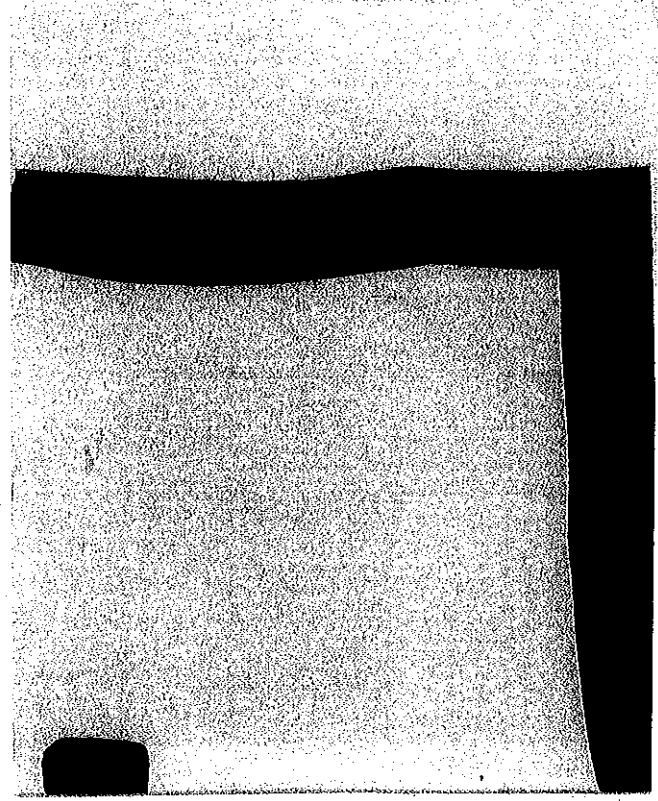
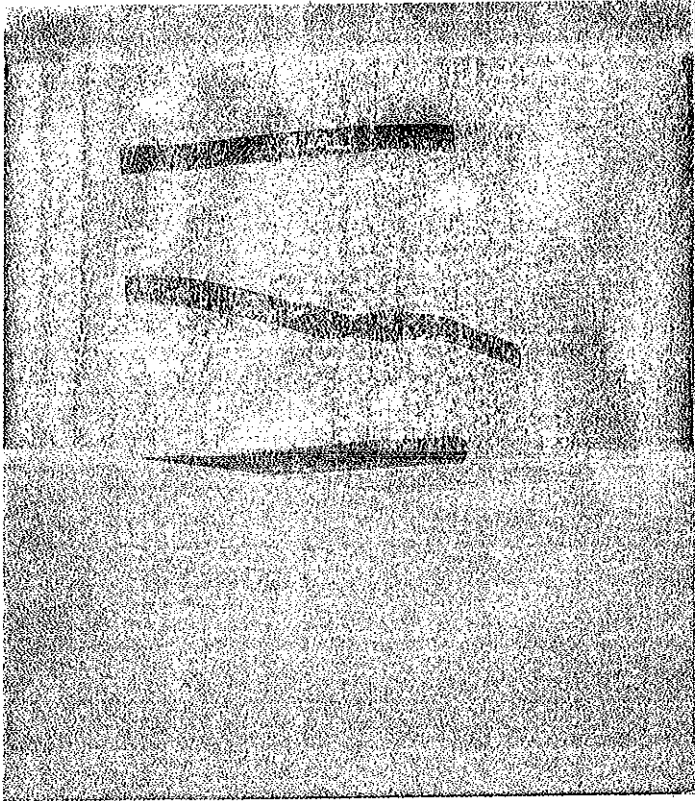


