in an intercultural negotiation only after protracted discussions. Next are norms, the rules

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**Figure 1.** Culture as an Onion.
to be followed in specific situations. Here, for example, a negotiator may come to realize that his or her counterpart’s seemingly rigid insistence on punctuality is not merely a personal idiosyncrasy but is based on a firm rule derived from his or her culture.

The innermost layer—the core—consists of values. Norms about the way meetings are conducted, representatives chosen, or persons rewarded are usually based on certain values that are important to that culture. Such differences in values are often the most difficult for negotiators to detect and understand. Indeed, the parties to an international negotiation may discover their value differences only after they have signed the contract and begun to work together. Such differences in cultural values between partners in an international joint venture, for example, may lead to severe conflict and ultimately the failure of their enterprise, a factor which may explain why many international ventures have a short life.

In their valuable book *The Seven Cultures of Capitalism*, based on extensive survey research among thousands of executives from throughout the world, Hampden-Turner and Trompenaars (1993) found sharp differences that could only be explained by different cultural values to such basic management tasks as group decision making, hiring, rewarding employees, and making and applying rules. For example, with respect to group decision making, wide variations among cultural groups existed in answering the following question:

What is the better way to choose a person to represent a group?
A. All members of the group should meet and discuss candidates until almost everybody agrees on the same person; or
B. The group members should meet, nominate persons, vote and choose the person with a majority of the votes even if several people are against the person.

In this question, according to the authors, the values of adversarial democracy and consensual democracy were in tension. While 84.4% of the Japanese opted from Answer A (consensual democracy), only 37.7% of the Americans did so. It is interesting to note that there were differences among Asians on this question. For example, unlike the Japanese, only 39.4% of the Singaporeans chose Answer A, exhibiting an aversion to consensual democracy that is perhaps reflected in Singapore’s authoritarian political system. One can imagine that this difference in cultural values about decision-making between Japanese and American executives in a joint venture might lead to serious conflict between the joint venture partners. Other kinds of value conflicts may arise, for example between individualism prized by Americans and communitarianism embodied in many Asian cultures, about whether in hiring an employee it is more important to consider individual talent or the ability to fit into the organization, about whether to reward persons on the basis of group performance or by individual achievement only.

Differences in cultural values can present themselves in international business transactions and relationships time after time and day after day, and they may ultimately turn what appeared to be harmonious negotiation or business relationship into a continuing source of conflict between the parties. Once the conflict surfaces, it may be exacerbated by the way the parties try to cope with it. One unfortunate tendency is for each of the parties to extol their own cultural values but to denigrate those of their business or negotiating partner. For example, Americans, with their high store on individualism, will
tend to see their value system positively: as for individual rights and human freedom, as putting the individual above the tyranny of the group, as knowing that a group prospers only when individuals prosper, and as efficient. Persons coming from cultures where communitarian values are prized will see themselves as unselfish, humane, for group interests and rights, and knowing that individuals prosper only when the group prospers. Yet, Americans, when confronted with a communitarian culture, may tend to ascribe to it only negative characteristics. So Americans, reacting to Japanese values in a decision to retain a fifteen-year employee whose performance has declined, might consider their Japanese counterparts as: tolerant of free loaders, giving in to the tyranny of the group, weak, and inefficient. On the other hand, the Japanese would probably characterize the Americans as ignoring the contributions and needs of the group, lacking in loyalty, inhumane, and selfish.

It is important therefore for business executives in a negotiation to understand the values inherent in the culture of their counterparts and not to characterize those values in a negative way.

IV. The effect of cultural differences on negotiation

Differences in culture between deal makers can obstruct negotiations in many ways. First, they can create misunderstandings in communication. If one American executive responds to another American’s proposal by saying, “That’s difficult,” the response, interpreted against American culture and business practice, probably means that the door is still open for further discussion, that perhaps the other side should sweeten its offer. In some other cultures, for example in Asia, persons may be reluctant to say a direct and emphatic “no,” even when that is their intent. So when a Japanese negotiator, in response to a proposal says, “That is difficult,” he is clearly indicating that the proposal is unacceptable. “It is difficult,” means “no” to the Japanese, but to the American it means “maybe.”

Second, cultural differences create difficulties not only in understanding words, but also in interpreting actions. For example, most Westerners expect a prompt answer when they make a statement or ask a question. Japanese, on the other hand, tend to take longer to respond. As a result, negotiations with Japanese are sometimes punctuated with periods of silence that seem excruciating to an American. For the Japanese, the period of silence is normal, an appropriate time to reflect on what has been said. The fact that they may not be speaking in their native language lengthens even more the time needed to respond.

From their own cultural perspective, Americans may interpret Japanese silence as rudeness, lack of understanding, or a cunning tactic to get the Americans to reveal themselves. Rather than wait for a response, the American tendency is to fill the void with words by asking questions, offering further explanations, or merely repeating what they have already said. This response to silence may confuse the Japanese, who are made to feel that they are being bombarded by questions and proposals without being given adequate time to respond to any of them.

