



It is polite to shake hands when you first meet a business counterpart, right? Offer them a coffee? Talk about the weather or the news headlines? And afterwards, when everything has been discussed, you should sum up what you have agreed on and send a contract for their signature covering every detail, right? Whilst these are things that you might take for granted when meeting and negotiating within your own culture, outside of your culture you could cause offence, delay proceedings, or lose out on the deal you sought to close. Cultural differences can apply to such things as which individual you address in a group, how you greet your counterpart, etiquette and manners, the way you speak, your gestures and mannerisms, and how an agreement is reached and then confirmed. It is absolutely essential that you do your research if you are serious about conducting successful business negotiations across cultural borders.

Cross-Cultural Negotiations

In today's globalized economy, you could be conducting business negotiations anywhere in the world, and it is crucial that you understand what constitutes normal, polite, acceptable business communication in an individual's particular environment. The most experienced negotiator can lose out on a deal because of important, but extremely subtle, cultural differences between the key players. You could be well-trained in negotiation principles, highly-versed in business practices, know your business processes inside out, and be an experienced and successful negotiator with a proven track-record. But despite this, you could lose out on a deal because of a misunderstanding, or cause offence, because of a failure to discern a vital sign or gesture.

Tips to Understanding Negotiation Signals Across Cultures

A cultural bridge, or an individual who understands the culture, can be absolutely invaluable. Be aware that understanding a culture is not just about speaking the language; that is only part of it. You could speak English fluently, but not truly understand the etiquette that is required when you meet the Queen,

how men like to discuss sport, what civilities are required when ordering in a British restaurant, and how important our tea and coffee are! To really know a culture is to understand the intimacies and the nuances of everyday life, the tiny details that make a culture so unique and special to those who are native to it. It goes much deeper than employing a translator, or having someone who speaks the language fluently as a party to the negotiations if that person does not know what it truly is to live in that country. In fact, if a negotiator has a fluent speaker in on the discussion, it could potentially have quite damaging consequences. A native counterpart might expect the native speaker to understand certain intricacies and manners that are vitally important to them, such as who to speak to and how, and when they do not, it could cause offense.

Interpreting unspoken signals can be difficult and errors could be costly when every word and gesture counts towards making the right impression. It is essential that you do your research to prevent a deal-breaking misunderstanding, not as a result of something huge like a language barrier, a crucial clause that was missed, or any other obviously fatal error, but because of negotiation signals that go unnoticed or the way in which you yourself handle the negotiations. Here is what you do:

Prepare for Different Ways of Handling Disagreements

Some cultures, and indeed some individuals, see it as perfectly acceptable to express clear disagreement and tell the other party they think they are wrong. In Russia for example, participants arrive at negotiations fully prepared for a big debate; they merely view it as a lively discussion. In another culture, however, it could be construed as the wrong way to behave. It could be seen as immature, unprofessional, or rude, and put an abrupt end to any potential business deal.

The same goes for your volume of voice, laughter or touching. It should not be taken for granted that emotionally expressive cultures are not necessarily comfortable with confrontation. For example, in Mexico, emotions may be openly displayed, but disagreement is expressed softly and if you do disagree, be aware that it could be taken personally. In cultures such as Germany and Denmark, it is regarded as positive to disagree openly, as long as opinions are expressed calmly and objectively.

Peruvians, Japanese, Mexican, and Thai cultures use words classed as 'downgraders' as verbal cues. So when they want to disagree they are more likely to use softer expressions such as 'maybe' or 'a little' or 'perhaps'. Russian, French, Israeli, Dutch, and German cultures are more likely to use 'upgraders' so terms such as 'totally', 'completely', and 'absolutely' are acceptable to use to strengthen disagreement.

Research Emotional Expression in Each Culture

Being sensitive to your counterpart's reactions and body language is important in any negotiation when you want to manipulate a favourable outcome for you or your company, but when it comes to cross-cultural business, it goes much deeper. You need a contextual understanding of the individual's circumstances to be able to interpret unspoken signals, such as a movement of the head, a gesture, a facial expression or a physical movement.

For example, Japanese people often like to pause to think and consider before they speak. If this was not understood, a business associate from a different culture might find it uncomfortable or disconcerting; they might rush to fill in the gaps, provide questions and answers, and end up making a situation very awkward. It could result in disastrous consequences for the negotiators who are trying to make the right impression and someone who understands the culture, will be invaluable.