SPOTLIGHT ON THE SOFTER SIDE OF NEGOTIATION

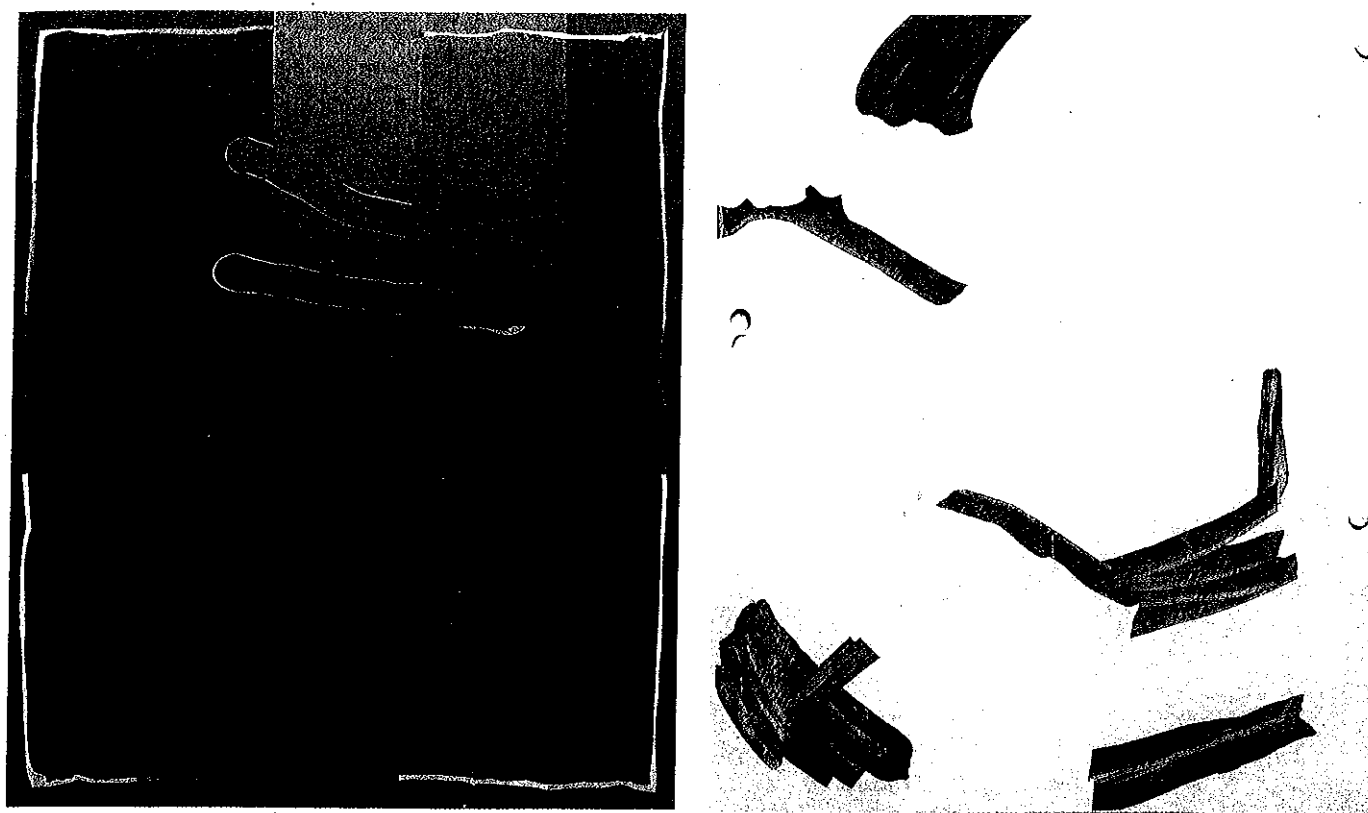
SPOTLIGHT

ARTWORK Jack Sutherland, *Gleam*, acrylic on canvas and wood; *Take*, acrylic on canvas and wood; *Fluoro*, oil on canvas and wood; *Parsing Favour*, acrylic on canvas and wood. Courtesy of saatchiart.com



Getting to *Sí, Ja, Oui* *Hai, and Da*

How to negotiate across cultures by Erin Meyer



Tim Carr, an American working for a defense company based in the midwestern United States, was about to enter a sensitive bargaining session with a high-level Saudi Arabian customer, but he wasn't particularly concerned. Carr was an experienced negotiator and was well-trained in basic principles: Separate the people from the problem. Define your BATNA (best alternative to a negotiated agreement) up front. Focus on interests, not positions. He'd been there, read that, and done the training.

The lengthy phone call to Saudi Arabia proceeded according to plan. Carr carefully steered the would-be customer to accept the deal, and it seemed he had reached his goal. "So let me just review," he said. "You've agreed that you will provide the supplies for next year's project and contact your counterpart at the energy office to get his approval. I will then send a letter....Next you've said that you will...." But when

Carr finished his detailed description of who had agreed to what, he was greeted with silence. Finally a soft but firm voice said, "I told you I would do it. You think I don't keep my promises? That I'm not good on my word?"