On the other hand, Latin Americans, who place a high value on verbal agility, have a tendency to respond quickly. Indeed, they may answer a point once they have understood it.
even though the other side has not finished speaking. While inexperienced American negotiators are sometimes confused by Japanese delays in responding, they can become equally agitated in negotiations with Brazilians by what Americans consider constant interruptions.

Third, cultural considerations also influence the form and substance of deal you are trying to make. For example, in many parts of the Moslem world, where Islamic law prohibits the taking of interest on loans, one may need to restructure or relabel finance charges in a deal as “administrative fees” in order to gain acceptance at the negotiating table. More substantively, differences in culture will invariably require changes in products, management systems, and personnel practices. For example, in Thailand, the relationship between manager and employee is more hierarchical than it is in the United States. Workers are motivated by a desire to please the manager, but they in turn expect and want their managers to sense their personal problems and be ready to help with them. In other cultures, for example in Australia, employees neither expect nor want managers to become involved with employees’ personal problems. Thus an Australian project in Thailand would need to change its concept of employee relations because of the local culture (Hughes and Sheehan 1993).

And finally, culture can influence “negotiating style,” the way persons from different cultures conduct themselves in negotiating sessions. Research indicates fairly clearly that negotiation practices differ from culture to culture (Weiss 1994, p. 51). Indeed, culture may influence how persons conceive of the very nature and function of negotiation itself. Studies of negotiating styles are abundant (e.g. Binnendijk 1987; Fisher 1980; Graham et al. 1988; Campbell et al. 1988). Some seek to focus on describing and analyzing the negotiating styles of particular groups. Indeed, the practitioner’s fascination with cultural negotiating styles seems to have spawned a distinct literary genre: the “Negotiating With...” literature. Numerous books and articles bearing such titles as “Negotiating with the Japanese,” “Negotiating with the Arabs,” and “Negotiating with the Chinese,” seek to lead the novice through the intricacies of negotiating in specific cultures (for a bibliography of such literature, see Salacuse 1991, pp. 174–183). Another approach to studying negotiating style is cross cultural and comparative. It seeks to identify certain basic elements in negotiating style and to determine how they are reflected in various cultures. It is this approach which the next part of this article will adopt.

V. Culture and negotiating styles: Ten factors in deal making

The great diversity of the world’s cultures makes it impossible for any negotiator, no matter how skilled and experienced, to understand fully all the cultures that he or she may encounter. How then should an executive prepare to cope with culture in making deals in Singapore this week and Seoul the next? One approach is to identify important areas where cultural differences may arise during the negotiation process. A knowledge of those factors may help an international business negotiator to understand a counterpart and to anticipate possible misunderstandings. Toward this end, scholars have developed a variety of frameworks and checklists which may be applied cross culturally (e.g. Weiss 1985; Moran and Stripp 1991; Salacuse 1991). Based on a review of the literature as well
as interviews with practitioners, the author, in an earlier work (Salacuse 1991) identified ten factors which seemed to be the most problematical. These ten factors, each of which consisted of two poles, were: 1. negotiating goals (contract or relationship?); 2. attitudes to the negotiating process (win/win or win/lose?); 3. personal styles (formal or informal?); 4. styles of communication (direct or indirect?); 5. time sensitivity (high or low?); 6. emotionalism (high or low?); 7. agreement form (specific or general?); 8. agreement building process (bottom up or top down?); 9. negotiating team organization (one leader or consensus?); and 10. risk taking (high or low?). Negotiating styles, like personalities display a wide range of variation. The ten negotiating traits listed above can be placed on a spectrum or continuum as is illustrated in Figure 2.

The purpose of the matrix in Figure 2 is to identify specific negotiating traits affected by culture and to show the possible variation that each trait or factor may take. With this knowledge, an international business negotiator may be able to understand better the negotiating styles and approaches of his counterparts from other cultures. Equally important, it may help negotiators determine how their own styles appear to those same counterparts on the other side of the bargaining table.

In order to test this approach to understanding negotiating style, the above matrix was translated into a survey questionnaire and administered to 310 business executives,

The Impact of Culture on Negotiation

<table>
<thead>
<tr>
<th>Trait</th>
<th>Contract ↔ Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal</td>
<td></td>
</tr>
<tr>
<td>Attitudes</td>
<td>Win/Lose ↔ Win/Win</td>
</tr>
<tr>
<td>Personal Styles</td>
<td>Informal ↔ Formal</td>
</tr>
<tr>
<td>Communications</td>
<td>Direct ↔ Indirect</td>
</tr>
<tr>
<td>Time Sensitivity</td>
<td>High ↔ Low</td>
</tr>
<tr>
<td>Emotionalism</td>
<td>High ↔ Low</td>
</tr>
<tr>
<td>Agreement Form</td>
<td>Specific ↔ General</td>
</tr>
<tr>
<td>Agreement Building</td>
<td>Bottom Up ↔ Top Down</td>
</tr>
<tr>
<td>Team Organization</td>
<td>One Leader ↔ Consensus</td>
</tr>
<tr>
<td>Risk Taking</td>
<td>High ↔ Low</td>
</tr>
</tbody>
</table>

![Figure 2.](image_url)
lawyers, and graduates business students (many of whom had substantial work experience) from all continents at various sites in North America, Latin America and Europe. The respondents came from twelve countries: the United States, the United Kingdom, France, Germany, Spain, Mexico, Argentina, Brazil, Nigeria, India, China, and Japan. After receiving an explanation of the matrix and questionnaire, respondents were asked to rate their own attitudes anonymously toward each of these negotiating traits on a five-point scale. In general, as will be seen below, the survey revealed significant co-relations between the respondents’ assessment of certain traits of their negotiating styles and the national cultures from which they came.

