

## Chapter **FOURTEEN**

# Cross-cultural Diversities in International Business Negotiations

**Dealing with a counterpart who speaks a different language presents unique challenges to even the best negotiators.**

**— Jeswald W. Salacuse**

**In this unit, you will learn**

- The significance of cultural influence in international business negotiations
- The general business etiquette in international business negotiations
- The major cultural differences in international business negotiations

## Warm-up

1. Why is it important to understand cultural differences in international business negotiations?
2. How should we compensate for an incomplete understanding of another culture?
3. How should we avoid making culturally related business blunders?
4. Give an example to explain how culture influences negotiations.
5. What are the basic rules of etiquette in business deals? Name at least three of them.

## Knowledge Input

### 1. Introduction

Understanding the cultural differences of any nation where we choose to do business will require a great deal of effort.

Many of these cultures are very complex and very different from our own. To be successful in international business and to be good citizens of the international community then, we should learn to honor and respect our own cultures and also to develop an appreciation, tolerance and respect for others' cultures.

No one of course, will be able to learn all there is to know about a foreign culture. The important gain from showing an interest in others' cultures is to create a climate of understanding and respect.

People of good will manage to reach agreements and to develop friendship in spite of difficulties encountered in the communication process. The willingness to accept differences, to suspend cultural prejudices, and to persevere in the face of misunderstandings can overcome even great diversity in perceptions and expectations.<sup>❶</sup>

The following are some significant elements of the culture that

❶ 愿意去接受差异存在，搁置文化偏见，勇敢面对误解，将有助于克服在观念上以及期望值上的巨大差异。

have an impact on international business negotiations:

- Language and Communication 语言与交流

The way in which people communicate (that is, both emit and receive messages) and the extent to which their native language frames their world-views and attitudes directly affects international business negotiations.<sup>②</sup> They require a dialog, although partners may have different native languages, writing contracts in a foreign language (at least foreign to one side) using interpreters, trying to express ideas, concepts which may be unique in a particular language, etc.

- Institutional and Legal Systems 法律与制度体系

Differences in legal systems, contractual formalism and recourse to litigation express contrasts in how societies are organized in terms of rules and decision-making systems.<sup>③</sup> The level of formality in addressing public and private issues has to be considered in any kind of negotiated partnership, including the discussion of joint-venture contracts, the registration of subsidiaries and the addressing of sensitive issues with the public authorities of the host country.<sup>④</sup>

- Value Systems 价值体系

The prevailing values in a particular society, and the extent to which they are respected in the everyday behavior of individuals, are important because they affect the willingness to take risks, the leadership style and the superior-subordinate relationships.<sup>⑤</sup> This is true for the relationships between negotiators within a particular team, antagonistic negotiation teams and the negotiators on both sides and those from whom they have received the mandate for negotiating.

- Time Orientations 时间观念

Attitudes toward time and how it shapes the way people structure their actions have a pervasive yet mostly invisible influence. Differences in punctuality, reflected in everyday negotiation behavior, may probably appear as the most visible consequence, but differences in time orientations, especially toward the future, are more important as they affect long-range issues such as the strategic framework of decisions made when negotiating.

- Mindsets 思维方式

Whether called “mindsets”, “intellectual styles” or “mental models”,

② 人们交流的方式（即发出与接收信息）及他们的母语对其世界观和态度的影响程度，都将直接影响国际商务谈判。

③ 法律制度、合同形式、诉讼援助等方面的差别体现出不同社会在规章制度、决策体系等方面的巨大差异。

④ 在任何形式的协商关系中，无论谈论公众问题还是私人话题，都要考虑交谈的正式程度。这些场合包括合资合同的谈判、子公司的注册协商及与东道国政府机构谈论一些敏感话题等。

⑤ 某个社会的主流价值观及个人日常行为对这些价值观的遵守程度都很重要，因为它们影响个体承担风险的意愿、领导风格及上下级关系等。

another major difference concerns the way people reflect on issues. Do they prefer to rely on data, ideas or speech, and which combination of these? How does this influence the way they relate words and actions? Mindsets influence ways of addressing issues, of collecting information, of choosing the relevant pieces of information and of assessing their “truthfulness”, so that finally they influence the negotiation process and the resulting decisions.<sup>⑥</sup>

