

Cultural factors in international negotiation II

By Richard D. Lewis / Oktober 2009

THE SOCIAL SETTING

French, Spaniards, most Latin-Americans and Japanese regard a negotiation as a social ceremony to which is attached important considerations of venue, participants, hospitality and protocol, timescale, courtesy of discussion and the ultimate significance of the session. Americans, Australians, Britons and Scandinavians have a much more pragmatic view and are less impacted by the social aspects of business meetings. The Germans and Swiss are somewhere in between.

US executives, though outwardly smiling and friendly, generally tend to get the session over with as quickly as possible, with entertaining and protocol kept at a minimum. Mutual profit is the object of the exercise and Americans send technically competent people to drive the deal through. They persuade with facts and figures and expect some give-and-take, horse-trading when necessary. They will be argumentative to the point of rudeness in deadlock and regard confrontation and in-fighting as conducive to progress. No social egos are on the line – if they win, they win; if they lose, what the hell, too bad.

The senior Mexican negotiator cannot lose to an American, least of all to a technician. His social position is on the line and he did not enter into this negotiation to swap marbles with engineers and accountants. His Spanish heritage causes him to view the meeting as a social occasion where everybody is to behave in a gentlemanly manner, show great respect for the dignity of the others, discuss grand outlines as opposed to petty details, speak at length in an unhurried, eloquent manner and show sincerity of intent while maintaining a modicum of discretion to retain some privacy of view.

Japanese view the session as an occasion to ratify ceremonially decisions which have previously been reached by consensus. They are uncomfortable both with Mexican rhetoric and American argumentativeness, though they are closer to the Latins in their acceptance of protocol, lavish entertaining and preservation of dignity. As befits a social occasion, the Japanese will be led by a senior executive who sets standards of courtesy and deference. He may have no technical competence, but represents the weighty consensus which backs his authority.

The French view the setting of the negotiation both as a social occasion and a forum for their own cleverness. Their sense of history primes them for the traditional French role of international mediator. Their leader will be their best speaker, usually highly-educated and self-assured. It will require a skilful American, Briton or Japanese to best him in debate. He will be unimpressed by American aggressive ploys and his Cartesian logic will reduce "muddling-through" Englishmen and belly-talking Japanese to temporary incoherence. This is not a session for give-and-take, it is for presenting well-formulated solutions. Lavish French hospitality will compensate for sitting through lengthy speeches.

Scandinavians, though relatively at home with Americans and Anglo-Saxons and familiar enough with German bluntness and protocol, have little feel for the social nuances displayed by Latins and Japanese. In their straight-forward egalitarian cultures a business

meeting is for business to be conducted without regard to social status. Who the other negotiator is, his class, his connections, who he is related to - all these things are irrelevant to Finns and Swedes. Though more polite than Americans, Scandinavians have difficulty in settling down to a role in meetings where social competence dominates technical know-how.

VALUES & SELF-IMAGE

We see, therefore, how diverse cultures view the negotiating process in a different light, with dissimilar expectations about its conduct and outcome. Once the talks begin, the values, phobias and rituals of the particular cultural groups soon make themselves evident. For the American, time is money and he wishes to compress as much action and decision-making as possible into the hours available. He relies on statistical data and personal drive to achieve this. The Dutchman, Finn and Swiss, though somewhat less headlong, will be similarly concerned with the time/efficiency equation. The German will place emphasis on thoroughness, punctuality and meeting deadlines, making sure he always completes his action chains. For this he requires full information and contexting and, unlike Latins, will leave nothing "in the air". The French give pride of place to logic and rational argument.