The results of the survey must be read with several caveats. First, the answers that the respondents gave reflected only how they saw themselves (or would like others to see them) rather than their negotiating styles and behavior in actual negotiations. The results can only be read as indicating a certain predisposition of individual cultures toward certain factors affecting the negotiation process. Second, negotiating style in a given negotiation may be influenced by numerous factors besides culture, including personality, bureaucracy, business experience, and the nature of the transactions under negotiation. For example, an executive who is predisposed to approach a business negotiation as a problem-solving, integrative process (win/win) may behave in a distributive, confrontational way (win/lose) when confronted by a hostile counterpart at the negotiating table. Third, all the respondents spoke English, completed the survey in English, had substantial international experience, and were participating in graduate university education or advanced executive seminars, also conducted in the English language. As a result, they may not be representative of most business executives in their cultures. On the other hand, they are fairly representative of the kinds of persons who conduct international negotiations on behalf of companies. Fourth the meaning of key terms in the survey, such as “direct”, “indirect”, “risk” “general” and “specific” were not strictly defined but instead were interpreted by each respondent according to his or her own subjective interpretation, a factor obviously influenced by culture. Fifth, both the size of the sample and the number of cultures surveyed were limited.

1. Negotiating goal: Contract or relationship?

Different cultures may view the very purpose of a business negotiation differently. For many American executives, the goal of a business negotiation, first and foremost, is often to arrive at a signed contract between the parties. Americans consider a signed contract as a definitive set of rights and duties that strictly binds the two sides, an attitude succinctly summed up in the statement “a deal is a deal.”

Japanese, Chinese, and other cultural groups in Asia, it is said, often consider that the goal of a negotiation is not a signed contract, but the creation of a relationship between the two sides (e.g. Pye 1982). Although the written contact describes the relationship, the essence of the deal is the relationship itself. For Americans, signing a contract is closing a deal; for many Asians signing a contract might more appropriately be called opening a relationship. This difference in view may explain why Asians tend to give more time and effort to prenegotiation, while Americans want to rush through this first phase
in deal making. The activities of prenegotiation, whereby the parties seek to get to know one another thoroughly, are a crucial foundation for a good business relationship. They may seem less important when the goal is merely a contract.

The results of the survey showed significant differences among the cultures surveyed with respect to the negotiating goals of contract and relationship. Thus, only 26% of the Spanish respondents claimed that their primary goal in a negotiation was a relationship compared to 66% of the Indians. On the other hand, the preference for a relationship was not as pronounced among the Chinese (54.5%) as one might have expected from the literature, and the Japanese appeared almost evenly divided on the question, with a slight preference for contract as a negotiating goal. Table 1 summarizes the survey results on this issue.

2. Negotiating attitude: Win/Lose or Win/Win?

Because of differences in culture or personality, or both, business persons appear to approach deal making with one of two basic attitudes: that a negotiation is either a process in which both can gain (win/win) or a struggle in which, of necessity, one side wins and the other side loses (win/lose). Win/win negotiators see deal making as a collaborative and problem-solving process; win/lose negotiators see it as confrontational. In a reflection of this dichotomy, negotiation scholars have concluded that these approaches represented two basic paradigms of the negotiation process: 1. distributive bargaining (i.e. win/lose) and 2. integrative bargaining or problem-solving (i.e. win/win) (e.g., Hoppman 1995; Lewicki et al. 1993). In the former situation, the parties see their goals as incompatible, while in the latter they consider themselves to have compatible goals.

For example, developing-country officials often view negotiations with multi-national corporations as win/lose competitions. In negotiating investment contracts, they often consider profits earned by the investor as automatic losses to the host country. As a result, they may focus their efforts in the negotiation fixedly on limiting investor profit in contrast to discovering how to maximize benefits from the project for both the investor and the country. It is interesting to note that those same officials might approach negotiations in their home villages with members of their ethnic group or clans on a win/win basis.

The survey conducted by the author found wide differences among the cultures represented in the survey on this question. Whereas 100% of the Japanese viewed business negotiation as a win/win process, only 36.8% of the Spanish were so inclined. The Chinese and Indians, the other two Asian cultures represented in the survey also claimed that negotiation was for them win/win, and the French, alone among Europeans, took a similarly pronounced position on the question. Table 2 summarizes the results of all groups surveyed with respect to this attitude toward negotiation.