#### • Relationship Patterns 关系模式

These concern how the individual relates to the group(s); what the dominant family and kinship patterns are; and how relationships are framed (individualism/collectivism; patronage relationships). These patterns affect international business negotiations through the style of interaction between people, their decision-making process, and the way in which they mix human relationships and business matters.<sup>⑦</sup>

## 2. The Etiquette in the International Business Negotiations

Etiquette, one aspect of decorum, is a code that governs the expectations of social behavior, according to the contemporary conventional norm within a society, social class, or group. Usually unwritten, it may be codified in written form. Etiquette usually reflects formulas of conduct in which society or tradition has invested.<sup>⑧</sup> Etiquette may reflect an underlying ethical code, or it may grow more as a fashion.

There is no one set of rules that applies to all international businessmen, but there do exist some common manners in certain aspects, which might affect people’s impression on each other, ultimately influencing the result of the negotiations. Take table manners for instance, some generally accepted manners are listed as the following:

- Maintain a natural sitting posture and keep proper distance between your body and the table.
- Try to keep the table clean while eating.
- Place your napkin on your lap; do not use napkin to clean your face or take food from your mouth.
- When cutting meat, hold the knife in your right hand and the fork in your left hand and avoid making noises.
- Cut the meat one piece at a time and eat it with the fork.

⑥ 思维方式影响人们处理问题的方式、收集信息的方式、选择相关信息的方式、评估信息可信度的方式等，进而最终影响谈判进程及相关决定。

⑦ 这些关系模式通过人与人的交流方式、决策进程以及如何处理公私关系等方面来影响国际商务谈判。

⑧ 礼仪通常体现为社会或传统约定俗成的行为准则。

- Put the knife and fork in the plate when you finish a course.
- Do not use a spoon to eat; it is for soup only.
- Be sure to sample all the food served to you. Finish the food in your plate.
- Do not talk when you have food in your mouth.
- Avoid talking to your neighbor when he has food in his mouth.

Another aspect listed here is the etiquette of email writing, since it has become an indispensable part of the business communications.

- Do not send emails without proper salutations.<sup>⑨</sup> All your emails should begin with a proper greeting and end with an appropriate salutation.
- Do include a subject line that is appropriate to the email content, always.<sup>⑩</sup> This will make it easier for your recipient to know what to expect in the message body.
- Do not send mass emails like jokes, chain letters and advertisements to your co-workers or clients. Not everyone likes them.
- Do take permission before including people in your mass emailing list.
- Do not send attachments, especially large ones, without taking the recipient's permission.
- Do reply promptly to all emails. Try to send a reply within 24–48 hours.
- Do not send private or confidential information over email. It is preferable to use the phone or meet in person to convey such details.
- Do proofread and conduct a spell check before you send out each email. Wait a moment before pressing “send”.
- Do not write words in upper case unless you have to — it could be mistaken for shouting at the recipient.<sup>⑪</sup> Use capitals very sparingly.
- Do ensure that you are referring accurately to individual, company and project names.<sup>⑫</sup>
- Do not use nicknames of people before being invited to do so. It gives an impression that you are assuming familiarity when

⑨ 所发的电子邮件不能没有恰当的问候语。

⑩ 最好为每封电子邮件设置与电子邮件内容相关的主题。

⑪ 除非必要，不要在电子邮件中用大写字母拼写单词，这会让收件人误以为你很愤怒。

⑫ 确保邮件中个体、公司、项目的名称准确无误。



there is none.

It is so easy and simple to write out a few lines and click the “send” button; the mail will reach the intended person in a matter of minutes.

Despite the established rules in certain fields, still there are great differences in cross-cultural negotiations for reasons stated above. Therefore, it is really essential for people involved in international business to know the basic discrepancy to avoid embarrassment in negotiations, since poor communication and cross-cultural misunderstandings can have harmful consequences.

- Eye Contact

In the US, the UK and much of Northern Europe, strong, direct eye contact conveys confidence and sincerity. In South America it is a sign of trustworthiness. However, in some cultures such as the Japanese, prolonged eye contact is considered rude and is generally avoided.