The aesthetics of the discussion are important to them and this will be reflected in their dress sense, choice of venue, imaginative debating style and preoccupation with proper form. The Japanese have their own aesthetic norms, also requiring proper form, which in their case is bound up with a complex set of obligations (vertical, horizontal and circular!) In discussion they value creation of harmony and quiet "group think" above all else. The British also give priority to quiet reasonable, diplomatic discussion. Their preoccupation with "fair play" often comes to the fore and they like to see this as a yardstick for decision-making. Latins place emphasis on personal relationships, "honourable" confidences and the development of trust between the parties. This is a slow process and they require an unhurried tempo to enable them to get to know their counterparts. This is well understood by the Japanese, but conflicts with the American desire for quick progress.

Self-image is part and parcel of value perception and each negotiator sees himself in a light which may never reach his foreign counterpart, though his playing of the role may irritate him. Englishmen often assume a condescending, arbitrarial role which is a carry-over from the days when they settled disputes among the subjects of Her Majesty's Empire. They may still see themselves as judges of situations which can be controlled with calm firmness and funny stories.

The French have an equally strong sense of history and consider themselves the principal propagators of Western European culture. This encourages them to take a central role in most discussions and they tend to "hold the floor" longer than their counterparts would wish. Latin Americans see themselves as exploited by the US and they display heightened defensive sensitivity which may often delay progress. They consider themselves culturally superior to North Americans and resent the latter's position of power and dominance.

The Japanese, on the other hand, are comfortable with American power, - as victors in the Second World War they earned the number one spot. Inequality is basic in both Japanese and Chinese philosophies and the former are quite satisfied with the number two spot for the time being. The Japanese see themselves as farsighted negotiators and gentlemanly conversationalists. They have no aspirations to dominate discussion any more than they have towards moral world or even Asian leadership. They are privately convinced, however, of their uniqueness of which one facet is intellectual superiority. Unlike the French, they base this belief not on intellectual verbal prowess, but on the power of strong intuition.

DECISION-MAKING

Negotiations lead to decisions. How these are made, how long they take to be made and how final they are once made are all factors which will depend on the culture group involved.

Americans love making decisions as they usually lead to action and they are primarily action-orientated. French love talking about decisions which may or may not be made in the future. If their reasoned arguments do not produce what in their eyes is a logical solution then they will delay decisions for days or weeks if necessary.

Japanese hate making decisions and prefer to let decisions be made for them by gradually building up a weighty consensus. In their case, a decision may take months. This exasperates Americans and many Northern Europeans, but the Japanese insist that big decisions take time. They see American negotiators as technicians making a series of small decisions to expedite one (perhaps relatively unimportant) deal. Once the Japanese have made their decisions, however, they expect their American partner to move like lightning towards implementation. This leads to further exasperation.

What Westerners fail to understand is that Japanese, during the long, painstaking process of building a consensus, are simultaneously making preparations for the implementation of the business. The famous ringi-sho system of Japanese decision-making is one of the most democratic procedures of an otherwise autocratic structure. In many Western countries action is usually initiated at the top. In Japan younger or lower-ranking people often propose ideas which are developed by middle management and ultimately shown to the President. There is a long, slow process during which many meetings are held to digest the new idea and at length a draft will be made to be passed round for all to see. Each person is invited to attach his seal of approval so that unanimity of agreement is already assumed before the President confirms it. He will not do this lightly since he, not middle management, will have to resign if there is a catastrophe. To ask a Japanese negotiator during a meeting to take "another direction" is quite unacceptable. No hunches or sudden change-about-here. Drastic swings of intent would force the Japanese team to go right back to the drawing-board.

Mediterranean and Latin-American teams look to their leader to make decisions and do not question his personal authority. His decision-making, however, will not be as impromptu or arbitrary as it seems. Latins, like Japanese, tend to bring a cemented-in position to the negotiating table, which is that of the power structure back home. This contrasts strongly with the Anglo-Saxon and Scandinavian willingness to modify stances continuously during the talk if new openings are perceived.

French negotiators seldom reach a decision on the first day. Many a British negotiator has asked (in vain) French colleagues at 4pm "Well, gentlemen, can we summarise what we have agreed so far?" French dislike such interim summaries, since every item on the agenda may be affected by later discussion. Only at the end can everything fit into the Grand Design. Short term decisions are seen as of little consequence.