<table>
<thead>
<tr>
<th>Table 1. Goal: Contract or relationship?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract: SPN FR BRAZ JPN USA GER UK NIG ARG CHINA MEX IND</td>
</tr>
<tr>
<td>(%)</td>
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</tbody>
</table>
3. Personal style: Informal or formal?

Personal style concerns the way a negotiator talks to others, uses titles, dresses, speaks, and interacts with other persons. Culture strongly influences the personal style of negotiators. It has been observed, for example, that Germans have a more formal style than Americans (Hall and Hall 1990, p. 48). A negotiator with a formal style insists on addressing counterparts by their titles, avoids personal anecdotes, and refrains from questions touching on the private or family life of members of the other negotiating team. An informal style negotiator tries to start the discussion on a first-name basis, quickly seeks to develop a personal, friendly relationship with the other team, and may take off his jacket and roll up his sleeves when deal making begins in earnest. Each culture has its own formalities, which have special meaning within that culture. They are another means of communication among the persons sharing that culture, another form of adhesive that binds them together as a community. Negotiators in foreign cultures must respect appropriate formalities. As a general rule, it is always safer to adopt a formal posture and move to an informal stance, if the situation warrants it, than to assume an informal style too quickly.

On the other hand, an encounter between negotiators having different personal styles can sometimes lead to conflict that impedes a negotiation. For an American or an Australian, calling someone by his or her first name is an act of friendship and therefore a good thing. For a Japanese or an Egyptian, the use of the first name at a first meeting is an act of disrespect and therefore a bad thing.

Except for the Nigerians, a majority of the respondents within each of the twelve groups surveyed claimed to have an informal negotiating style; however, the strength of this view varied considerably. While nearly 83% of the Americans considered themselves to have an informal negotiating style, only 54% of the Chinese, 52% of the Spanish, and 58% of the Mexicans were similarly inclined. Among the four European national cultures surveyed, the French were the strongest in claiming an informal style. Although both the Germans and Japanese have a reputation for formality, only slightly more than one quarter of the respondents in these two groups believed they had a formal negotiating style. Differences in cultures with respect to the meaning of the terms “formal” and “informal” may have influenced this result. The survey’s findings on this negotiating trait are summarized in Table 3.

4. Communication: Direct or indirect?

Methods of communication vary among cultures. Some place emphasis on direct and simple methods of communication; others rely heavily on indirect and complex methods. It has been observed, for example, that whereas Germans and Americans are direct, the

<table>
<thead>
<tr>
<th>Win/Win: JPN</th>
<th>CHINA</th>
<th>ARG</th>
<th>FR</th>
<th>IND</th>
<th>USA</th>
<th>UK</th>
<th>MEX</th>
<th>GER</th>
<th>NIG</th>
<th>BRAZ</th>
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</thead>
<tbody>
<tr>
<td>(%)</td>
<td>100</td>
<td>81.8</td>
<td>80.8</td>
<td>80</td>
<td>77.8</td>
<td>70.7</td>
<td>58.8</td>
<td>50</td>
<td>54.5</td>
<td>46.7</td>
<td>44.4</td>
</tr>
</tbody>
</table>
Table 3. Personal style: Formal or informal?

<table>
<thead>
<tr>
<th>Formal:</th>
<th>NIG</th>
<th>SPN</th>
<th>CHINA</th>
<th>MEX</th>
<th>UK</th>
<th>ARG</th>
<th>GFR</th>
<th>JPN</th>
<th>IND</th>
<th>BRAZ</th>
<th>FR</th>
<th>USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>(%)</td>
<td>25</td>
<td>47.4</td>
<td>45.5</td>
<td>41.7</td>
<td>35.3</td>
<td>34.6</td>
<td>27.3</td>
<td>27.3</td>
<td>22.2</td>
<td>22.2</td>
<td>20</td>
<td>17.1</td>
</tr>
</tbody>
</table>

French and the Japanese are indirect (Hall and Hall 1990 p. 102). Persons with an indirect style of communication often make assumptions about the level of knowledge possessed by their counterparts and to a significant extent communicate with oblique references, circumlocutions, vague allusions, figurative forms of speech, facial expressions, gestures and other kinds of body language. In a culture that values directness such as the American or the Israeli, one can expect to receive a clear and definite response to proposals and questions. In cultures that rely on indirect communication, such as the Japanese, reaction to proposals may be gained by interpreting seemingly indefinite comments, gestures, and other signs.

The confrontation of these styles of communication in the same negotiation can lead to friction. For example, the indirect ways Japanese negotiators express disapproval have often led foreign business executives to believe that their proposals were still under consideration when they had in fact been rejected by the Japanese side. In the Camp David negotiations, the Israeli preference for direct forms of communication and the Egyptian tendency to favor indirect forms sometimes exacerbated relations between the two sides. The Egyptians interpreted Israeli directness as aggressiveness and, therefore, an insult. The Israelis viewed Egyptian indirectness with impatience and suspected them of insincerity, of not saying what they meant.

