

August 2009

**Culture And Its Impact On The  
Bargaining Table  
Part Two**

Issue 9

*Because of the increased interest in the issue of culture and its bargaining table impact, we have chosen to do a second newsletter on this issue. This article originally appeared in the Negotiation newsletter published by the Program on Negotiation at Harvard Law School and is reprinted with their permission.*

## **Coping with culture at the bargaining table**

*Intercultural negotiations are common these days—and so are culture clashes. Here's how to handle the added complexity such talks can bring.*

Imagine that you're the American representative of a U.S. food company, and you're hoping to procure a new ingredient for several of your products from a German company. A representative from the company is flying in to meet with you. Do you expect your German counterpart to behave differently than the Americans you typically deal with, and if so, how? Will you adapt your negotiating style according to your expectations?

Now imagine instead that your counterpart represents a Chinese company or that your counterpart is from Mexico. Will you plan a different negotiating strategy depending on whether your counterpart is from China, Mexico, or some other country?

If you're like most people, you wisely understand that cultural differences are likely to be a factor in negotiations. Yet new research suggests that negotiators, to their detriment, may give too much weight to cultural factors when preparing for talks.

In our global marketplace, there will probably be times when you find yourself dealing with people from other cultures, whether at home or abroad. We'll show you why many negotiators place too much emphasis on cultural variations, and how to broaden your focus.

### **The assumptions we make**

What expectations did you form regarding your hypothetical German, Chinese, and Mexican counterparts? If you've read up on the topic, you may have some specific ideas about how to negotiate with people from particular countries. .

In his book *How to Negotiate Anything with Anyone Anywhere Around the World* (Amacom,

Third Edition, 2008), for example, Frank L. Acuff advises readers to expect Germans to be reserved, hard bargainers who may be offended by personal questions and tardiness. Those negotiating with Chinese counterparts are cautioned to avoid direct questions and to prepare to make numerous concessions. And negotiators doing business with Mexicans are told to expect an expressive communication style and a lengthy rapport-building process.

## Dressing up for diplomats

*Even within our own culture, we can over-rely on stereotypes when meeting with negotiating counterparts.*

In their article, Wendi Adair and her colleagues recount the story of a diplomat who was preparing his team to meet with a group of academic advisers. Relying on the stereotype that academics tend to be informal, the diplomat instructed his team to “dress down” in jeans. Meanwhile, the advisers, stereotyping diplomats as formal, apparently were told to dress up; they showed up at the meeting in suits.

Though the end result was harmless, the story serves as a vivid example of how we can trip ourselves up by giving too much weight to cultural—and subcultural—stereotypes.

Books are just one form of information, along with films, television shows, and personal experience, that help to shape such *intercultural negotiating schemas*, which provide a quick, easy way of reading a foreign counterpart. Ideally, our intercultural negotiation schemas help us avoid blunders when negotiating with a foreign counterpart and also help us understand behavior that might otherwise be puzzling.

## When negotiators try too hard

Though intercultural negotiating schemas can be useful, negotiators often give too much weight to them, according to an article in the May issue of the journal *Negotiation and Conflict Management Research*, “Starting Out on the Right Foot: Negotiation Schemas When Cultures Collide,” by professors Wendi L. Adair of the University of Waterloo, Canada; Masako S. Taylor of Osaka Gakuin University in Japan; and Catherine H. Tinsley of Georgetown University.

The research team surveyed American professionals who had conducted business negotiations with Japanese counterparts, as well as Japanese professionals who had experience negotiating with Americans. The negotiators were asked to reflect on how they prepared for talks with people from their own culture and how they prepared for talks with people from the other culture (Japanese or American), as well as how such negotiations unfolded.

The results? The study participants typically adjusted their negotiating style *too far* toward the other side’s culture. Specifically, they expected a counterpart to negotiate as she would at home, not understanding that the counterpart would attempt to adjust her strategy to the foreign context as well. As a result, both sides tried too hard to adapt to their stereotypical ideas about the other side’s negotiating style (a phenomenon the researchers call *schematic overcompensation*). Ironically, this type of cultural sensitivity often led to culture clashes.

## FAST FACT

*Negotiators sometimes give too much weight to cultural factors.*

In their efforts to adapt to each other, the American and Japanese negotiators clashed on a number of negotiation dimensions, including the degree to which counterparts said they would directly share information, indirectly share information by making offers, or rely on status to persuade the other party.