- Personal Space & Touch

In Europe and North America, business people will usually leave a certain amount of distance between themselves when interacting. Touching only takes place between friends. In South America or the Middle East, business people are tactile and like to get up close. In Japan or China, it is not uncommon for people to leave a gap of four feet when conversing. Touching only takes place between close friends and family members.

- Time

Western societies are very “clock conscious”. Time is money and punctuality is crucial. This is also the case in countries such as Japan or China where being late would be taken as an insult. However, in South America, Southern Europe and the Middle East, being on time for a meeting does not carry the same sense of urgency.

- Meeting & Greeting

Most international business people meet with a handshake. In some countries this is not appropriate between genders. Some may view a weak handshake as sign of weakness whereas others would perceive a firm handshake as aggressive. How should people be addressed? Is it by first name, surname or title? Is small talk part of the proceedings or not?

- **Gift Giving**

In Japan and China gift giving is an integral part of business protocol however in the US or the UK, it has negative connotations. When gifts are exchanged, should one give lavish gifts? Are they always reciprocated? Should they be wrapped? Are there numbers or colors that should be avoided?

All in all, persons from other nations doing business gain a real advantage when they show acknowledge of the local culture. They are respected and appreciated as persons of great knowledge and this establishes a positive mood as negotiations begin. Such discussions, obviously, have an improved potential for success.

### **3. Different Negotiating Styles of Different Cultures**

#### **3.1 American**

US negotiators tend to rely on individualist values, imagining self and other as autonomous, independent, and self-reliant. This does not mean that they don't consult, but the tendency to see self as separate rather than as a member of a web or network means that more independent initiatives may be taken. American negotiators tend to:

- Be competitive in their approach to negotiations, including coming to the table with a fallback position but beginning with an unrealistic offer.
- Be energetic, confident, and persistent; they enjoy arguing for their positions, and see things universally.
- Concentrate on one problem at a time.
- Focus on areas of disagreement, not areas of commonality or agreement.
- Like closure and certainty rather than open-endedness or fuzziness.
- Be direct and honest in delivering their negative evaluations.

#### **3.2 German**

German approaches to negotiations are surprisingly akin to some interpretations of the German character: thorough, systematic, highly prepared, and low in flexibility and compromise. The German society is ordered and orderly. The business culture takes the rule of law seriously.

Conservatism and security is valued greatly in Germany. Young German executives are status-conscious and regard work as an important source of their fulfillment, self-esteem, and status. Therefore, German negotiators are characterized by the following generalizations:

- Do their homework very well before negotiations.
- Make poor conversation partners as they see no point in small talk.
- Frankness is honesty and “diplomacy” can often mean deviousness.
- Consider formality and use of surname as signs of respect.
- Expect organization and order in all things.
- Stick to the facts.
- Be slow at making decisions as they have a consensus decision-making process which takes time.

### 3.3 French

French business executives tend to be relationship-focused, high-context, highly status-conscious individualists; a rather unusual combination of cultural traits.

- Language of business: It is definitely French, despite the fact that so many business people there speak English well.
- Making the initial contact: Connections count heavily in this market. Trade shows and official trade promotion missions are good ways to make initial contact. The alternative is to arrange for a formal introduction to potential customers, distributors or partners.
- Importance of relationship: France is a country of personal networks. You get things done more quickly by working through inside contacts than by “going through channels”.
- Orientation to time: Visitors are expected to be roughly on time for business meetings, particularly if they are selling.
- Hierarchy and status: Level of education along with family background and wealth determine status in France.
- Communication style: The French are verbally and non-verbally expressive. They love to argue, often engaging in spirited debate during business meetings.



### 3.4 British

British negotiators do tend to be direct, deal-focused, and time-obsessed compared to most Latins, Arabs and Asians. At the same time however, they are also more indirect, relationship-oriented and relaxed about time than Northern Europeans, as well as more formal and reserved than Americans.