In the survey, respondents in all cultural groups by a high margin claimed to have a direct form of communication. Here too the organizational culture of the participants and their international experience may have strongly influenced their responses to the questionnaire. It is worth noting, however, that the two cultural groups with the largest percentage of persons claiming an indirect style were the Japanese and the French. Table 4 summarizes the results on this issue.

5. Sensitivity to time: High or low?

Discussions of national negotiating styles invariably treat a particular culture's attitudes toward time. So it is said that Germans are always punctual, Latins are habitually late, Japanese negotiate slowly, and Americans are quick to make a deal. Commentators sometimes claim that some cultures "value" time more than others, but this may not be an accurate characterization of the situation. Rather they may value differently the amount of time

Table 4. Communication: Direct or Indirect?

<table>
<thead>
<tr>
<th>Indirect:</th>
<th>JPN</th>
<th>FR</th>
<th>CHINA</th>
<th>UK</th>
<th>BRAZ</th>
<th>IND</th>
<th>GFR</th>
<th>USA</th>
<th>ARG</th>
<th>SPN</th>
<th>MEX</th>
<th>NIG</th>
</tr>
</thead>
<tbody>
<tr>
<td>(%)</td>
<td>27.3</td>
<td>20</td>
<td>18.2</td>
<td>11.8</td>
<td>11.1</td>
<td>11.1</td>
<td>9.1</td>
<td>4.9</td>
<td>3.8</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
devoted to and measured against the goal pursued. For Americans, the deal is a signed contract and "time is money," so they want to make a deal quickly. Americans therefore try to reduce formalities to a minimum and get down to business quickly. Japanese and other Asians, whose goal is to create a relationship rather than simply sign a contract, will need to invest time in the negotiating process so that the parties can get to know one another well and determine whether they wish to embark on a long-term relationship. They may view aggressive attempts to shorten the negotiating time with suspicion as efforts to hide something.

As a general rule, Asians tend to devote more time and attention to the prenegotiation phase of deal-making than do Americans. Whereas American executives and lawyers generally want to "dispense with the preliminaries" and "to get down to cases," most Asians view prenegotiation as an essential foundation to any business relationship; consequently they recognize the need to conduct prenegotiation with care before actually making a decision to undertake substantive negotiations of a deal. One of the consequences of this difference in approach is that Americans sometimes assume that discussions with Asian counterparts have passed from prenegotiation to a subsequent stage when in fact they have not because the Asians have not yet decided to undertake substantive negotiations. This type of misunderstanding can lead to suspicions of bad faith, resulting ultimately in total failure of the talks. Negotiators need to be sure that they and their counterparts are always in the same phase of the deal-making process. One way of making sure is by using written agendas, memoranda, and letters of intent to mark the various phases.

The survey did not reveal significant divergences with respect to time. A majority of the respondents from all cultural groups surveyed claimed to have a high sensitivity to time; however the strength of the minority view on this question varied considerably among the groups. The Indians, French, and Germans included a substantial percentage of respondents asserting a low sensitivity to time. Table 5 summarizes the results.

These survey results on this question could have been affected by the organizational cultures of the respondents, as well as by variations in the way that respondents interpreted the term "time sensitivity." Cultural discussions about time in negotiations often refer to two elements: promptness is meeting deadlines and the amount of time devoted to a negotiation. Thus Germans, it has been observed, are highly time-sensitive with regard to promptness but less so with respect to their willingness to devote large amounts of time to a negotiation (Hall and Hall 1990, p. 37). Thus they are punctual (high time sensitivity) but slow to negotiate and make decisions (low time sensitivity).

6. Emotionalism: High or low?

Accounts of negotiating behavior in other cultures almost always point to a particular group's tendency or lack thereof to act emotionally. According to the stereotype, Latin

| Low: IND FR GRR MEX SPN ARG US JPN CHINA NIG UK BRAZ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (%) | 44.4 | 40 | 36.4 | 33.3 | 21.1 | 15.4 | 14.6 | 9.1 | 9.1 | 6.7 | 5.9 | 0 |
Americans show their emotions at the negotiating table, while Japanese and many other Asians hide their feelings. Obviously, individual personality plays a role here. There are passive Latins and hotheaded Japanese. Nonetheless, various cultures have different rules as to the appropriateness and form of displaying emotions, and these rules are brought to the negotiating table as well.

In the survey conducted by the author, Latin Americans and the Spanish were the cultural groups that ranked themselves highest with respect to emotionalism in a clearly statistically significant fashion. Among Europeans, the Germans and English ranked as least emotional, while among Asians the Japanese held that position, but to a lesser degree that the two European groups. Table 6 summarizes the results with regard to emotionalism.

7. Form of agreement: General or specific?

Cultural factors also influence the form of the written agreement that parties try to make. Generally, Americans prefer very detailed contracts that attempt to anticipate all possible circumstances and eventualities, no matter how unlikely. Why? Because the "deal" is the contract itself, and one must refer to the contract to handle new situations that may arise in the future. Other cultures, such as the Chinese, prefer a contract in the form of general principles rather than detailed rules. Why? Because it is claimed that the essence of the deal is the relationship between the parties. If unexpected circumstances arise, the parties should look to their relationship, not the contract, to solve the problem. So in some cases, a Chinese may interpret the American drive to stipulate all contingencies as evidence of lack of confidence in the stability of the underlying relationship.