That was the end of the discussion—and of the deal. The many theories about negotiation may work perfectly when you're doing a deal with a company in

your own country. But in today's globalized economy you could be negotiating a joint venture in China, an outsourcing agreement in India, or a supplier contract in Sweden. If so, you might find yourself working with very different norms of communication. What gets you to "yes" in one culture gets you to "no" in another. To be effective, a negotiator must have a sense of how his counterpart is reacting. Does she want to cooperate? Is she eager, frustrated, doubtful? If you take stock of subtle messages, you can adjust your own behavior accordingly. In an international negotiation, however, you may not have the contextual understanding to interpret your counterpart's communication—especially unspoken signals—accurately. In my work and research, I find that when managers from different parts of the world negotiate, they frequently misread such signals, reach erroneous conclusions, and act, as Tim Carr did, in ways that thwart their ultimate goals.

In the following pages, I draw on my work on cross-cultural management to identify five rules of thumb for negotiating with someone whose cultural style of communication differs from yours. The trick, as we will see, is to be aware of key negotiation signals and to adjust both your perceptions and your actions in order to get the best results.

1

Adapt the Way You Express Disagreement

In some cultures it's appropriate to say "I totally disagree" or to tell the other party he's wrong. This is seen as part of a normal, healthy discussion. A Russian student of mine told me, "In Russia we enter the negotiation ready for a great big debate. If your Russian counterpart tells you passionately that he completely disagrees with every point you have made, it's not a sign that things are starting poorly. On the contrary, it's an invitation to a lively discussion."

In other cultures the same behavior would provoke anger and possibly an irreconcilable

breakdown of the relationship. An American manager named Sean Green, who had spent years negotiating partnerships in Mexico, told me that he quickly learned that if he wanted to make progress toward a deal, he needed to say things like "I do not quite understand your point" and "Please explain more why you think that." If he said, "I disagree with that," the discussions might shut down completely.

The key is to listen for verbal cues—specifically, what linguistics experts call "upgraders" and "downgraders." Upgraders are words you might use to strengthen your disagreement, such as "totally," "completely," "absolutely." Downgraders—such as "partially," "a little bit," "maybe"—soften the disagreement. Russians, the French, Germans, Israelis, and the Dutch use a lot of upgraders with disagreement. Mexicans, Thai, the Japanese, Peruvians, and Ghanaians use a lot of downgraders.

Try to understand upgraders and downgraders within their own cultural context. If a Peruvian you're negotiating with says he "disagrees a little," a serious problem may well be brewing. But if your German counterpart says he "completely disagrees," you may be on the verge of a highly enjoyable debate.

2

Know When to Bottle It Up or Let It All Pour Out

In some cultures it's common—and entirely appropriate—during negotiations to raise your voice when excited, laugh passionately, touch your counterpart on the arm, or even put a friendly arm around him. In other cultures such self-expression not only feels intrusive or surprising but may even demonstrate a lack of professionalism.

What makes international negotiations interesting (and complicated) is that people from some very emotionally expressive cultures—such as Brazil, Mexico, and Saudi Arabia—may also avoid open disagreement. (See the exhibit "Preparing to Face Your Counterpart.") Mexicans tend to disagree softly yet

In some cultures open disagreement is seen as positive as long as it is expressed calmly and factually

Idea in Brief

THE PROBLEM

In cross-border negotiations, managers often discover that perfectly rational deals fall apart when their counterparts make what seem to be unreasonable demands or don't respect their commitments.

WHY IT HAPPENS

Each culture has its own communication norms, and over time you'll find that what gets you to "yes" in one culture may get you to "no" in another.

THE SOLUTION

You can reduce miscommunication by respecting these five rules of thumb:

- 1 Figure out how to express disagreement.
- 2 Recognize what emotional expressiveness signifies.
- 3 Learn how the other culture builds trust.
- 4 Avoid yes-or-no questions.
- 5 Beware of putting it in writing.

express emotions openly. As a Mexican manager, Pedro Alvarez, says, "In Mexico we perceive emotional expressiveness as a sign of honesty. Yet we are highly sensitive to negative comments and offended easily. If you disagree with me too strongly, I would read that as a signal that you don't like me."

In other cultures—such as Denmark, Germany, and the Netherlands—open disagreement is seen as positive as long as it is expressed calmly and factually. A German negotiator, Dirk Firnhaber, explains that the German word *Sachlichkeit*, most closely translated in English as "objectivity," refers to separating opinions from the person expressing them. If he says, "I totally disagree," he means to debate the opinions, not disapprove of the individual.

