

# Negotiation



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BY JEANNE M. BRETT AND MICHELE J. GELFAND

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# Lessons from Abroad: When Culture Affects Negotiating Style

Cultural context can mean the difference between successful negotiation and humiliation. Tailor your approach to fit.

BY JEANNE M. BRETT AND MICHELE J. GELFAND

**ARE YOU A TYPICAL AMERICAN NEGOTIATOR?** How savvy are you about the negotiating styles of other cultures? Imagine how you would react in the following situations:

*Example 1:* You have contracted with a manufacturer to produce a shipment of bicycles. After signing the contract, you receive credible information that this manufacturer has had quality problems and, in particular, that the bikes being produced for your shipment rattle. Your bicycles are supposed to be shipped next week. Which of the following options better describes how you would react?

**A.** You immediately go to the plant to check on the quality problem. You tell the plant manager that the rattling must be fixed before the bikes are shipped.

**B.** You go to the plant and test a few of the bikes. Then you take the plant manager for a bike ride in the countryside. After the ride, you ask: “Do all the bikes rattle? Will the rattling be a problem for the buyer?” And then you leave.

*Example 2:* Your raw-materials costs have skyrocketed due to circumstances beyond your control. You need to reopen a contract with your biggest customer and negotiate a higher price to cover these costs. Which of the following options better describes how you would act?

**A.** You meet with the customer and calmly explain the unavoidable circumstances that have affected your raw-materials costs, focusing on facts. Then you ask to renegotiate the price.

**B.** You meet with the customer and express your appreciation as well as your company’s gratitude for the relationship. You also express sorrow for the potential impact of the skyrocketing raw-materials costs on the relationship, then plead: “We need your help!”

*Example 3:* You have identified a great opportunity to expand your business by negotiating a joint venture with another company. You need to get information about this company’s needs and priorities. Which of the following options would you prefer?

**A.** Ask the other side about their priorities and give them only a little information about your own.

**B.** Do not ask direct questions; instead, be indirect and try to deduce what the other side’s priorities are by listening to their reactions to your proposals.

Now consider whether your choices would change if, in the first situation, you were an American working in Hong Kong and the bicycle manufacturer was in mainland China; in the second situation, your customer was a major Japanese retailer; and, in the third situation, your potential partner was a highly respected Korean company.

Your intuitive choices provide a good litmus test of your approach to negotiation. If you initially chose **A** in each situation and if further information did not sway your choices, you have a mainstream American approach to negotiations. If you initially chose **B** in each situation, you may not be from the United States, and you certainly do not subscribe to the typical American approach to negotiation. If you switched from **A** to **B** when you learned you were negotiating with an Asian company, you no doubt have had some significant global negotiating experience.

Our research has identified vast cultural differences between the way Americans negotiate and the way negotiations are carried out in other cultures, particularly in Asia. Though your intuitive approach may be functional at home, it could backfire abroad. Learning a wider repertoire of strategies from other cultures should minimize the risks of negotiating cross-culturally and might even improve your domestic negotiations. In this article, we discuss three negotiation strategies widely used in Asia that are likely to be unfamiliar to American negotiators yet extremely useful: indirect confrontation, status-based persuasion, and the use of proposals to gain information.

## Try the indirect approach

The tale of the rattling bicycles is true, and it had a happy ending. The American who brokered the deal went to the Chinese plant, tested a few bikes, rode in the countryside with the plant manager, and asked gently about the rat-

ting. The buyer received the bikes on time, rattle-free. Pleased with their quality, the buyer placed another order.

The standard American approach to conflict is direct confrontation: “Let’s talk about it.” Our individualistic culture encourages us to place our self-interest first and to intervene in situations that threaten our desired outcomes.

The problem with direct confrontation is that it often implies blame, which can make a problem become personal—to go from being an issue of rattling bikes to a concern about the people who made them rattle.

By contrast, indirect confrontation is normative in collective cultures, including most Asian cultures, which emphasize social harmony and the need to consider other parties’ interests. So that parties in conflict do not have to confront each other directly, negotiators in Asian cultures often rely on intermediaries.

When an intermediary is not available, verbal confrontation typically occurs indirectly, leaving the recipient of the message to draw his own inferences: “What do you think the buyer will think about that rattling?” for example, rather than “The buyer is going to reject this shipment if we don’t fix these bikes.” Indirect confrontation has the benefit of keeping personalities out of the equation, leaving one fewer problem to solve. In cultures where saving face is critical, indirect confrontation gets the message across and avoids disrespect.

One might assume that indirect confrontation would be always appropriate in non-Western cultures and direct confrontation always appropriate in Western cultures. But recent research challenges the effectiveness of “in your face” talk in conflict resolution, even in Western cultures. After all, Americans don’t want to lose face any more than Asians do. Once disrespect has been conveyed, the relationship is damaged, trust is threatened, and the potential for retaliation increases.

The message from collective cultures to American negotiators: if you want to fix the problem and preserve the relationship, try the indirect approach.

