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Research Cover Sheet

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Developed from *Negotiating: The Top Ten Ways Culture can Affect Your Negotiation; Some Survey Results*, Jeswald W. Salacuse, Fletcher Tufts Institute, Ivey Business Journal, Sep/Oct 2004

Accessed at http://wwwold.iveybusinessjournal.com/view_article.asp?intArticle_ID=514 (29 June 2011)

This Quicktip condenses a much longer work by Jeswald Salacuse which examines specific aspects of culture and how they affect negotiations. Salacuse gives bottom-line advice on bridging certain cultural differences in international negotiations. He states that “Culture profoundly influences how people think, communicate, and behave. It also affects the kinds of transactions they make and the way they negotiate them.” To help bridge the gap between cultures ten elements of culture are identified and described as a basic framework in international business negotiations. Ideas below are a direct consolidation from the article referenced above.

[1] Negotiating Goal: Contract or Relationship?

Different cultures may view the purpose of the negotiation differently. The goal may be a signed contract in some cultures or a long-term relationship in others. Negotiators should clearly determine how their counterparts view the purpose of the negotiations and plan accordingly.

[2] Negotiating Attitude: Win/Lose or Win/Win?

There appear to be two basic cultural attitudes toward negotiation: one is a process to gain an outcome acceptable to both sides (win-win) or, two, a process with a single outcome (win-lose) where there can only be one winner. Culture strongly influences attitude.

[3] Personal Style: Informal or Formal?

Knowing the expected level of formality within the process and is important. If you are working within a formal culture you should respect that culture. It is much easier to move to an informal posture as the process develops. Set a respectful tone at the start of the process if possible.

[4] Communication: Direct or Indirect?

Again, communication and its processes often depend on culture. Some cultures value direct, simple, and clear statements. Others look to more complex indirect communications that include many types of body language and implied ideas. Failure to understand this can lead to conflict.

[5] Sensitivity to Time: High or Low?

Time has a different value and is a cultural variable. Some countries are punctual and others are not. You should prepare for how your opposite views time and be ready to adapt if necessary. This includes the length of time dedicated to the actual negotiation process.

[6] Emotionalism: High or Low?

How will your international opposite show emotion in negotiations? Culture will affect this variable and awareness of possible use of/or lack of emotion can change potential for success.

[7] Form of Agreement: General or Specific?

Similar to the expected goal – will the outcome be a contract or a relationship. Will a very detailed contract be expected or a trust-based agreement to establish a long-term relationship?

[8] Building An Agreement: Bottom Up or Top Down?

The starting point for negotiations (building up or building down) may vary based on culture. Some cultures will look to basic principles and work to details as the negotiations progress. Others will want to begin with a long list of contract details and extract compromise on each.

[9] Team Organization: One Leader or Group Consensus?

Some cultures bring the decision maker to the table and are organized for that individual to close the deal. Other cultures will build a group consensus and need more time and a larger team to conduct and find consensus.

[10] Risk Taking: High or Low?

Cultures often have different acceptable risk levels. Your willingness to take risk may not be matched by the other side based on their culture.

Salacuse offers these steps when dealing with a risk-averse counterpart:

1. Don't rush the negotiating process.
2. Devote attention to proposing rules and mechanisms to reduce appearance of risk.
3. Ensure you counterpart has needed information to make decisions
4. Build relationships and trust during the process
5. Consider building the "deal" in steps instead of a single package

Understanding culture will greatly assist both sides when working in a cross-cultural environment. Preparing for the possibility of variable styles and approaches provides a greater chance of success.