The Influence of Culture on Negotiation: Managerial Perspectives

Cultural differences have been suggested to influence negotiation in several different ways. Table 16.2 summarizes 10 different ways that culture can influence negotiations.[11] Each is then discussed in turn.

Definition of Negotiation

The fundamental definition of negotiation, what is negotiable, and what occurs when we negotiate can differ greatly across cultures (see Ohanyan, 1999; Yook and Albert, 1998). For instance, "Americans tend to view negotiating as a competitive process of offers and counteroffers, while the Japanese tend to view the negotiation as an opportunity for information-sharing" (Foster, 1992, p. 272).

Negotiation Opportunity

Culture influences the way negotiators perceive an opportunity as distributive versus integrative. Negotiators in North America are predisposed to perceive negotiation as being fundamentally distributive (Thompson and Hastie, 1990b). This is not the case outside North America, however, as there appears to be a great deal of variation across cultures in the extent to which negotiation situations are initially perceived as distributive or integrative (Salacuse, 1998). Cross-cultural negotiations are influenced by the extent that negotiators in different cultures have fundamental agreement or disagreement about whether or not the situation is distributive or integrative.

Selection of Negotiators

The criteria used to select who will participate in a negotiation is different across cultures. These criteria can include knowledge of the subject matter being negotiated, seniority, family connections, gender, age, experience, and status. Different cultures weigh these criteria differently, leading to varying expectations about what is appropriate in different types of

TABLE 16.2 | 10 Ways That Culture Can Influence Negotiation

Negotiation Factors	Range of Cultural Responses	
Definition of negotiation	Contract ⟷	Relationship
Negotiation opportunity	Distributive ⟷	Integrative
Selection of negotiators	Experts ⟷	Trusted associates
Protocol	Informal ⟷	Formal
Communication	Direct ⟷	Indirect
Time sensitivity	High ⟷	Low
Risk propensity	High ⟷	Low
Groups versus individuals	Collectivism ⟷	Individualism
Nature of agreements	Specific ⟷	General
Emotionalism	High ⟷	Low

Sources: Based on Foster (1992); Hendon and Hendon (1990); Moran and Stripp (1991); and Salacuse (1998).

BOX 16.3 Example of Communication Rules for International Negotiators

Never touch a Malay on the top of the head, for that is where the soul resides. Never show the sole of your shoe to an Arab, for it is dirty and represents the bottom of the body, and never use your left hand in Muslim culture, for it is reserved for physical hygiene. Touch the side of your nose in Italy and it is a sign of distrust. Always look directly and intently into your French associate's eye when making an important point. Direct eye contact in Southeast Asia, however, should be avoided until the relationship is firmly established. If your Japanese associate has just sucked air in deeply through his teeth, that's a sign you've got real problems. Your Mexican associate will want to embrace you at the end of a long and successful negotiation; so will your central and eastern European associates, who may give you a bear hug and kiss you three times on alternating cheeks. Americans often stand farther apart than their Latin and Arab associates but closer than their Asian associates. In the United States, people shake hands forcefully and enduringly; in Europe, a handshake is usually quick and to the point; in Asia, it is often rather limp. Laughter and giggling in the West Indies indicates humor; in Asia, it more often indicates embarrassment and humility. Additionally, the public expression of deep emotion is considered ill-mannered in most countries of the Pacific Rim; there is an extreme separation between one's personal and public selves. Withholding emotion in Latin America, however, is often cause for mistrust.

Source: Dean Allen Foster, *Bargaining across Borders: How to Negotiate Business Successfully Anywhere in the World* (New York: McGraw-Hill, 1992), p. 281.

negotiations. For instance, in China it is important to establish relationship connections early in the negotiation process, and selection of the appropriate negotiators can help with this (see Zhu, McKenna, and Sun, 2007).

