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Navigating Negotiation Styles

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Navigating Negotiation Styles: A Cross-Cultural Perspective

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Defining the Scope

When we are addressing cultural values as they relate to negotiation, we first have to establish the fact that values primarily operate on an individual level. We all hold values that were learned in our youth from our parents, peers and teachers. Symbols in our society reinforced these values and as they matured and hardened into beliefs. A belief system is like pyramid of intertwined values. They support each other and reinforce each other. When something contradictory comes along, we are forced to either reject it as false or rearrange several building blocks to accommodate the new idea. You inherited your belief system collectively from society, but it operates psychologically in you. It is the software in your mind that sorts and classifies information as good, bad, right and wrong. So the cross-cultural perspective on negotiation situations takes this reality into account, and it strongly impacts both the style and the substance of a negotiation.

Beyond style and substance, there are culturally rooted contextual realities that can tilt negotiations one way or another. Let's also make it clear that culture is not the only determining

factor on the individual level. When it comes to negotiation, perhaps the most important non-cultural variable is personality – that part of you that would shine through no matter who raised you, where or when. Surely, you can be stubborn versus accommodating, shrewd versus gullible, or thinking in terms of win-win versus win-lose. Cultural values can affect these as well, but let's not forget about personality.

On the collective level there are organizational and societal norms that create expectations and define behavior in negotiation situations. We often refer to organizational culture as “the way things get done around here.” As an employee in an organization, we all ask ourselves, “Can I fit in here? – can I negotiate my way toward success under these rules? Is it accepted to overtly disagree with your boss? Would a ‘power move’ be seen as a strength or as ultimately as undermining the organization’s integrity?”

While many global organizations profess to have one company culture, these organizational rules often change from one country to another. One expert, Dr. Geert Hofstede, whose framework we will learn more about shortly, contends that there is such a thing as organizational culture consisting of the symbols, heroes and rituals that are endorsed/promoted. These symbols,, heroes and rituals are generally based on the values of the home country culture of the organization and they manifest in the desired practices/behaviors of employees. Yet, while an employee can learn to adapt to organizational culture to fit in and be successful, in the end the individual's cultural programming trumps the organizational values.

A Framework for Cultural Negotiation Variables

When analyzing people interaction in general and negotiation in particular, it is useful to have a framework – some kind of structure and a vocabulary to give such an abstract topic some structure. The framework used here was created by Dr. Geert Hofstede, a Dutch social scientist. He is Director (Emeritus) of the Institute for Research on Intercultural Cooperation (IRIC) at the University of Limburg at Maastricht, The Netherlands. Dr. Hofstede's pioneering study of IBM affiliates in fifty countries, elaborated in his book *Culture's Consequences*, helped to form the foundation of the field of comparative management. Here, we cover these four of his five cultural dimensions:

- **Individualism** - the degree to which action is taken for the benefit of the individual or the group
- **Power Distance** - the degree to which inequality or distance between those in charge and the less powerful (subordinates) is accepted
- **Certainty** - the extent to which people prefer rules, regulations and controls or are more comfortable with unstructured, ambiguous or unpredictable situations
- **Achievement** - the degree to which we focus on goal achievement and work, or quality of life and caring for others

A negotiation is communication in an effort to reach agreement. The purpose of any communication is to convey a message to someone, meaning negotiation and communication are intricately connected. The dimensions are very useful for all kinds of communication, including training styles, leadership styles, team communication styles, and so on. Each of these

dimensions impact negotiation style, but more importantly, they help us adjust our style to be more effective.

Individualism

Country/cultural groups vary in terms of individual versus group priorities. In Hofstede's research, Australia, United States, and the United Kingdom rank high on the individualism continuum. So do several other European countries, such as the Scandinavian countries, France, the Netherlands and Italy. Those with a preference for individualism take action based on that which is in their individual interest. By contrast, members of group oriented cultures place strong emphasis on group priorities in evaluating situations and making decisions. For someone with an Individual Orientation, it can be confusing to negotiate in a Group Oriented setting. Often the Group Oriented counterpart is either not formally empowered to make final decisions, or he/she just feels compelled for other reasons to confirm all decisions with the group at large. The negotiator with Individual Orientations interprets this as stalling or they blame themselves for not seeing progress at the pace they are used to seeing.