People from cultures like these may view emotional expressiveness as a lack of maturity or professionalism in a business context. Firnhaber tells a story about one deal he negotiated with a French company. It began calmly enough, but as the discussion continued, the French managers grew animated: "The more we discussed, the more our French colleagues became emotional—with voices raised, arms waving, ears turning red...the whole thing." Firnhaber was increasingly uncomfortable with the conversation and at times thought the deal would fall apart. To his surprise, the French took a very different view: "When the discussion was over, they seemed delighted with the meeting, and we all went out for a great dinner."

So the second rule of international negotiations is to recognize what an emotional outpouring (whether yours or theirs) signifies in the culture you are negotiating with, and to adapt your reaction accordingly. Was it a bad sign that the Swedish negotiators sat calmly across the table from you, never entered into open debate, and showed little passion during the discussion? Not at all. But if you encountered the

same behavior while negotiating in Israel, it might be a sign that the deal was about to die an early death.

3

Learn How the Other Culture Builds Trust

During a negotiation, both parties are explicitly considering whether the deal will benefit their own business and implicitly trying to assess whether they can trust each other. Here cultural differences hit us hard. How we come to trust someone varies dramatically from one part of the world to another.

Consider this story from John Katz, an Australian negotiating a joint venture in China. Initially, he felt he was struggling to get the information his side needed, so he asked his company's China consultant for advice. The consultant suggested that Katz was going at the deal too quickly and should spend more time building trust. When Katz said he'd been working hard to do just that by supplying a lot of information from his side and answering all questions transparently, the consultant replied, "The problem is that you need to approach them from a relationship perspective, not a business perspective. You won't get what you want unless you develop trust differently."

Research in this area divides trust into two categories: *cognitive* and *affective*. Cognitive trust is based on the confidence you feel in someone's accomplishments, skills, and reliability. This trust comes from the head. In a negotiation it builds through the business interaction: You know your stuff. You are reliable, pleasant, and consistent. You demonstrate that your product or service is of high quality. I trust you. Affective trust arises from feelings of emotional closeness, empathy, or friendship. It comes from the heart. We laugh together, relax

together, and see each other on a personal level, so I feel affection or empathy for you. I trust you.

In a business setting, the dominant type of trust varies dramatically from one part of the world to another. In one research project, Professor Roy Chua, of Singapore Management University, surveyed Chinese and American executives from a wide range of industries, asking them to list up to 24 important members of their professional networks. He then asked them to indicate the extent to which they felt comfortable sharing their personal problems and dreams with each of those contacts. "These items showed an affective-based willingness to depend on and be vulnerable to the other person," Chua explains. Finally, participants were asked to indicate how reliable, competent, and knowledgeable each contact was. These assessments showed a more cognitive-based willingness to depend on the other person.

The survey revealed that in negotiations (and business in general) Americans draw a sharp line between cognitive and affective trust. American

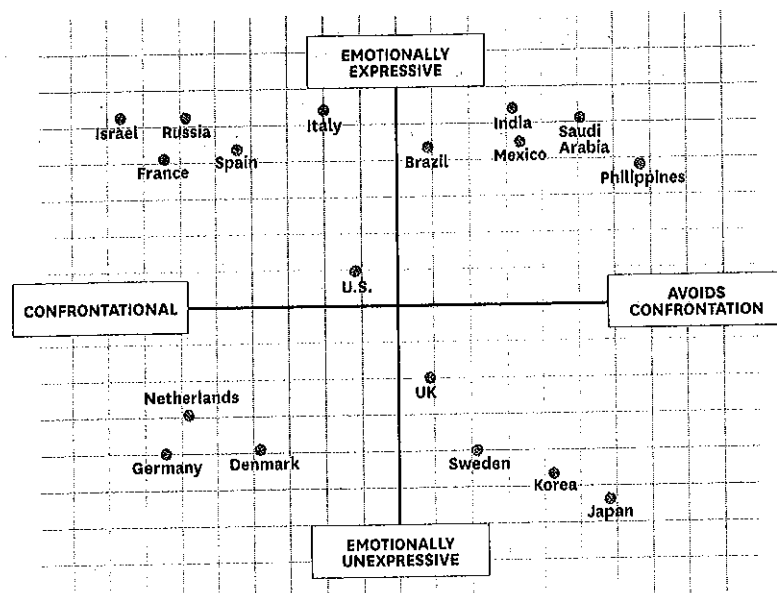
culture has a long tradition of separating the emotional from the practical. Mixing the two risks conflict of interest and is viewed as unprofessional. Chinese managers, however, connect the two, and the interplay between cognitive and affective trust is much stronger. They are quite likely to develop personal bonds where they have financial or business ties.

