

# Guidelines for effective intercultural business negotiations

---

Jean-Claude Usunier

## Abstract

**Purpose** – For managers and senior executives who find themselves negotiating with international partners who differ in terms of culture, communication style, time orientation, as well as personal and professional backgrounds, understanding the complex range of factors that impact intercultural business negotiations (ICBN) for short – is a fundamentally important skill.

**Design/methodology/approach** – This paper is based on an organised review of literature on culture and business negotiations in Usunier (2019), systematically examining the interface of culture with dispositional (e.g. negotiator's gender) and situational variable (e.g. type of contract, one-shot versus repeated deals).

**Findings** – Empathy is not all, culture overlaps and interacts with other key negotiation variables. The paper derives a set of guidelines for effective ICBN.

**Originality/value** – Many approaches to ICBN emphasise culture as a stand-alone variable. The approach helps to avoid naïve behaviour and proposes a framework for linking cultural aspects to other major situational and dispositional variables in the ICBN process.

**Keywords** Culture, Negotiation, Relationship, Deal, Communication, Trust, Time orientation, Gender

**Paper type** Viewpoint

Jean-Claude Usunier is based at the Faculty of Business and Economics (HEC), University of Lausanne, Lausanne, Switzerland.

## Introduction

Negotiations play a critical part in the world of business, especially when it comes to international deals. Negotiation is not only about “doing” – legal and business matters but also hard facts and contractual arrangements. It is also based on “being” – the quality of human and social relations. Then, it is often these “soft facts” that are the most important in an intercultural context. So, it is vital to assess the balance that needs to be struck between relationship-building and deal-making. Do we just want a signed contract or are we looking to build long-term links? In general, this means avoiding being overly deal-oriented.

In these scenarios, HR and senior management have an important role to play in helping their negotiation teams to secure the very best deal available. As a starting point, it is important to be aware that there is a wide range of different types of contracts. Your executives can then be given the most appropriate support for that particular type of negotiation, and any training and development tailored to their individual requirements.

In my new book, intercultural business negotiations (ICBN) there is a chapter devoted to the many different types of international business contracts. As an example, international sales/export contracts are often (but not always) short-term, one-shot deals, whereas international joint venture negotiations are more future relationship-oriented, with an emphasis on co-operation and building a good working relationship.

Next, it is important to understand just how complex ICBN can be. Effective ICBN requires far more than just cultural intelligence and trying to avoid obvious misunderstandings. Then for anyone helping to support those involved in these types of negotiations, one of the most

important things to remember is that precisely because culture is so complex, its impact on negotiation can vary enormously.

While negotiations can be simulated by team members to confront personalities, communication styles and possible conflicts and to help assess possible intercultural obstacles and opportunities, there can be deeply-rooted differences in the cultural, human and social backgrounds of those involved, making it harder to effectively simulate cultural differences in intercultural negotiation training.

This complexity is summarised well by [Salacuse \(1993\)](#), when he observed: “conventional wisdom holds that differences in culture among negotiators are almost always an obstacle to agreement. However, culture in a negotiation can be much more than an obstacle: It can be a weapon, a fortress or a bridge”.

### **Conflict and emotions in intercultural business negotiations**

Conflict in ICBN is magnified by cultural/communication misunderstandings. If one of your negotiating team is facing culture-based conflict, it is advisable that they return to the basics. This means not shying away from conflict, as conflict avoidance is an avenue for unnecessary concessions. They must also take into account the extent to which the other team’s culture is conflict-prone vs conflict-avoidant. For example, the French are conflict-prone. They do not mind confrontation and sometimes even enjoy it. Thus, the French negotiating style is seen as competitive and inherently confrontational.

Do not be surprised if emotions run high at times. It is important that negotiating teams manage both positive and negative emotions in ICBN, and combine two different nationalities, one people-based and subjective with another one calculative and deal-centred.

In ICBN, emotions such as anger result in negotiators being less accurate in judging the interests at stake and more self-centred and focussed on their own interests. It also has a general effect of reducing joint gains. Positive emotions result in being more flexible in negotiations and helping negotiators be more persistent. A positive affective state increases the confidence level of negotiators. However, a positive affective state may also heighten expectations and result in negotiators’ disappointment with actual outcomes. Conversely, the expression a negative emotion may have a positive effect on the negotiation process by drawing the attention of the other party on an unfair situation or an opportunistic move that needs to be corrected.