In Group Oriented cultures there are also different rules for being considered in-group. Being a woman, for example, could constitute a very large barrier to in-group status, as a Western concept of "friendship" between a man and a woman is less accepted in places such as the Middle East and Mexico. We have to be careful with generalizations, because values will differ from organization to organization and young/urban workforce values can differ from traditional values.

Here are some pointers for adjusting your negotiation skills:

| NEGOTIATION - How do you negotiate with persons who have an Individual Orientation? | NEGOTIATION - How do you negotiate with persons who have a Group Orientation? |
|--|---|
| <ul style="list-style-type: none">:: Focus on how the issue at hand is good for them (appeal to their self-interest).:: Allow the individual to express their point of view. You may already know what they want, but you have to signal that you have fully heard their point of view. | <ul style="list-style-type: none">:: Focus on how issue at hand is good for the group (appeal to the common interest).:: Ensure that the group has been heard/understood. Make sure you know who is the person that speaks for the group.:: Allow the group to consult with each other and spend time working out their responses, questions, and concerns. |

Power Distance

Discussing this culture dimension in the context of negotiation actually reveals our Western perspective on the subject. We sometimes falsely assume that there is always something to be negotiated. In high Power Distance settings, there may be no gray areas. Truth and rulings are handed down from the authority. What is critical to understand is that people in hierarchical settings expect and want persons in authority to exercise their authority. If you enjoy a participative, dynamic peer-to-peer approach to negotiation, this could be confusing to the person with a preference for high Power Distance.

Part of leveraging Power Distance in negotiations is to understand how your counterpart perceives

your possession of legitimate authority. To do so, you need to understand the values of the culture in which you are negotiating, remembering that every individual is unique. That is to say, because research finds that there is an average value/attitude in a country culture, it does not mean that all individuals share that value. Sources of legitimate power can come from things such as title/rank, personal rapport, knowledge, age, gender, family lineage, and tribe. If you do not personally possess a lot of authority, it is a good idea to make it clear that you are negotiating on behalf of someone who does have the power.

On the next page are some pointers for adjusting negotiation style, depending on the cultural preference of your counterpart.

| NEGOTIATION - How do you negotiate with those who have a preference for High Power Distance / Hierarchical Style? | NEGOTIATION - How do you negotiate those who have a preference for Low Power Distance / Participative Style? |
|--|---|
| <ul style="list-style-type: none"> :: Use senior staff to endorse your position. :: Seek to understand where and how you possess legitimate authority and power. :: Use legitimate power to exercise authority. | <ul style="list-style-type: none"> :: Use influencing skills. :: Include a broad subsection in the discussions; explain your (or the company's) position. :: Allow for questions and challenges. :: Provide a forum where they can be involved in discussion/framing "how" things will be different (work processes during the interim) after you provide the "what." |

Certainty

The Certainty dimension is defined as the extent to which the members of a culture prefer rules and structure, feeling threatened by ambiguous or unknown situations. On the Need for Certainty side, the merits of the argument is vested in the proposed solution itself. For example, Germany scores toward this preference and Germans are famous for asking for detailed data in any negotiation. In a sense, the data is neutral and factual and the focus is not on satisfying some other agenda. On the other end of the spectrum, such as the US, the focus is on the bottom line and the outcome. It does not matter quite so much how we get there. In country cultures where this is a dominant theme, the negotiators role, of course, is to appeal to this priority. Here are some ways:

| NEGOTIATION - How do you negotiate with those who have a Need for Certainty | NEGOTIATION - How do you negotiate with those who have a preference for Tolerance for Ambiguity |
|---|--|
| <ul style="list-style-type: none"> :: Provide specific rules/structures for the negotiations themselves. :: Recognize their need for information. Have available lots of supporting data and even theory, if appropriate. Use a logical flow to your interactions. :: Provide them with examples of others who have used your approach successfully. :: Provide them with a cost analysis to help them see the cost-benefit comparison. :: Share what they need to know. :: Focus on compliance with procedures and policies. | <ul style="list-style-type: none"> :: Suggest creative solutions that might move your counterpart toward the end, even if they are "outside the box." :: Focus on the process of learning as participants in the negotiation move toward the outcome. :: Share information and open many communication forums. :: Provide a clear return-on-investment scenario. They may not need to know how it is going to work, as long as the numbers make sense. :: There is less need to prove others have tried an approach and that it works, although a case study couldn't hurt -but provide it in bullets. :: Start with the bottom line, then build your case around their questions. :: Challenge and question "the way things are done." |