In most emerging or newly emerged markets, from BRIC to Southeast Asia and Africa, negotiators are unlikely to trust their counterparts until an affective connection has been made. The same is true for most Middle Eastern and Mediterranean cultures. That may make negotiations challenging for task-oriented Americans, Australians, Brits, or Germans. Ricardo Bartolome, a Spanish manager, told me that he finds Americans to be very friendly on the surface, sometimes surprisingly so, but difficult to get to know at a deeper level. "During a negotiation they are so politically correct and careful not to show negative emotion," he said. "It makes it hard for us to trust them."

So in certain cultures you need to build an affective bond or emotional connection as early as possible. Invest time in meals and drinks (or tea, karaoke, golf, whatever it may be), and don't talk about the deal during these activities. Let your guard down and show your human side, including your weaknesses. Demonstrate genuine interest in the other party and make a friend. Be patient: In China, for example, this type of bond may take a long time to build. Eventually, you won't have just a friend; you'll have a deal.

Preparing to Face Your Counterpart

The map below sorts nationalities according to how confrontational and emotionally expressive they are. Although negotiators often believe that the two characteristics go hand in hand, that's not always the case.



4

Avoid Yes-or-No Questions

At some point during your negotiation you'll need to put a proposal on the table—and at that moment you will expect to hear whether or not the other side accepts. One of the most confounding aspects of international negotiations is that in some cultures the word "yes" may be used when the real meaning is no. In other cultures "no" is the most frequent knee-jerk response, but it often means "Let's discuss further." In either case, misunderstanding the message can lead to a waste of time or a muddled setback.

A recent negotiation between a Danish company and its Indonesian supplier provides a case in point. One of the Danish executives wanted reassurance

Look for Cultural Bridges

There's no substitute for learning all you can about the culture you will be negotiating with. But taking a cultural bridge—someone who is from the other culture, has a foot in both cultures, or, at the very least, knows the other culture intimately—to the negotiating table will give you a head start.

Of course, if one party doesn't speak English well, it's common to have the help of a translator; but a cultural bridge can make a huge impact even if no linguistic divide exists. During breaks in the negotiation, for example, you can ask this person to interpret what's going on between the lines.

The British executive Sarah Stevens was leading a U.S. team negotiating a deal in Japan. The Japanese parties all spoke English well, but three hours into the negotiation Stevens realized that her team was doing 90% of the talking, which worried her. She asked a colleague from her company's Japan office for advice. He explained that the Japanese often pause to think before speaking—and that they don't find silence uncomfortable the way

Americans or the British do. He advised Stevens to adopt the Japanese approach: After asking a question, wait patiently and quietly for an answer. He also told her that the Japanese often make decisions in groups, so they might need to confer before giving an answer. If after a period of silence no clear answer had been given, Stevens might suggest a short break so that they could have a sidebar.

In Japan, he said, it is common to iron out a lot of potential conflicts in one-on-one informal discussions before the formal group meeting, which is seen more as a place to put a stamp on decisions already made. This particular nugget came too late for that trip, but Stevens made sure the next time to enable informal discussions in advance. Thanks to her

cultural bridge, she got the deal she had hoped for.

If your team has no obvious candidate for this role, look elsewhere in your company. But don't make the common mistake of thinking that someone who speaks the language and has a parent from the culture will necessarily make a good cultural bridge.

Consider this British manager of Korean origin: He looked Korean, had a Korean name, and spoke Korean with no accent, but he'd never lived or worked in Korea; his parents had moved to Britain as teenagers. His company asked him to help with an important negotiation in Korea, but once there, he quickly realized that his team would have been better off without him. Because he spoke the language so well, the Koreans assumed that he would behave like a Korean, so they took offense when he spoke to the wrong person in the room and when he confronted them too directly. As he observes, "If I hadn't looked or sounded Korean, they would have forgiven me for behaving badly."

that the Indonesians could meet the desired deadline, so he asked them directly if the date was feasible. To his face they replied that it was, but a few days later they informed the company by e-mail that it was not. The Danish executive was aggrieved. "We'd already wasted weeks," he says. "Why didn't they tell us transparently during the meeting? We felt they had lied to us point-blank."

After hearing this story, I asked an Indonesian manager to explain what had happened. He told me that from an Indonesian perspective, it is rude to look someone you respect and like in the eye and say no to a request. "Instead we try to show 'no' with our body language or voice tone," he said. "Or perhaps we say, 'We will try our best.'" Signals like these are a way of saying "We would like to do what you want, but it is not possible." The interlocutor assumes that his counterpart will get the message and that both parties can then move on.