Rather than meeting in the middle, the negotiators found themselves at cross-purposes. When the Americans described how they would approach the intercultural negotiation, they cited behaviors consistent with the stereotype they held of a Japanese negotiator. At the same time, the Japanese described approaching the negotiation in a manner consistent with their stereotype of an American negotiator.

For an example of how this might play out, imagine that a German sales rep is visiting your office. Your research has led you to believe that Germans have a formal negotiating style, so you skip the small talk and get down to business immediately.

Now suppose that your German counterpart is, indeed, used to formal dealings with new partners in his home country, but he's heard that Americans tend to be a bit more informal. Accordingly, he tries to spend some time building rapport with you before talking shop—and feels rebuffed when you hurry the conversation along.

### Why we focus on culture

Why does concentrating on the other side's culture lead to problems in negotiation? Consider that negotiators often focus too narrowly on the most obvious information about the task at hand. Such *focusing failures* lead negotiators to overlook information that's just as important but less obvious, according to Harvard Business School professor Max H. Bazerman.

### Don't get lost in translation

As if intercultural negotiations weren't complicated enough, you may find yourself facing a language barrier. Whenever one party doesn't speak the other party's language well, you should consider hiring a translator (or one for each language, if necessary).

The presence of translators slows down negotiations and increases the odds of a serious misunderstanding between parties. To head off disasters, Tufts University professor Jeswald W. Salacuse offers these six rules for negotiating in translation:

- 1. Hire your own translator.** Don't rely on your counterpart's choice of translator. Instead, seek out a well-qualified interpreter yourself and verify his credentials.
- 2. Brief your translator in advance.** Because your translator is unlikely to know much about your business, you should spend some time going over the purpose of your talks and any special terminology.
- 3. Identify conflicts of interest.** Be aware that a translator could try to influence negotiations in a particular direction in the hope of winning future business from you or your counterpart. For this reason, be vigilant for unnecessary information a translator might add to the conversation.
- 4. Don't talk so fast.** It takes a while to get used to speaking slowly and in short phrases, but by doing so, you can ensure that your translator doesn't make mistakes. In addition, avoid using jargon, slang, and abbreviations.
- 5. Give your translator a break.** Because translation is exhausting work, give your translator a break at least once every hour.
- 6. Respect your translator.** Cultivate a friendly, respectful relationship with your translator, who could turn out to be an invaluable source of advice about your counterpart and her culture.



## When two cultures are better than one

Do you have firsthand experience navigating two cultures? Have you lived abroad for a significant period of time? Are you an immigrant, or were you raised by immigrants?

If you are “bicultural,” you may be an especially adept negotiator, research suggests. Researchers Carmit Tadmor and Philip E. Tetlock of the University of California, Berkeley, found that people with bicultural backgrounds engage in more complex thinking than those from a single cultural background.

Similarly, individuals who have lived abroad tend to be more creative than those who have not, William Maddux of INSEAD in France, Adam Galinsky of Northwestern University, and Gillian Ku of London Business School found in their research. Study participants who had lived abroad for at least six months were better at taking the other side’s perspective and reaching creative deals than those who had not lived abroad.

When you’re exposed to different cultures, you become sensitive to a variety of practices, customs, and perspectives. This sensitivity apparently translates into a keen ability to understand a counterpart’s motives and interests. That’s why it pays to have a bicultural individual on at least one side of the negotiating table.

When you learn you’ll be negotiating with someone from a different culture, that person’s culture becomes the most salient aspect about her, especially if the culture is unfamiliar to you. Yet many experts believe individual differences play just as important a role in negotiation as cultural differences. By focusing on cultural differences,

negotiators risk treating their counterparts as cultural ambassadors rather than unique, multifaceted human beings. When both sides are stuck in this trap, it becomes all the more difficult to reach common ground.

## How to balance cultural concerns

When preparing for an international negotiation, how much emphasis should you place on culture? On the one hand, you don’t want to offend your counterpart with insensitive behavior. On the other hand, focusing too much on culture can backfire, especially if the other side is doing the same. These three guidelines should help you strike the right balance:

**1. Consider the individual.** Background research on your counterpart’s culture is important, but it’s probably even more important for you to get to know her as an individual, including her profession, work experience, education, areas of expertise, personality, and negotiating experience.