British negotiating styles:

- Your presentation. Accustomed to understatement, British buyers are turned off by hype and exaggerated claims. Presentations should be straight-forward and factual. Humor is acceptable, but visitors from abroad should remember that it rarely translates well. The safest humor in England is of the self-deprecatory variety.
- Bargaining range. English negotiators have been doing business all over the world for hundreds of years. They may put a wide safety margin in their opening position so as to leave room for substantial concessions during the bargaining process. This practice may put off negotiators from Germany and Sweden, where this “high-low” tactic is frowned upon.
- Decision-making. Some “time is money” American may find the British process too time-consuming, but for the rest of the world’s business cultures it is quite normal.
- Role of the contract. Expect emphasis on the legal aspects and the fine points of the written agreement. Should a dispute or disagreement arise later, the British tend to rely on the terms of the contract and could become suspicious if their counterpart invokes non-contract issues such as the importance of the long-term relationship.

### 3.5 Russian

Russians are proud of their heritage and appreciate when, during business conversations, subjects about Russian history or culture are being brought up by foreign negotiators. In the negotiations, Russians tend to act like they have nothing to lose, but they like to be seen as equal to Westerners and tend to live up to contractual obligations. Russians pay special attention to the way foreigners speak, and negotiators should attempt to speak with Russians in “a calm,

moderate tone of voice”, even if Russian negotiators use the threat of force, try to push their partner to compromise or show agitation or even introduce inducement.

- Your presentation. Especially at the first meeting, avoid starting off with a joke. Show that you are taking business seriously. Pack your presentation with facts and technical details.
- Local sensitivities. Avoid statements such as, “we are planning a really ‘aggressive’ marketing campaign.” The word “aggressive” has a negative connotation in Russian. Also avoid proposing a “compromise” during the negotiation — many Russians regard a “compromise” as something morally wrong. Instead, suggest meeting each other halfway, or make your proposal conditional on an equivalent concession from your counterparts.
- Bargaining style. Be ready for hardball tactics — a tough, sometimes confrontational approach, occasionally punctuated with table-pounding, temper tantrums, emotional outbursts, brinkmanship, loud threats and walkouts. Counter these tactics by staying calm. More often, your counterparts will simply try to out wait you, exploiting your presumed impatience. Counter this with patience, patience and more patience.
- Resolving disputes. Insist on a clause calling for arbitration in a third country. Sweden is a popular choice.

### 3.6 Australian

In spite of its geographic location, businesspeople in Australia are usually experienced in interacting and doing business with visitors from other cultures. Though their business focus is mostly on Asia, Australians share more of their values and practices with Americans, Canadians, or the British than they do with any Asian group. The country’s culture is comparatively homogeneous.

- Your presentation. The general advice that “modesty is the best policy” applies especially to making sales presentations. Marketers find that the soft sell works better. Veterans of the Australian market have also learned not to over-praise their company’s product. Here it’s better to show the benefits and superiority of your product or service to the customer rather than talking

about them. Whenever possible, let your documentation, testimonials and third-party reports speak for you.

- **Bargaining range.** Since Australians tend to dislike bazaar haggling, visiting negotiators will get better results by opening discussions with a realistic bid. The negotiating process may take more time than it would in the US, though less than in China, Japan or Saudi Arabia, etc.

### 3.7 Japanese

The Japanese prefer to work as members of groups rather than individually. This characteristic is often cited as one of the most important in explaining Japan's economic success. When negotiating, one should remember that it is not sufficient to convince just one person — the whole group must be won over. In addition, in Japan, as in other Oriental countries, “face” is a significant factor. Sometimes an organization will decide on a certain course, not because of economic or political reasons, but in order to save face for some important person.

- **Focus on group goals, interdependence, and a hierarchical orientation.** In negotiations, these values manifest themselves in awareness of group needs and goals, and deference to those of higher status. Japanese negotiators are known for their politeness, their emphasis on establishing relationships, and their indirect use of power. The Japanese concern with face and face-saving is one reason that politeness is so important and confrontation is fiercely avoided. They tend to use power in muted, indirect ways consistent with their preference for harmony and calmness. In comparative studies, Japanese negotiators are found to disclose considerably less about themselves and their goals than French or American counterparts.
- **Japanese negotiators tend to put less emphasis on the literal meanings of words used in negotiations and more emphasis on the relationship established before the negotiating begins.** They are also less likely than their US counterparts to make procedural suggestions.

