

IN TODAY'S GLOBAL MARKET, SURELY WE NO LONGER NEED TO CONSIDER THE OLD-FASHIONED IDEA OF CULTURAL DIFFERENCES WHEN NEGOTIATING? WRONG!

Ten questions to help understand and plan for cultural differences

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Negotiation

International commerce means the world is fast becoming a smaller place. As a result, it is easy to assume that, if organizations are interacting routinely across geographic boundaries and conducting business in one increasingly universal language, there is no longer a need to consider our cultural differences. Cultural differences shape who we are, and failure to understand these differences and adapt our negotiation approach can doom a negotiation to failure or, at least, deliver sub-optimum outcomes.

Culture is the way of thinking and doing things that, in a society, are passed on from one generation to another. These include the language, norms and values that collectively create a pattern of human behaviour. Culture is not biologically inherited, but who we are is determined largely from environmental influences. It is established cumulatively through generations and holds societies together, providing the template for new generations to follow. At an individual level, culture is expressed in customary ways of behaving and interacting in everyday life from religious beliefs and observance to moral standards and the way life is organized - especially family life. Outside of the individual, culture is expressed in the language, food, art, political, social, religious and economic structures that shape social interaction and the way the provision of basic human needs - including food, shelter and safety - is organized. Cultures differ from region to region and country to country, but can also differ within a country, eg North and South Italy, and within organizations. No culture belongs to an individual but is shaped by groups over time. Changes in culture, therefore, happen very slowly.

It is easy to believe that we have learnt to interact across geographical and cultural boundaries. With suppliers and customers just one click away and increasingly using one primary language, then surely this new ease of interaction means that our cultures might meld into

one also. But this is simply not the case. Groups of people shape culture over time, so it is impossible for one culture to merge readily into another just because people communicate and move around more. Instead, our shrinking world means we understand and respect each other's cultural differences a bit more. We are more open to new experiences and our social skills toolkit is better equipped. Despite advancement in cultural awareness on a worldwide level, individual cultures remain - as do the differences between them - and this has implications for negotiation planning and execution.

Basing our planning on national stereotypes isn't helpful. It doesn't always follow that Arabs will haggle and Russians will drive a very hard bargain, and equating culture with national character is an outdated concept (Cohen 1997).

Nevertheless, there are differences - and negotiations across cultural borders can fail if these differences are not understood. Adapting our negotiation approach is much more than the right nod of the head or handing over a business card using both hands. Instead of considering national stereotypes or focusing only on gestures, we can understand and plan for cultural differences by considering the familiar concepts that are common to us all, and how these differ. In particular, the things that matter to them, how decisions get made and what gives power in the negotiation.

TEN QUESTIONS TO HELP YOU CONSIDER YOUR NEGOTIATION APPROACH

WHAT MATTERS TO THEM

Get behind the things that are important for them within their culture. Do this and it will help determine the approaches required for the negotiation. Research might be needed here, but consider the following:

1. HOW IMPORTANT IS THE RELATIONSHIP TO THEM?

In many Western cultures, there is no real need for a relationship between parties to do business, and certainly no need to trust an opponent, with negotiation based upon facts and data and business executed based upon a solid contract. However, in other cultures, the relationship and need for trust are paramount and facts, data and contracts are of lesser importance.

2. INDIVIDUALS OR GROUP?

Do they live, work and act as individuals or is the group of which they are a part (family, company, caste, tribe, etc) more important than any one individual? Understanding this is central to understanding culture. If their loyalty to the group is paramount they are unlikely to risk causing offence or dishonour to the group. That means your opponent will seek to save face above everything. This will drive indirect, non-committal language, saying 'yes' because they can't risk saying 'no' and even lying rather than losing face.

3. WHAT MOTIVATES THEM?

Building on point 2 above, is your opponent motivated by personal ambition, results and success, or by doing the right thing for the company, group or country? Depending upon which applies, there will be different buttons you can press to get the results you need.

4. SHORT OR LONG TERM THINKING?

What is the normal time horizon they are used to working with? Is this short or long term? If they tend to consider the long term, then any negotiation agreement will need to align with longer term objectives.

HOW WILL A DECISION BE MADE?

Determine how your opponent will make a decision to agree during or after a negotiation.

5. HOW HIERARCHICAL IS THEIR CULTURE?

Whilst there are hierarchies in many Western cultures, there remains a degree of equality. Status must be earned, is open to challenge and people in prominent positions can be toppled. However, in other cultures, especially some Eastern cultures, status is not open to challenge and may even be given by birth. This drives a level of reverence for authority not seen in Western cultures which means any decision to agree when negotiating may have to take place following the negotiation by the individual in charge based upon the recommendation of your opponent.

6. WHAT ROLES AND REMIT DO THEY HAVE?

Determine the role and remit of the individual(s) you are negotiating with. It might seem that you are negotiating

with the lead person but, as their role may be only to lead the discussion, don't necessarily expect them to make any sort of agreement.

WHAT GIVES POWER TO THE NEGOTIATION?

7. WHAT SOURCES OF POWER HAVE IMPACT TO THEM?

In Western cultures power in a negotiation can come from many quarters such as strength of position in the market, time pressure, degree of dependency and future opportunity. However, these factors have a lesser emphasis in other cultures than factors such as strength of relationship, degree of trust or status (of you versus them). Take the time to understand what powers would be potent to you and what you might do to maximize your position.

8. IS THERE ANY PLACE FOR CONFRONTATION?

Traditionally, confrontation may not be regarded as a source of power. But confrontation, and indeed parties seeking to establish some dominance through confrontation, is how things get done in some cultures. In other cultures, it can be the most counterproductive thing to do and may even cause offence.

9. HOW IMPORTANT IS THE POWER WE PROJECT AS AN INDIVIDUAL?

Whilst in some cultures it is the facts at hand that count, for others the suit you wear, the accessory you carry, the watch they see or the car you arrive in tell a story of who you are and how powerful you are. Much of this can be without conscious thought on the part of the other. Turn up to negotiate in an important negotiation in Italy or Japan less than perfectly dressed and you have already put yourself at a disadvantage.

10. WHAT MAKES THE AGREEMENT STICK AFTERWARDS?

In many Western cultures if what we agree in the room makes it to a contract, this is how we will police compliance regarding what was agreed. In other cultures, the contract may have little value, but rather it is the ongoing trust and relationship between parties that ensure what was agreed is honoured by both parties. It is important to understand this. Whilst it is not recommended that we abandon the use of legal contract, it is important to understand and provide for their relative value around the world.

To negotiate effectively globally it is imperative that we take the time to understand the culture of the other party and how it differs from our own culture. This knowledge then shapes the entire negotiation process and determines how we plan to engage and interact including event planning, timing, meeting and greeting, where and how we sit, our use of language (direct or indirect) and the degree to which we might be confrontational. It also shapes what tactics might

work and where we might find power. For example, in a Western negotiation we might use research, facts and data to help our cause, whereas in an Eastern negotiation power might be found more in building a relationship, engendering trust and so on.

Understanding culture is an entire topic of its own. Possibly the most useful body of established knowledge in this area comes from two researchers, Geert Hofstede and Shalom H Schwartz, who independently studied international cultures and identified a series of cultural measures and classifications. There are many books and websites that provide specific information on how to do business and the gestures and actions to be used or avoided. www.kwintessential.com is an example.

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This article is adapted from 'Negotiation for Purchasing Professionals' by Jonathan O'Brien (published by Kogan Page).

REFERENCE

Cohen, R (1997), *Negotiating Across Cultures: International Communication in an Interdependent World* (rev edn), United States Institute of Peace, Washington DC.