Some practitioners argue that differences over the form of an agreement are caused more by unequal bargaining power than by culture. In a situation of unequal bargaining power, the stronger party usually seeks a detailed agreement to "lock up the deal" in all its possible dimensions, while the weaker party prefers a general agreement to give it room to "wiggle out" of adverse circumstances that are bound to occur. So a Chinese commune as the weaker party in a negotiation with a multinational corporation will seek a general agreement as a way of protecting itself against an uncertain future. According to this view, it is context, not culture, that determines this negotiating trait.

The survey showed that a majority of respondents in each cultural group preferred specific agreements over general agreement. This result may be attributed in part to the relatively large number of lawyers among the respondents, as well as to the fact that multinational corporate practice favors specific agreements and many of the respondents, regardless of nationality, had experience with such firms. The survey responses on this point may have been a case where professional or organizational culture dominated over

<table>
<thead>
<tr>
<th>Low:</th>
<th>GER</th>
<th>UK</th>
<th>JPN</th>
<th>IND</th>
<th>FR</th>
<th>NIG</th>
<th>USA</th>
<th>CHINA</th>
<th>SPN</th>
<th>MEX</th>
<th>ARG</th>
<th>BRAZ</th>
</tr>
</thead>
<tbody>
<tr>
<td>(%)</td>
<td>63.6</td>
<td>52.9</td>
<td>45.5</td>
<td>44.4</td>
<td>40</td>
<td>40</td>
<td>36.6</td>
<td>27.3</td>
<td>21.1</td>
<td>16.7</td>
<td>15.4</td>
<td>11.1</td>
</tr>
</tbody>
</table>
national cultural traits. On the other hand, the degree of intensity of responses on the question varied considerably among cultural groups. While only 11% of the British favored general agreements, 45.5% of the Japanese and of the Germans claimed to do so. Table 7 sets out the survey results with respect to agreement form.

8. Building an agreement: Bottom up or top down?

Related to the form of the agreement is the question of whether negotiating a business deal is an inductive or a deductive process. Does it start from agreement on general principles and proceed to specific items, or does it begin with agreement on specifics, such as price, delivery date, and product quality, the sum total of which becomes the contract? Different cultures tend to emphasize one approach over the other.

Some observers believe that the French prefer to begin with agreement on general principles, while Americans tend to seek agreement first on specifics. For Americans, negotiating a deal is basically making a series of compromises and trade-offs on a long list of particulars. For the French, the essence is to agree on basic principles that will guide and indeed determine the negotiation process afterward. The agreed-upon general principles become the framework, the skeleton, upon which the contract is built.

A further difference in negotiating style is seen in the dichotomy between the “building-down approach” and the “building-up approach.” In the building down approach, the negotiator begins by presenting the maximum deal if the other side accepts all the stated conditions. In the building-up approach, one side begins by proposing a minimum deal that can be broadened and increased as the other party accepts additional conditions. According to many observers, Americans tend to favor the building-down approach, while the Japanese tend to prefer the building-up style of negotiating a contract.

The survey did not reveal significant cultural trends on this issue among Americans, Germans, and Nigerians, since the respondents from these three groups were relatively evenly divided on the question. On the other hand, the French, Argentineans, and Indians tended to view deal making as a top down (deductive process) while Japanese, Mexicans and Brazilians tended to see it as a bottom up (inductive process) process. Table summarises the results on the question.

<table>
<thead>
<tr>
<th>General: Agreement form: General or specific?</th>
</tr>
</thead>
<tbody>
<tr>
<td>General: JPN GER IND FR CHINA ARG BRAZ USA NIG MEI SPN UK</td>
</tr>
<tr>
<td>(%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Top down: Building an agreement: Bottom up or top down?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top down: IND ARG FR UK CHINA GER USA NIG SPN JPN BRAZ MEI</td>
</tr>
<tr>
<td>(%)</td>
</tr>
</tbody>
</table>
9. Team organization: One leader or group consensus?

In any international business negotiation, it is important to know how the other side is organized, who has the authority to make commitments, and how decisions are made. Culture is one important factor that affects how executives and lawyers organize themselves to negotiate a deal. Some cultures emphasize the individual while others stress the group. These values may influence the organization of each side to a negotiation. One extreme is the negotiating team with a supreme leader who has complete authority to decide all matters. Many American teams tend to follow this approach, which has been labeled the “John Wayne style of negotiations” (Graham and Herberger 1983, p. 160). Other cultures, notably the Japanese, stress team negotiation and consensus decision making. When you negotiate with such a team, it may not be apparent who is the leader and who has authority to commit the side. In the first type, the negotiating team is usually small; in the second it is often large. For example, in negotiations in China on a major deal, it would not be uncommon for the Americans to arrive at the table with three persons and for the Chinese to show up with ten. Similarly, the one-leader team is usually prepared to make commitments and decisions more quickly than a negotiating team organized on the basis of consensus. As a result, the consensus type of organization usually takes more time to negotiate a deal.