Protocol

Cultures differ in the degree to which protocol, or the formality of the relations between the two negotiating parties, is important. American culture is among the least formal cultures in the world. A familiar communication style is quite common; first names are used, for example, while titles are ignored. Contrast this with other cultures. Many European countries (e.g., France, Germany, England) are very formal, and not using the proper title when addressing someone (e.g., Mr., Dr., Professor, Lord) is considered insulting (see Braganti and Devine, 1992). The formal calling cards or business cards used in many countries in the Pacific Rim (e.g., China, Japan) are essential for introductions there. Negotiators who forget to bring business cards or who write messages on them are breaching protocol and insulting their counterpart (Foster, 1992). Even the way that business cards are presented, hands are shaken, and dress codes are observed are subject to interpretation by negotiators and can be the foundation of attributions about a person's background and personality (items such as business cards are passed with two hands from person to person throughout Asia—using only one hand is considered quite rude).

Communication

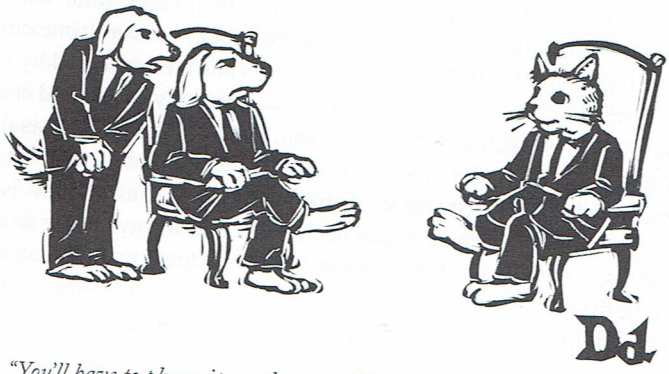
Cultures influence how people communicate, both verbally and nonverbally. There are also differences in body language across cultures; a behavior that may be highly insulting in one culture may be completely innocuous in another (Axtell, 1990, 1991, 1993).

Cross-Cultural Miscommunication BOX 16.4

Although many multinational organizations have extensive experience in overseas markets, some problems persist. Language and cultural differences make it difficult to translate slogans and ideas effectively in new environments. For example:

- In Taiwan, the Pepsi slogan "Come alive with the Pepsi Generation" translated into "Pepsi will bring your ancestors back from the dead."
- In Chinese, Kentucky Fried Chicken's "Finger-lickin' good" became "Eat your fingers off."
- Salem cigarette's slogan, "Salem—Feeling Free" became "When smoking Salem, you feel so refreshed that your mind seems to be free and empty" in Japan.
- When Chevrolet introduced the Nova in South America, they were apparently unaware that in Spanish "No va" means "It won't go."
- When Parker Pen marketed a ballpoint in Mexico, the slogan was supposed to inform customers that the pen "won't leak in your pocket and embarrass you." However, the company used the word *embarazar* for *embarrass*. Mexican consumers read the advertisement as "It won't leak in your pocket and make you pregnant."
- In Italy, a campaign for Schweppes tonic water translated the name as "Schweppes Toilet Water."

Source: Anonymous.



"You'll have to phrase it another way. They have no word for 'fetch.'"

To avoid offending the other party in negotiations, the international negotiator needs to observe cultural rules of communication carefully. For example, placing feet on a desk in the United States signals power or relaxation; in Thailand, it is considered very insulting (see Boxes 16.3 and 16.4 for more examples). Clearly, there is a lot of information about how to communicate that an international negotiator must remember in order not to insult, anger, or embarrass the other party during negotiations. Culture-specific books and articles can provide considerable advice to international negotiators about how to communicate in various cultures; seeking such advice is an essential aspect of planning for international negotiations.[12]

BOX 16.5 Five Strategies for Managing Differences in Time Sensitivity

1. Spend extra time preparing for cultural differences.
2. Commit the time to building and maintaining relationships.
3. Plan your actions according to clock-time, but allow for wide margins to accommodate for event-time.
4. Prepare argumentation in advance, using precedents, models, and history.
5. Try to avoid language that might suggest that the parties have full control over future events.

Source: Ilai Alon and Jeanne M. Brett, "Perceptions of Time and Their Impact on Negotiations in the Arabic-Speaking Islamic World." *Negotiation Journal 23,* no. 1 (2007), pp. 55–73.