### **Gain concessions through status-based persuasion**

The second negotiation problem comes from an October 2000 *New York Times* article by Leslie Kaufman about retail giant Wal-Mart and one of its suppliers, Rubbermaid. Wal-Mart is known for negotiating low-margin, high-volume contracts with its suppliers. When prices for the main component in Rubbermaid’s products began to skyrocket, the tight margins in the company’s contract with Wal-Mart became almost invisible. Rubbermaid asked Wal-Mart to reopen the con-

tract. We do not know the exact nature of Rubbermaid’s appeal to Wal-Mart, nor Wal-Mart’s response. But it’s not difficult to imagine that Rubbermaid made a rational appeal to Wal-Mart similar to choice A: “When we negotiated our contract, our raw-materials costs had been stable for years. The increase in oil prices was unexpected and beyond our control. We need to renegotiate.”

A negotiator relying on rationality provides the other party with the facts of the situation as she sees them, with the goal of convincing the other side to make concessions.

Often this Aristotelian-based factual, linear, and logical argument consists of threats (such as, “If you don’t, then I will”) and promises (such as, “If you will, then I will”), which are based on perceptions of power associated with each party’s alternatives.

Rubbermaid and Wal-Mart’s negotiation likely reflected this rational approach. Ultimately, Wal-Mart did agree to increase the retail prices of Rubbermaid products; however, Rubbermaid did not have the power to keep Wal-Mart from moving Rubbermaid products from their dominant position in the store and replacing them with a competitor’s products.

Choice *B* in this problem is a highly emotional approach to persuasion more typical of Asian cultures. In this approach, persuasion is based on relationships and obligations rather than on rational argument invoking one’s alternatives. The persuasiveness of emotional appeals in Asian cultures can be explained by the prevalence there of collective and hierarchical values. In Asia, individuals are embedded in a context of social relationships that are often hierarchically structured. Emotional appeals are made to remind the other party of the existence of the relationship, of the other party’s relatively higher status in the relationship, and of the social responsibility of high-status parties to help low-status parties.

In negotiations with non-Western partners, status can be a more important source of power than alternatives. Although alternatives change over time, status is based on a long-term perspective. Rubbermaid’s assumed rational appeal to Wal-Mart was culturally correct because the parties were Westerners but would not have been appropriate if Wal-Mart had been a Japanese retailer.

The message from Asian cultures: with status comes the responsibility to help your partners through lean economic times. When your alternatives are good, the Western approach to negotiation problems seems preferable. When they are poor, there is a great deal to be said for using status to prompt concessions.

## **The problem with direct confrontation is that it often implies blame.**

### **Use proposals to gain information**

Around the world, negotiators understand the need to find wise tradeoffs that improve outcomes for all. But how do you get the other party to reveal the information you need about preferences and priorities?

Research shows that Western negotiators typically share information by asking questions about each other's preferences and priorities—assuming the other party is trustworthy and answering truthfully—and giving information to reinforce the exchange. This direct approach can be used to identify tradeoffs that can be accumulated into a final, multi-issue proposal. It reflects the American preference for explicit, context-free communications.

Now consider how managers in Japan, China, Hong Kong, Thailand, and Russia glean information about one another's preferences and priorities. Research conducted by Wendi Adair of Cornell University's Johnson School of Management, Tetsushi Okumura of Shiga University in Japan, and one of the coauthors of this article, Jeanne M. Brett, found that Japanese managers made many more proposals than did U.S. managers.

Subsequent research by Adair and Brett indicates that, beginning in the first quarter of their negotiation, non-Western negotiators were using proposals significantly more frequently than were Western negotiators. This difference was sustained until the last quarter of the negotiation, when Westerners' proposal rate rose to match that of non-Westerners.

Gathering information about relative preferences and priorities from proposals requires highly developed inferential skills and a "big picture" approach. Doing so is common in collective cultures, where context matters and indirect communication is the norm. When proposals include all the issues in a negotiation, Western negotiators should be able to work effectively in this environment. But consider that Asian negotiators do not limit themselves to multi-issue proposals; they also make more single-issue

proposals than Western negotiators. Drawing inferences from a pattern of single-issue proposals requires a heavy focus on context.

Imagine a two-issue negotiation over price and delivery. I offer a delivery date that you don't explicitly reject; you then offer a price. Now it's my turn to build toward a settlement based on my delivery date and your price. Suppose I make an alternative offer on price, keeping in mind my prior offer on delivery. If I track your reaction to these alternative proposals, I can start deducing what your priorities are. Westerners can do this cognitive work, of course—it is just a matter of preference regarding how to exchange information during negotiation.

The message from Asian cultures: there is more than one way to get information in a negotiation. When negotiators are reluctant to share information directly, try proposals and look for the pattern of preferences revealed by changes in the proposals over time.

The stories in this article illustrate the marked differences that exist in people's approach to negotiations across cultures. Culture can feel invisible until we find ourselves negotiating using ineffective strategies in a foreign land. Understanding how cultural context affects negotiations will not only help you reach agreement abroad, but it also will allow you to expand your repertoire of negotiation strategies within your own culture. ♦

### **There is more than one way to get information in a negotiation.**

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