The survey on negotiating styles revealed differences in preference among respondents, depending on culture. The group with the strongest preference for a consensus organization were the French. French individualism has been noted in many studies (Hall and Hall 1990), and perhaps a consensus arrangement in French eyes is the best way to protect that individualism. Despite the Japanese reputation for consensus arrangements, only 45% of the Japanese respondents claimed to prefer a negotiating team based on consensus. The Brazilians, the Chinese, and Mexicans, to a far greater degree than any other groups preferred one-person leadership, a reflection perhaps of the political traditions in those countries. The results of the survey on this point are summarized in Table 9.

10. Risk taking: High or low?

Research supports the conclusion that certain cultures are more risk averse than others (Hofstede 1980). In deal making, the culture of the negotiators can affect the willingness of one side to take “risks” in the negotiation—to divulge information, try new approaches, tolerate uncertainties in a proposed course of action. A negotiator who senses that the other side is risk-averse needs to focus efforts on proposing rules and mechanisms that will reduce the apparent risks in the deal for them.

Table 9. Team organization: One leader or consensus?

<table>
<thead>
<tr>
<th>One leader:</th>
<th>BRAZ</th>
<th>CHINA</th>
<th>MEX</th>
<th>UK</th>
<th>USA</th>
<th>SPN</th>
<th>ARG</th>
<th>GER</th>
<th>JPN</th>
<th>IND</th>
<th>NIG</th>
<th>FR</th>
</tr>
</thead>
<tbody>
<tr>
<td>(%)</td>
<td>100</td>
<td>90.9</td>
<td>90.9</td>
<td>64.7</td>
<td>63.4</td>
<td>57.7</td>
<td>57.7</td>
<td>54.5</td>
<td>54.5</td>
<td>44.4</td>
<td>40</td>
<td>40</td>
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</tbody>
</table>
The Japanese, with their emphasis on requiring large amounts of information and their intricate group decision-making process, tend to be risk averse, a fact affirmed by the author's survey which found Japanese respondents to be the most risk averse of all countries covered in the survey. Americans in the survey, by comparison, considered themselves to be risk takers, but an even higher percentage of French, British, and Indians claimed to be risk takers. Table 10 summarizes the survey results with respect to risk.

VI. Coping with culture

In view of the importance of cultural differences in international business negotiations, how should negotiators seek to cope with them? The following are a few simple rules:

Rule No. 1: Learn the other side's culture

In any international business dealing, it is important for a negotiator to learn something about the other side's culture. The degree to which such learning takes place depends on a number of factors, including the nature and importance of the transaction, the experience of the negotiators, the time available for learning, and the similarities or lack thereof between the cultures represented in the negotiation. For example, the negotiation of a simple, one time export sale may demand less cultural knowledge than the negotiation of a long-term strategic alliance, which may require the parties to audit each other's culture as well as their financial assets.

Ideally, learning another's culture can require several years of study, mastery of a foreign language, and prolonged residence in the country of that culture. An American faced with the task of negotiating a strategic alliance with a Thai company in Bangkok in two weeks' time cannot, of course, master Thai culture that fast. At best, he or she can learn enough to cope with some of the principal effects that Thai culture may have on making the deal. Important sources of information on Thai culture would include histories of the country, consultation with persons having business experience in the country, local lawyers and consultants, anthropological and ethnographic studies, reports on the current political situation, and accounts, if any, on negotiating with the Thais. As Weiss quite correctly points out, the degree of a negotiator's cultural knowledge will influence strategies and tactics during the negotiation (Weiss 1994, p. 53). For example, a person with strong familiarity with the counterparts' language and culture may use the negotiation style and approach of his counterpart's culture, while a person with less familiarity may choose, as a strategy, to employ an agent or mediator from that culture to assist in the negotiations.

<table>
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<tr>
<th>Low:</th>
<th>FR</th>
<th>IND</th>
<th>UK</th>
<th>CHINA</th>
<th>USA</th>
<th>NIG</th>
<th>ARG</th>
<th>GER</th>
<th>BRAZ</th>
<th>MEX</th>
<th>SPN</th>
<th>JPN</th>
</tr>
</thead>
<tbody>
<tr>
<td>(%)</td>
<td>90</td>
<td>88.9</td>
<td>88.2</td>
<td>81.8</td>
<td>78</td>
<td>73.3</td>
<td>73.1</td>
<td>72</td>
<td>55.6</td>
<td>50</td>
<td>47.4</td>
<td>18.2</td>
</tr>
</tbody>
</table>

Table 10. Risk taking: High or low?
As international business transactions increasing take the form of long-term relationships, what Gomes-Casseres 1996 has termed the “alliance revolution, it is equally important to recognize that cultural learning continues long after the contract is signed. In effect, the dynamics of such long-term relationships between the parties is very much a continuing negotiation as the alliance partners shape the rules and practices of their business relationship.