Achievement

Achievement deals with the degree to which we focus on goal achievement and work or quality of life and caring for others. The US is highly Achievement Oriented as is Great Britain and Australia. Achievement orientation manifests in things such as assertiveness and workplace drive to accomplish tasks. Let's say that Jane is a tough negotiator. She does well in her environment in New York, but this week her boss sends her to Amsterdam to negotiate a new contract. A few hours into the meeting she sees signals of stalling and wanting to change the terms of the contract. She figures she better take care of this right away, and says:

I come all the way over here for this? You have not even studied the contract carefully if you are debating those

numbers at this stage of our talks. We need to move beyond this topic because there are other more important sections that we need to get to in a hurry.

Likely, the rest of that day will be a bit awkward for Jane. The Dutch are very much on the Quality of Life side on the scale. What would not even have been considered an outburst at home, will likely make the Dutch group uncomfortable. What is more, it will not speed up the negotiations, but could, indeed, delay them. This is the nature of adding the cross-cultural component to negotiation. What we in the US might consider progress – accepting some level of assertiveness from a co-workers – will not be viewed kindly coming from someone in a setting with a high Quality of Life Orientation.

Here are some pointers for adjusting your style.

| NEGOTIATION - How do you negotiate with those who have a preference for Achievement Orientation? | NEGOTIATION - How do you negotiate with those who have a preference for Quality of Life Orientation? |
|--|--|
| <ul style="list-style-type: none"> :: Stress performance and results. :: Remember their perspective is "Live to work." :: Communicate and respond with a sense of urgency. :: Deliver what is promised, when you promise, and give 20% more than you promised. :: A good negotiator is articulate and decisive. | <ul style="list-style-type: none"> :: Stress interdependence. :: Focus on continuity of service to the internal and external customer. :: Remember their perspective is "Work to live" - stress how the outcomes will improve quality of life, stress solidarity and service. :: Emphasize humility and modesty in your approach. :: Resolve conflicts by compromise and negotiation. :: A good negotiator is intuitive. |

Conclusion

Hofstede's dimensions provide a framework for understanding how to adjust negotiation styles across cultures. There are also some valuable insights regarding differences in obstacles for men versus women. The distinctions are rarely black or white, but by mapping out the issues and talking about them, we become more aware of how and why barriers to effective communication and negotiation occur across genders and cultures.

Recommended Readings

- Bing, John and Catherine. Hofstede's consequences: The impact of his work on consulting and business practices. *Academy of Management Executive* February 2004, Vol. 18, No. 1. Available at <http://www.itapintl.com/facultyandresources/articlelibrarymain/hofstedes-consequences-the-impact-of-his-work-on-consulting-and-business-practices.html>
- Hofstede, Geert and Gert Jan. *Cultures and Organizations: Software of the Mind*. 2nd Edition. New York: McGraw Hill, 2005.

About the Author

Erik Granered is an ITAP senior consultant with extensive experience leveraging cross-cultural knowledge for strategic and tactical change in organizations. Erik's foundational work was as a project manager, trainer, and instructional designer at the customer service operations of MCI WorldCom's global accounts management (GAM) operations. Erik's book *Global Call Centers: Achieving Outstanding Customer Service Across Cultures and Time Zones* (Nicholas Brealey, 2005) captures that experience with a back-to-basics message that applies time-tested communication theories to the day-to-day challenges of managing a global customer service footprint. Erik has served in a wide range of consulting capacities related to cross-cultural customer service, leadership, mergers and global corporate communication strategies. He can be reached at egranered@itapintl.com.

A note from Ira and Sandy.

To help companies address the issues presented by culture and language we have recently revised and updated our presentation on this issue. To see a preview, go to Ira's LinkedIn site where we have posted a selection of the slides used in the presentation. For additional information call either Ira or Sandy at 212.243.0782 or Ira via e-mail at ira@asherman.com.

To obtain all of the earlier newsletters and our newest products, go to our website at www.asherman.com