ETHICS

Once a decision has been made, the question then arises as to how final or binding it is. Anglo-Saxons and Germans see a decision, once it has been entered into the minutes of a meeting, as an oral contract which will shortly be formalized in a written, legal document. Ethically, one sticks to one's decisions. Agenda items which have been agreed upon are not to be resurrected or re-discussed once a tick has been put against them. Neither Japanese nor southern Europeans see anything wrong, ethically, in going back on items previously agreed. Chop-and-change (anathema to Anglo-Saxons) holds no terrors for many cultures. The Japanese consider it would be unethical to insist on a decision which had

been rendered invalid or irrelevant by rapidly changing circumstances. How ethical is a share swap agreement if the market crashes the next day? New tax laws, currency devaluations, drastic political changes can render previous accords meaningless.

We have already mentioned the lack of respect the French show for adherence to agenda points or early mini-decisions. This is due not so much to their concern about changing circumstances as to the possibility (even likelihood) that, as the discussions progress, Latin imagination will spawn clever new ideas, uncover new avenues of approach, improve and embellish accords which later may seem naive or rudimentary. For them a negotiation is often a brainstorming exercise. Brainwaves must be accommodated! Italians, Spanish, Portuguese and South Americans all share this attitude.

PROPRIETY

If Anglo-Saxons and Scandinavians have a problem with the ethics of volatility, they have an even greater one with those of propriety. Which culture or authority can deliver the verdict on acceptable standards of behaviour or appropriate conduct of business? If it is recognized that Italian flexibility poses problems for law-abiding Swiss or time-dominated Germans, what are the sanctioned limits of such flexibility?

Italian flexibility in business often leads Anglo-Saxons to think they are "dishonest". They frequently bend rules, break or "get round" some laws and put a very flexible interpretation on certain agreements, controls and regulations. This is the way they do business and you may well be able to benefit from this "flexibility". They will regard your rather rigid, law-abiding approach as somewhat old-fashioned, short-sighted or even blind. In this respect they probably are closer to reality than you are and less ideal-bound. They do not consider their approach to be in any way corrupt, immoral or misleading. They will happily take you into their "conspiracy". They will share the "benefits" with you, if you accept. If you stick to the letter of the law, they will go on without you. We are not talking about clear illegalities. There are many grey areas where short cuts are, in Italian eyes, a matter of common sense. In a country where excessive bureaucracy can hold "business" up for months, currying favour with an official or even being related to a minister is not a sin. It is done in most countries, but in Italy they talk about it.

When does lavish entertaining or regular gift-giving constitute elegant bribery or agreeable corruption? French, Portuguese or Arab hosts will interlard the negotiation sessions with feasting far superior to that offered by the Scandinavian canteen or British pub lunch. Expense-account-culture Japanese would consider themselves inhospitable if they had not taken their visiting negotiators on the restaurant— night-club circuit and showered them with the usual expensive gifts.

Few Anglo-Saxons or Scandinavians would openly condone making a covert payment to an opposing negotiator, but in practice this is not an uncommon occurrence when competition is fierce. I once heard an American define an honest Brazilian negotiator as one who, when bought, would stay bought. More recently the leader of the negotiating team of a large Swedish concern tacitly admitted having greased the palm of a certain South American gentleman without securing the contract. When the Swede quietly referred to the payment made, the beneficiary explained: "Ah, but that was to get you a place in the last round!"

Judgements on such procedures are inevitably cultural. Recipients of under-the-table payments may see them as no more unethical than using one's influence with a minister (who happens to be one's uncle), accepting a trip around the world (via Tahiti or Hawaii) to attend a "conference", or wielding brute force (financial or political) to extract a favourable deal from a weaker opponent. All such manoeuvres can be viewed (depending on one's mind-set) as normal strategies in the hard world of business. One just has to build these factors into the deal or relationship.