The problem can work the other way. The Indonesian manager went on to describe his experience negotiating with a French company for the first time: "When I asked them if they could kindly do something, the word 'no' flew out of their mouths—and not just once but often more like a 'no-no-no,' which feels to us like we are being slapped

repeatedly." He found out later that the French were actually happy to accede to his request; they had just wanted to debate it a bit before final agreement.

When you need to know whether your counterpart is willing to do something, but his answer to every question leaves you more confused than before, remember the fourth rule of cross-cultural negotiations: If possible, avoid posing a yes-or-no question. Rather than "Will you do this?" try "How long would it take you to get this done?" And when you do ask a yes-or-no question in Southeast Asia, Japan, or Korea (perhaps also in India or Latin America), engage all your senses and emotional antennae. Even if the response is affirmative, something may feel like no: an extra beat of silence, a strong sucking in of the breath, a muttered "I will try, but it will be difficult." If so, the deal is probably not sealed. You may well have more negotiations in front of you.

5

Be Careful About Putting It in Writing

American managers learn early on to repeat key messages frequently and recap a meeting in writing. "Tell them what you're going to tell them, tell them, and then tell them what you've told them" is

When negotiating in emerging markets, remember that everything in these countries is dynamic, and no deal is ever really 100% final.

one of the first communication lessons taught in the United States. In Northern Europe, too, clarity and repetition are the basis of effective negotiation.

But this good practice can all too often sour during negotiations in Africa or Asia. A woman from Burundi who was working for a Dutch company says, "In my culture, if we have a discussion on the phone and come to a verbal agreement, that would be enough for me. If you get off the phone and send me a written recap of the discussion, that would be a clear signal that you don't trust me." This, she says, repeatedly caused difficulty for her company's negotiators, who recapped each discussion in writing as a matter of both habit and principle.

The difference in approach can make it difficult to write a contract. Americans rely heavily on written contracts—more so than any other culture in the world. As soon as two parties have agreed on the price and details, long documents outlining what will happen if the deal is not kept, and requiring signatures, are exchanged. In the U.S. these contracts are legally binding and make it easy to do business with people we otherwise have no reason to trust.

But in countries where the legal system is traditionally less reliable, and relationships carry more weight in business, written contracts are less frequent. In these countries they are often a commitment to do business but may not be legally binding. Therefore they're less detailed and less important. As one Nigerian manager explains, "If the moment we come to an agreement, you pull out the contract and hand me a pen, I start to worry. Do you think I won't follow through? Are you trying to trap me?"

In Nigeria and many other high-growth markets where the business environment is rapidly evolving, such as China and Indonesia, successful businesspeople must be much more flexible than is necessary (or desirable) in the West. In these cultures, a contract marks the beginning of a relationship, but it is understood that as the situation changes, the details of the agreement will also change.

Consider the experience of John Wagner, an American who had been working out a deal with a Chinese supplier. After several days of tough negotiations, his team and its legal department drafted a contract that the Chinese seemed happy to sign. But about six weeks later they reopened discussion on points that the Americans thought had been set in stone. Wagner observes, "I see now that we appeared irrationally inflexible to them. But at the time, we were hitting our heads against our desks." For the Americans, the contract had closed the negotiation phase, and implementation would follow. But for the Chinese, signing the contract was just one step in the dance.

So the fifth and final rule for negotiating internationally is to proceed cautiously with the contract. Ask your counterparts to draft the first version so that you can discern how much detail they are planning to commit to before you plunk down a 20-page document for them to sign. And be ready to revisit. When negotiating in emerging markets, remember that everything in these countries is dynamic, and no deal is ever really 100% final.

FINALLY, DON'T FORGET the universal rules: When you are negotiating a deal, you need to persuade and react, to convince and finesse, pushing your points while working carefully toward an agreement. In the heat of the discussion, what is spoken is important. But the trust you have built, the subtle messages you have understood, your ability to adapt your demeanor to the context at hand, will ultimately make the difference between success and failure—for Americans, for Chinese, for Brazilians, for everybody. ▀

HBR Reprint R1512E

 **Erin Meyer** is a professor and the program director for Managing Global Virtual Teams at INSEAD. She is the author of *The Culture Map: Breaking Through the Invisible Boundaries of Global Business* (PublicAffairs, 2014). Twitter: @ErinMeyerINSEAD