Understanding Differing Trust Building Practices

Different people build trust differently and place different values upon it. This is certainly the case when it comes to cultural differences in business. An American or British business negotiator might see trust very differently than a Chinese negotiator, for example. Someone from the west might be inclined to do business with a counterpart who is knowledgeable about their own business; they are drawn to qualities such as reliability and consistency and feel confident about dealing with them because this is how they equate trust in the world of business. This is known as cognitive trust. American, European, and Australian cultures operate on this kind of trust; practical or task-based dealings are often kept separate from emotional feelings. Business negotiators might take action to avoid mixing the cognitive trust with any personal feelings outside of work; they see it as unprofessional, inefficient, or perhaps even a conflict of interest. They do not necessarily believe it is right that they should get close to a business counterpart outside of the business negotiations.

Other cultures, however, might place an entirely different, higher value on affective trust, which is built from emotions, or from the heart. Affective trust comes from sharing time, personal experiences, feelings and empathy - it involves forming a bond or a friendship over shared time, whether that be over coffee, sightseeing, a hobby or a past-time, or whatever. A much higher value is placed on a connection between cognitive trust and affective trust in Chinese, Southeast Asia, Middle Eastern, Mediterranean and African cultures. An affective bond or emotional connection is absolutely crucial for a business deal to proceed in these cultures. It can take time, patience, and the ability and opportunity to show your human side and your weaknesses to build this kind of trust, but be aware that affective trust is an essential requirement for business negotiations in some cultures.

Ask Open-Ended Questions

In some cultures, 'yes' is used to mean 'no', and 'no' may not necessarily be a resolute 'no' as in American or British culture. It can be worthwhile to ask open-ended questions instead of closed questions; questions that must be answered 'yes' or 'no' such as 'can you do this by the deadline I have set?'. Also, it is worth considering that different values can be placed on 'yes' and 'no'. For example, in Indonesian culture, it is rude to look someone in the eye and say 'no' to a request if you like and respect that person, so you might get a 'yes' when they actually mean 'no'. Instead of saying 'no', voice tone, body language, or more gentle alternatives to the word 'no', are used as a more subtle way of showing a counterpart that the answer is, in fact, 'no'. Likewise, saying a firm 'no' to a person of Indonesian origin could be construed as offensive and damage a potential business relationship.

During negotiations, consider asking open-ended questions, such as 'When can you finish [this app?](#)' and 'How will you do this?' or 'How [this software](#) will work?' to obtain clear answers and set concise

boundaries, without causing confusion or offence.

Written Contract Concerns

Recapping in detail, confirming who has agreed to what, going back over the finer details; this might well be standard practice when discussing business arrangements in your own culture, but in other cultures, such as Saudi Arabia, it could be regarded as offensive. It could be taken as an indication of mistrust, a sign that you do not think your counterpart is good on their word, that you doubt their integrity. If your company makes it a matter of procedure to follow up every discussion in writing, it might be time to reconsider how things are done during cross-culture negotiations.

As for written contracts, in some parts of the west, they are a normal, acceptable way of life. As soon as any agreement is reached in business, it is followed up with a detailed written agreement. Each and every party knows where they stand and the consequences for the other parties in the event that someone needs to change something at a given time. It is, in effect, written in stone. Bear in mind that this could be viewed by some cultures as extremely inflexible. To understand the reasons why, consider those cultures where relationships carry more weight than written contracts and countries where the legal system is less effective.

In some countries, contracts are a commitment to do business, but they are not necessarily legally binding. A written contract might even be seen as a sign of mistrust. Or, a contract merely marks the beginning of a business relationship in some cultures and countries where flexibility is absolutely essential and the dynamics are always changing. It is understood in certain cultures, such as Nigeria, China, and Indonesia, that details of the agreement can and will change as the situation changes and evolves. Discussions can reopen at any time because the contract is just one of a series of stepping stones in the business deal. Therefore, consider asking your counterparts to draft the first version of the contract, bear in mind that a contract might mean something different to you than it does to your counterpart, and that you might need to be flexible to make this business deal work effectively.

Remember when negotiating across cultures that the way you react and what you say is important, but equally other factors can make the difference between sealing the deal or losing the business altogether. Build trust and work on understanding your counterpart's culture. You then have the means, the knowledge, and the perception to be able to adapt and understand those subtle messages and signs that can be so important to an individual. Make the extra effort to show empathy and understanding to gain that trust - and always adapt your own behavior.

It could be something so small and subtle that it could go un-noticed during your discussions, but if you do not miss it, if you are ready and prepared, it could make all the difference between making or breaking the deal. It is essential that you do not miss those subtle negotiation signals - not if you really are serious about conducting [successful business](#) across cultural borders.