Of course, it’s just as important for your counterpart to treat you as an individual rather than a stereotype. For this reason, you might suggest an introductory phone call before you meet in person. In addition to getting to know each other, you could discuss your plans and expectations for your first meeting and the negotiation in general.

You may find that your counterpart’s profession or aspects of her personality turn out to be a better indication of her negotiating style than her nationality. Such “microcultural” differences can have a strong impact on negotiations, writes Program on Negotiation Managing Director Susan Hackley in her July 2006 *Negotiation* article, “What Divides You Can Unite You.”

If you're meeting with a Mexican engineer, she might end up behaving more like an American engineer than like a stereotypical Mexican businessperson. And if the same counterpart turns out to be reserved and shy, you'll need to abandon advice based on stereotypes about Mexican expressiveness.

**2. Broaden your scope.** While co-teaching a course on corporate diplomacy to executives, Bazerman was impressed by the ability of some diplomats in attendance to incorporate a broad array of concerns into their negotiation planning. When analyzing a negotiation in a foreign country, the diplomats raised issues pertaining to changing politics and laws in the region, the interests of community groups, and business norms.

The interpersonal challenges of negotiating with someone from another culture make it all too easy to overlook the broader context of your talks. But by adopting a more inclusive mindset and thinking like a diplomat, you'll improve your odds of reaching a successful, lasting agreement.

**3. Reduce stress.** In his research on intercultural negotiations, Columbia University professor Michael W. Morris has found that negotiators are more likely to behave according to cultural stereotypes when facing extreme demands on their attention.

In one study, participants were asked to judge an employee whose behavior had led to a negative result. When facing time pressure, American participants were more likely than Hong Kong participants to blame the individual rather than the situation for the problem—an American negotiating bias.

Emotional stress, deadlines, and accountability to others from your own culture can cause you to act in lockstep with cultural expectations rather than carefully analyzing the situation, according to Morris. For this reason, do what you can to reduce stress at the bargaining table, whether by taking breaks, extending deadlines, or asking a neutral third party to help you resolve any differences that arise during your talks.

### 3 tips for avoiding a culture clash

1. Spend time getting to know your counterpart as well as her culture.
2. Don't neglect the influence of outside factors on your talks.
3. Lest you become a walking, talking stereotype, keep stress levels low

This article first appeared in *Negotiation* newsletter,  
published by the Program on Negotiation at Harvard Law School.

[www.pon.harvard.edu](http://www.pon.harvard.edu)

Copyright © 2009 Harvard University

To download free *Negotiation* Special Reports, please visit: <http://www.pon.harvard.edu/free-reports/>

To subscribe to the *Negotiation* newsletter, please visit:

<http://www.pon.harvard.edu/negotiation-monthly/negotiation-the-monthly-newsletter-on-business-negotiation-strategy/>

## Additional Information

### CULTURE

Additional articles on culture published in the Negotiation Newsletter may also be of interest. They are:

*When Culture Counts - and When it Doesn't* by Michael Morris. appeared in the June, 2005 issue, Volume 8, Number 6. The second article, called *Lessons from Abroad*, was written by Jeanne Brett and Michele J. Gelfand and: *When Culture Affects Negotiating Style* appeared in the January, 2005 issue, Volume 8, Number 6.

Ira has also prepared a speech on the impact of culture and language on drug development. Go to his LinkedIn site to see a selection of the slides used in the presentation.

### GENERAL

Since our last newsletter, Ira has published an article in the August, 2009 issue of The Monitor with Barry Sagotsky, entitled, Trust Based Influence and the Sponsor/CRO Relationship. If you are an ACRP member, you can go to the ACRP website or the Journal to see the article. If not, the article is on our website.

The New York Times is now publishing a weekly column called "The Haggler". The article appears each Sunday and focuses on consumer problems. It is a fun read and helpful. Go to the New York Times website and type in "The Haggler" and you will get to the earlier articles. The Times link is [www.nytimes.com](http://www.nytimes.com).

The October 2008<sup>th</sup> issue of The Negotiation Journal published a series of articles on the female negotiator. We think the articles are a great follow-up to our October, 2008 newsletter on the same subject. The link to the journal is: <http://www3.interscience.wiley.com/journal/118505154/home>

**To obtain all of the earlier newsletters and our newest products, go to our website at [www.asherman.com](http://www.asherman.com)**