Negative emotions may result in conflict escalation. Negative spirals are partly based on selectively choosing information cues, which will confirm the negative feelings of a negotiator leading her/him to an escalation in negative feelings towards the other party that is no longer based on hard facts. Negative spirals are particularly likely to occur in ICBN due to differences at three levels, namely, differences in internalised values and norms, differences in emotional expression and differences in linguistic styles.

### **Negotiation styles**

There can be real variations and differences in national negotiation styles too. Here again, to comprehensively support the negotiation team throughout the process, it helps to understand the cultural complexity at a more granular level.

The American style is most often used as a baseline for comparison. It is individualistic, action-oriented and reflects the USA national character with an emphasis on doing, ability, skills, competence, professionalism, decision making and explicit communication.

As a result, USA negotiators are normally well-prepared, serious, pragmatic, accurate and pay attention to detail. They have fairly well-defined autonomy and room for manoeuvre as

mandated negotiators. However, clear limits are also set and they have to report to their principal.

In the negotiation process, Americans often consider that decisions have to be made on the spot by the individual who has the most expertise or responsibility in a given area. They are also noted for being win-win oriented and not as aware of diverse cultures as other countries. Not dissimilar to the French, they tend to think that their system is the best way and that others would do well to follow suite.

One of the striking aspects of Germany is its relatively high level of uncertainty avoidance. A key German term is *sicher* (sure, safe). Germans do not like to feel insecure and when faced with negotiation situations where there is uncertainty, they can be inclined to develop mistrust. As a result, they seek reassurance based on hard facts, sound arguments and tests. In other words, reliability is key for relationship development.

In contrast, the Chinese are relatively low in uncertainty avoidance, which is in line with the entrepreneurial and risk-taking attitude of Chinese people. Persistence and obstinacy are also noted characteristics. Chinese negotiator communication style can be indirect, due in part to shame-avoidant culture.

### **Personality and ethics matter**

At the stage when decisions are being made as whom to include in the negotiating team, it can be helpful to adopt a negotiation style, which fits with the personalities of those involved. Understanding the personality traits of the planned negotiation team by using personality tests such as the Meyer/Briggs personality type inventory can assist in the selection of the very best people for a particular negotiation. Some competitive personalities may be more adapted to one-shot deals, short-term and bargaining-oriented, in which their hard sell talents will triumph. Conversely, more collaborative and long-term oriented personalities may feel more at ease with joint ventures.

The ethical side of contract negotiations is another area where HR can help to shape a positive outcome. The critical point is to understand that behaviour that would not be tolerated in Europe, can be commonplace in other parts of the world. This means that your executives may well encounter tactics that have ethical implications or that are even illegal. It is essential too that your negotiation teams know that they must let you know if they are encountering such issues, as this could pose a risk to the wider business if not resolved.

In particular, HR should be aware of the potential for bribery and be prepared to step in as appropriate. This practice is widespread in international negotiations and takes various forms including small and large gifts where a multinational might offer a leading foreign politician a two-week stay in a luxury resort including entertainment. Additionally, in African countries where civil servants can be poorly paid yet still hold authority and responsibility, it can be “implicitly understood” that in exchange for carrying out poorly rewarded public duties, these officials may supplement their incomes.

### **Tough and soft strategies**

In complex international business negotiations, the negotiating teams are going to be faced with what is known as tough and soft strategies. Some hardball tactics used in international business negotiations can be especially challenging. However, by being aware of the sorts of things that can take place, you will be in a better position to support your negotiating team, so they are neither battered by the opposition nor subjected to unnecessary, inappropriate or uncomfortable situations.

In response to tough negotiations, your teams can also be guided on how to counteract hardball tactics, by sending understated yet clear indications that they are aware of the tactics being used by the other side and why they are doing it. This means being very

polite, precise, articulate and clear in asking unambiguous questions so that the other party cannot play on half-understandings of queries and must, therefore, answer clearly. These courtesy tactics help to ensure transparency by shining the spotlight on the truth. The style is intentionally soft, diplomatic, unpretentious and unaggressive in style.

Here are some examples of hardball tactics and suggestions on how they can be addressed.

### **Belittling**

Belittling is another tactic that HR and management should be aware of is not uncommon. In these cases, it may be necessary to offer executive coaching or mentoring support as this can be emotionally destructive for the person concerned. The “belittler” is likely to adopt a patronizing style or even condescending attitude. This is arrogant and is explicitly designed to instill doubt and try to shake the resolve and confidence of the other party. It is essential for executives/the negotiating team to kick back and insist of respect and due consideration or even a dose of negative reciprocity to so that one’s own camp is aware of their tactic, not naïve and will not be manipulated in this way.