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#### 3.8 Indian

A unique feature of the Indian mindset is that it combines both individualistic and collectivist tendencies. As individualists, Indians are very goal-oriented and aggressive, traits that are not unlike those of the North Americans. At the same time, however, the Indians are very family-oriented people and confine and ration their loyalties and affections only among those who are close to them. It is the simultaneous presence of individualism and collectivism that distinguishes the Indian negotiators not only from their North American counterpart but also from their East Asian peer who is unquestioningly collectivist in his or her orientation. This implies that the Indians can behave either in an individualistic or a collectivist manner, depending on the situation.

- Once you have built a comfortable relationship with your local counterpart the negotiation process can begin. Be prepared for a tough, drawn-out bargaining session. Indian business people are often real experts at bazaar haggling, so remember to build some fat into your opening position.
- Protectionism, over-regulation and poor infrastructure have made India a high-cost economy despite the low labor costs. Recent progress with bureaucratic reform, privatization, and infrastructure improvement will gradually increase India's international competitiveness.

## Exercises

### Task ① Fill in the blanks with the words given. Change the form when necessary.

- place
- sequentially
- imposing
- senior
- invest
- animated

There are three interconnected aspects that need to be considered before entering into a cross-cultural negotiation.

**The Basis of the Relationship:** In much of Europe and North America, business is 1. \_\_\_\_\_ in nature. Personal relationships are seen as 2. \_\_\_\_\_ as they can cloud 3. \_\_\_\_\_ and lead to complications. In South America and much of Asia, business is personal. Partnerships will only be made with those they know, trust and feel 4. \_\_\_\_\_ with. It is

- approach
- objectivity
- statistic
- unhealthy
- consensual
- contractual
- concession
- comfortable
- depth

therefore necessary to 5. \_\_\_\_\_ in relationship building before conducting business.

**Information at Negotiations:** Western business culture 6. \_\_\_\_\_ emphasis on clearly presented and rationally argued business proposals using 7. \_\_\_\_\_ and facts. Other business cultures rely on similar information but with differences. For example, visual and oral communicators such as the South Americans may prefer information presented through speech or using maps, graphs and charts.

**Negotiation Styles:** The way in which we 8. \_\_\_\_\_ negotiations differs across cultures. For example, in the Middle East, rather than approaching topics 9. \_\_\_\_\_, negotiators may discuss issues simultaneously. South Americans can become quite vocal and 10. \_\_\_\_\_. The Japanese will negotiate in teams and decisions will be based upon 11. \_\_\_\_\_ agreement. In Asia, decisions are usually made by the most 12. \_\_\_\_\_ figure or head of a company. In China, negotiators are highly trained in the art of gaining 13. \_\_\_\_\_. In Germany, decisions can take a long time due to the need to analyze information and statistics in great 14. \_\_\_\_\_. In the UK, pressure tactics and 15. \_\_\_\_\_ deadlines are ways of closing deals whilst in Greece this would backfire.

### Read the following dialog and finish Task 2 and Task 3.

#### The Different Business Communication Styles Between China and the US

*[Scene: Zhang Ping is having an interview with an American manager of a Sino-American joint venture on some of the differences in business communication style and work ethic between the Chinese and the American.]*

**Zhang:** Hi, Mr. Anderson. You have been working in China for five years. Could you tell us how you felt about the differences in business communication style between Chinese and American businessmen?

**Anderson:** With pleasure. I think there are at least two differences in the way of business communication between Chinese and American businessmen. First, Chinese businessmen tend to have business negotiations in a rather indirect manner, as opposed to the direct manner of American businessmen. The Chinese take time to learn if their prospective

business contracts are really reliable, for example, by inviting them to a party and socializing with them. In contrast, the Americans act with “get-down-to-business-first” mentality. Second, the decision-making process of Chinese companies is generally slow and time-consuming. This is because most Chinese companies keep to the “bottom-up, then top-down and then bottom-up” decision-making principle which involves many people at different levels. American companies, on the other hand, usually operate with quick decisions made by the top management. I hope American businessmen in China will understand these differences in business practices and adjust to the Chinese way.

**Zhang:** The American way of doing business often strikes us Chinese as very aggressive. Were you aware of this in your collaboration with your Chinese colleagues?

**Anderson:** Well, we are more direct and straightforward than the most Chinese, I would say, due to our different cultural traditions. I noticed that a lot of Chinese often avoid saying a clear “no” just to be polite. Sometimes my Chinese colleagues say “yes” not to express agreement, but only to show that they are listening.