**Rule No. 2: Don’t Stereotype**

If rule number one in international negotiation is “know the other side’s culture,” rule number two is “avoid over-reliance on that knowledge.” As the survey indicates, not all Japanese evade giving a direct negative answer. Not all Germans will tell a counterpart specifically what they think of a proposal. In short, the negotiator who enters a foreign culture should be careful not to allow cultural stereotypes to determine his or her relations with local business persons. Foreign business executives and lawyers will be offended if they feel their counterparts are not treating them as individuals, but rather as cultural robots. In addition to giving offense, cultural stereotypes can be misleading. Many times the other side simply does not run true to the negotiating form suggested by books, articles, and consultants. The reason, of course, is that other forces besides culture may influence a person’s negotiating behavior. Specifically, these forces may include the negotiator’s personality, the organization he or she represents, and the context of the particular negotiation in question.

**Rule No. 3: Find ways to bridge the culture gap**

Generally, executives and lawyers who confront a culture different from their own in a negotiation tend to view it in one of three ways: as an obstacle, a weapon, or a fortress (Salacuse 1993). At the operational level, cultural differences are hardly ever seen as positive.

The conventional view among most American executives is that cultural differences are an obstacle to agreement and effective joint action. They therefore search for ways to overcome the obstacle. But a different culture in a business setting can become more than an obstacle; it can be seen as a weapon, particularly when a dominant party tries to impose its culture on the other side. For example, American lawyers’ insistence on structuring a transaction “the way we do it in the United States” may be considered by their foreign counterparts as the use of American culture as a weapon.

Faced with a culture that it perceives as a weapon, a party to a business deal may become defensive and try to use its own culture as a fortress to protect itself from what it perceives as a cultural onslaught. The Japanese have often adopted this approach when confronted with American demands to open their markets. France’s drive to limit the use of English in advertising is a defensive response to what it considered to be the weapon of “Anglo-Saxon” culture.

It may be helpful to try to think of cultural differences in yet another way. Differences in cultures tend to isolate individuals and groups from each other. In short, cultural differences create a gap between persons and organizations. Often the action that people take when confronted with cultural differences serves only to widen the gap, as for example when one side denigrate’s the other side’s cultural practices.
Remembering the words of the English poet Philip Larkin, “Always it is by bridges that we live,” effective international business negotiators should seek to find ways to bridge the gap caused by cultural difference. One way to build that bridge is by using culture itself. If culture is indeed the glue that binds together a particular group of people, the creative use of culture between persons of different cultures is often a way to link those on opposite sides of the culture gap. Basically, there are four types of cultural bridge building that one may consider when confronted with a culture gap in a negotiation:

a. Bridge the gap using the other side’s culture. One technique for bridging the gap is for a negotiator or manager to try to assume some or all of the cultural values and characteristics of the foreign persons with whom he or she is dealing. In international business, negotiators often try to use or identify with the other side’s culture in order to build a relationship. For example, when President Sadat of Egypt negotiated with Sudanese officials, he always made a point of telling them that his mother had been born in the Sudan. He was thus using a common cultural thread to build a relationship with his counterparts. In effect, he was saying: “Like you, I am Sudanese, so we have common cultural ties. I understand you and I value your culture. Therefore you can trust me.” Similarly, an African-American managing a joint venture in Nigeria stressed his African heritage to build relationships with Nigerian counterparts. And an Italian-American negotiating a sales contract in Rome emphasized his Italian background as a way of bridging the cultural gap that he perceived.

b. Bridge the gap using your own culture. A second general approach to bridging the culture gap is to persuade or induce the other side to adopt elements of your culture. To implement this approach successfully requires time and education. For example, in order to give a common culture to a joint venture, an American partner incurred significant cost by sending executives of its foreign partner to schools and executive training programs in the United States and then assigning them for short periods to the U.S. partner’s own operations.

c. Bridge with some combination of both cultures. A third approach to dealing with the culture gap is to build a bridge using elements from cultures of both sides. In effect, cultural bridging takes place on both sides of the gap, and hopefully results in the construction of a solid integrated structure. The challenge in this approach is to identify the most important elements of each culture and to find ways of blending them into a consistent, harmonious whole that will allow business to be done effectively. Sometimes a third person in the form of mediator or consultant can help in the process.

d. Bridge with a third culture. A final method of dealing with the culture gap is to build a bridge is to rely on a third culture that belongs to neither of the parties. Thus, for example, in a difficult negotiation between an American executive and a Chinese manager, both discovered that they had a great appreciation of French culture since they had both studied in France in their youth. They began to converse in French, and their common love of
France enabled them to build a strong personal relationship. They used a third culture to bridge the cultural gap between China and America. Similarly, negotiators from two different national cultures may use elements of their common professional cultures, as lawyers or as engineers, to bridge the gap between them.

VII. Conclusion

Cultural bridging, like bridge construction, requires the cooperation of the parties at both ends of the divide. No negotiator will permit a bridge to be built if he or she feels threatened or sees the bridge as a long-term danger to security. Consequently, negotiators who want to build a bridge across the cultural divide to their counterpart must be concerned to strengthen the other side’s sense of security, not weaken it as happens all too often in international business relationships.

References