Time Sensitivity

Cultures largely determine what time means and how it affects negotiations (see Macduff, 2006; Mayfield, Mayfield, Martin, and Herbig, 1997). In the United States, people tend to respect time by appearing for meetings at an appointed hour, being sensitive to not wasting the time of other people, and generally holding that "faster" is better than "slower" because it symbolizes high productivity. Other cultures have quite different views about time. In more traditional societies, especially in hot climates, the pace is slower than in the United States. This tends to reduce the focus on time, at least in the short term. Arab-speaking Islamic cultures appear to focus more on event-time than clock-time where "in clock-time cultures people schedule events according to the clock; in event-time cultures, events schedule people" (Alon and Brett, 2007, p. 58). Americans are perceived by other cultures as enslaved by their clocks because they watch time carefully and guard it as a valuable resource. In some cultures, such as China and Latin America, time per se is not important. The focus of negotiations is on the task, regardless of the amount of time it takes. The opportunity for misunderstandings because of different perceptions of time is great during cross-cultural negotiations. Americans may be perceived as always being in a hurry and as flitting from one task to another, while Chinese or Latin American negotiators may appear to Americans to be doing nothing and wasting time. Ilai Alon and Jeanne Brett propose five tactics for managing differences in time sensitivity (see Box 16.5).

Risk Propensity

Cultures vary in the extent to which they are willing to take risks. Some cultures tend to produce bureaucratic, conservative decision makers who want a great deal of information before making decisions. Other cultures produce negotiators who are more entrepreneurial and who are willing to act and take risks when they have incomplete information (e.g., "nothing ventured, nothing gained"). According to Foster (1992), Americans fall on the risk-taking end of the continuum, as do some Asian cultures, while some European cultures are quite conservative (e.g., Greece). The orientation of a culture toward risk will have a large effect on what is negotiated and the content of the negotiated outcome. Negotiators in risk-oriented cultures will be more willing to move early on a deal and will generally take more chances. Those in risk-avoiding cultures are more likely to seek further information and take a wait-and-see stance.

Groups versus Individuals

Cultures differ according to whether they emphasize the individual or the group. The United States is very much an individual-oriented culture, where being independent and assertive is valued and praised. Group-oriented cultures, in contrast, favor the superiority of the group and see individual needs as second to the group's needs. Group-oriented cultures value fitting in and reward loyal team players; those who dare to be different are socially ostracized—a large price to pay in a group-oriented society. This cultural difference can have a variety of effects on negotiation. Americans are more likely to have one individual who is responsible for the final decision, whereas group-oriented cultures like the Japanese are more likely to have a group responsible for the decision. Decision making in group-oriented cultures involves consensus and may take considerably more time than American negotiators are used to. In addition, because so many people can be involved in the negotiations in group-oriented cultures, and because their participation may be sequential rather than simultaneous, American negotiators may be faced with a series of discussions over the same issues and materials with many different people. In a negotiation in China, one of the authors of this book met with more than six different people on successive days, going over the same ground with different negotiators and interpreters, until the negotiation was concluded.

Nature of Agreements

Culture also has an important effect both on concluding agreements and on what form the negotiated agreement takes. In the United States, agreements are typically based on logic (e.g., the low-cost producer gets the deal), are often formalized, and are enforced through the legal system if such standards are not honored. In other cultures, however, obtaining the deal may be based on who you are (e.g., your family or political connections) rather than on what you can do. In addition, agreements do not mean the same thing in all cultures. Foster (1992) notes that the Chinese frequently use memorandums of agreement to formalize a relationship and to signal the start of negotiations (mutual favors and compromise). Frequently, however, Americans will interpret the same memorandum of agreement as the completion of the negotiations that is enforceable in a court of law. Again, cultural differences in how to close an agreement and what exactly that agreement means can lead to confusion and misunderstandings.

Emotionalism

Culture appears to influence the extent to which negotiators display emotions (Salacuse, 1998). These emotions may be used as tactics, or they may be a natural response to positive and negative circumstances during the negotiation (see Kumar, 2004). While personality likely also plays a role in the expression of emotions, there also appears to be considerable cross-cultural differences, and the rules that govern general emotional displays in a culture are likely to be present during negotiation (Salacuse, 1998).

In summary, a great deal of practical advice has been written about the importance of culture in international negotiations. Although the word *culture* has been used to mean several different things, it is clearly a critical aspect of international negotiation that can have a broad influence on many aspects of the process and outcome of international negotiation. We now turn to examining research perspectives on how culture influences negotiation.