### **Good guy/bad guy**

Also called good cop/bad cop, in this ploy the negotiating team on the other side take on pre-agreed roles. For instance, one might appear to be open-minded and a good listener, whereas another team member might be demanding and tough or even use threats and intimidation. To confront such a tactic, one’s own camp may either decide to adopt the same tactic or to call out the other side on their actions so that they have to stop this behaviour.

### **Aggressive/commanding hardball tactics**

Intimidation is based on a combination of threats, warnings, punishments and negativity with the intention to create a nasty and disruptive environment. The intimidated party risks yielding to avoid negative emotions (guilt, and/or shame and poor self-image). Intimidation can be either bluntly ignored or managed by the most emotionally stable negotiator in the negotiation team. Aggressive, emotional tactics can be based on personal attacks and even insulting behaviour. At the very least, this tactic is used to cause confusion, agitation, irritation or annoyance.

These attacks are intended to destabilise the other party and make them emotionally secure and vulnerable in terms of negotiation rationality. The first step is for your negotiators to confirm that this aggressive tactic is being used, and to warn the other side that they risk damaging the long-term relationship and/or outcome of the deal.

While less aggressive, there are other types of tricky scenarios designed to put a negotiating pressure.

### **Last-minute scenarios**

Extracting last-minute concessions after an agreement, but before signing the formal contract is a cynical tactic, which consists of last moment questioning of agreed-upon terms, before closing and signing the deal. As an example – just as the negotiator is leaving the country after two weeks of intense negotiations and thinking that the deal is done there is a last-minute request for a rebate on a price that has already been agreed upon. Negotiating teams should not be drawn into saying either Yes or No. It is important to signal an unwillingness to yield under such undue time pressure. This may mean flying home without a deal even if that appears counterproductive. At a time like this, it is essential that

your team feels that it is fully supported by their company's management team and senior leadership and that you understand the challenges that they are facing.

### **Mandated negotiator tactic: "I am not the boss"**

This is a frequent tactic for a mandated negotiator who does not have complete decision making power or the full facts. As a result, the mandated negotiator can take advantage of the ambiguity of this situation and pretend that his or her hands are tied and that she only has limited discretion in negotiating. The mandated negotiator may constantly refer to unverifiable instructions from the invisible principal or interrupt the negotiations while further instructions from the principal are sought. The "behind the scenes" principle then becomes an invisible/implicit negotiator to the detriment of the other side. To avoid these types of scenarios, your negotiating team will need to demand full disclosure and that the principal is formally introduced to the negotiation process.

In conclusion, irrespective of whatever conventional negotiation theory might suggest, it is a mistake to assume that every negotiation should or will result in a win-win outcome, so it is important to manage the expectations of key stakeholders accordingly. While many cultures and organisations emphasise collaboration, others will pursue a win-lose (or even worse, lose-lose) strategy with a defeated loser and a winner who has overpowered the vanquished by losing less.

Your negotiating team should be careful not to overinvest in benevolent integrative moves if the other party is not likely to reciprocate. Remember, for instance, two Chinese Stratagems (CS): "Kill with a borrowed knife" (CS3, Play the competitors against each other) and "Hide a knife in a smile" (CS 10, Manipulate friendship and hospitality). Therefore, empathy is not enough; examine the key elements of both the relationship and the deal and prepare for understanding their interface during the negotiation process.

### **Reference**

Salacuse, J.W. (1993), "Implications for practitioners", in Faure, G.O. and Rubin, J.Z. (Eds), *Culture and Negotiation: The Resolution of Water Disputes*, Sage, Thousand Oaks, CA, pp. 199-208.

### **About the author**

Jean-Claude Usunier is Emeritus Professor at HEC Lausanne, the business school at the University of Lausanne, Switzerland. His book, published by Routledge (2019), can be purchased online (<https://www.routledge.com/Intercultural-Business-Negotiations-The-Deal-and-or-Relationship-Framework/Usunier/p/book/9781138577015>). It is accompanied by an author run companion website containing negotiated simulations, instructions for players and teaching notes for instructors. In his book, you will find a checklist of basic characteristics of a negotiation. This foundational framework can help HR and senior management to understand the scale and complexity of the task in hand. Jean-Claude Usunier can be contacted at: [jusunier@unil.ch](mailto:jusunier@unil.ch)

---

For instructions on how to order reprints of this article, please visit our website:  
[www.emeraldgroupublishing.com/licensing/reprints.htm](http://www.emeraldgroupublishing.com/licensing/reprints.htm)  
Or contact us for further details: [permissions@emeraldinsight.com](mailto:permissions@emeraldinsight.com)