**Zhang:** It is important for all of us to acknowledge and respect these cultural differences, in order to avoid misunderstanding, isn't it?

**Anderson:** Yes, understanding these differences, I believe, will be a first step toward establishing a firm business relationship between Chinese and American companies.

**Zhang:** You mentioned the Chinese type of decision-making process earlier. Do you see any strength with this type of management and how do you compare it with the American type of management?

**Anderson:** I would say the American-type, or the top-down management emphasizes efficiency, and competition among workers, while the Chinese-type management gives priority to careful planning and encourages cooperation among workers, and between workers and the management. Thus, while the American-type management often frustrates many workers, the Chinese-type management gives workers a joy of participation and fulfillment, and a sense of pride in their work.

**Zhang:** Talking about workers' attitude toward their work, how do the Chinese and the Americans differ in this respect?



**Anderson:** I think most Chinese view it as essential for having membership in a community. They believe that work allows them to have the sense of belongingness in a community. In other words, work is necessary for them to gain social acceptance in the society. That is why many Chinese managers and employees work so hard to maintain their positions in their companies. Also, they see work as one of the most important things in life. That is, they have tried to find the meaning of life through their jobs. While the Chinese work ethic is based on social pressure and community belonging, the American work ethic seems to be more individual oriented. We often value the results and accomplishments of work more than its process. By the way, I'm very impressed by the obvious and strong sense of dedication to the jobs among the elder Chinese employees.

**Zhang:** Returning to where we started, how do you comment on the merits and demerits of the two different approaches to business management?

**Anderson:** It is difficult to decide which is better than which, because there are some merits and demerits to both types of management. My suggestion is that people of both countries should learn from each other. I will say that in recent years, the merits of the Chinese way of management are beginning to be recognized by an increasing number of people in the West. This more humane way of management seems to offer a great deal to the executives of our American industries.

**Task ② Decide if the following statements are true (T) or false (F).**

1. The American way of business practices often appears to us Chinese to be very aggressive. (     )
2. The Americans often value the process of work more than its results and accomplishments. (     )
3. The Chinese work ethic tends to be individual oriented. (     )
4. American businessmen tend to have business negotiations in a rather indirect manner, while Chinese ones seem to be more direct. (     )
5. The decision-making process of Chinese companies is usually slow and time-consuming. (     )

#### Task ③ Fill in each blank below with one word.

1. We usually take \_\_\_\_\_ to learn if our prospective business contracts are really reliable.
2. Our decision-making process is generally slow and \_\_\_\_\_.
3. Their work ethic is based on social \_\_\_\_\_ and community belonging, while ours seems to be more individual \_\_\_\_\_.
4. Many Chinese managers and employees work so hard to \_\_\_\_\_ their positions in their companies.
5. The top-down management \_\_\_\_\_ efficiency, and competition among workers, but it often \_\_\_\_\_ many workers.
6. Chinese companies usually keep the “bottom-up, then top-down and then bottom-up” \_\_\_\_\_ principle, this type management gives \_\_\_\_\_ to careful planning and \_\_\_\_\_ cooperation among workers, and between workers and the management.

#### Task ④ Translate the following paragraphs into English.

在一些文化中，人们通常容忍差异与不确定性，而有些文化对此则不能容忍。不确定性规避高的文化注重安全，避免冲突。人们需要的就是一致性。生活中固有的不稳定因素对于生活在这种文化中的人们是一种威胁。

不确定性规避低的人们对于差异有更多的容忍，他们愿意冒险，并且更能容忍个体差异。他们认为冲突具有建设性，并且能够接受不同意见。世界上有些国家如挪威和澳大利亚，代表不确定性规避低的文化国家。这一点可以从其对工作流动性的重视中看出。日本和意大利则代表不确定性规避高的文化国家，他们强调职业的稳定性。

#### Task ⑤ Answer the following questions.

1. What is the role that holidays play in business negotiations? Give a certain example to illustrate its connections with business negotiations.
2. Do you know any etiquette of a foreign country? If you do, a presentation about the detailed etiquette about a certain country.
3. What is the general etiquette for Chinese businessmen in entertaining the foreign clients?