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# Building Trust Across Cultures



By Erin Meyer , INSEAD Affiliate Professor of Organisational Behaviour

**Do you trust with your head or with your heart? There is a big difference between cultures when it comes to building trust, and not understanding that can put a business relationship in peril.**

Karl Morel, an acquisitions expert from Nestlé, found himself in a challenging situation when he was negotiating a joint venture in China. Morel led a team to Shanghai to explore a venture with a company that made packaged Chinese delicacies. The initial meetings with eight Chinese executives had him baffled. Morel and his team tried to be friendly and transparent, providing all of the details the Chinese wanted. “But they were impenetrable and unwilling to budge on any of their demands,” Morel said.

After a frustrating week, Morel and his colleagues met with a Chinese business consultant to figure out how they should adjust their approach. “The consultant told us that our approach was wrong, that we were going too fast.” Morel reported. He said they weren’t going to get what they wanted from the Chinese executives until they developed *guanxi* with them.

## **Relationships first**

Guanxi is a Chinese term used to describe relationships that may benefit both parties. As the consultant explained, to develop good guanxi, one must build trust from the heart. “Forget the deal for a while,” he said. “Open up personally. Make a friend. A real one.”

Morel took the consultant’s advice, inviting his Chinese counterparts out for dinner, and including people from different levels of the company. There was live music and plenty of food from the Tianjin area of China, where the owner of the Chinese company was from. It was an excellent dinner, and there was plenty of socialising. The two groups toasted each other several times in a sign of mutual respect and emphasised their happiness at the prospect of a long-term relationship. After restarting the meetings the following Monday, the Chinese were much more willing to cooperate and the teams made excellent progress during their second week together.

### **Take a long lunch**

I heard of a similar example when I worked recently with a group of executives from Gerdau, a Brazilian steelmaker. I learned the interesting backstory of one of the company’s acquisitions from Maria Morez in the Brazilian team and her American counterpart, Jim Powly. The acquisition was successful, but the path was challenging.

When the Brazilian team arrived in Jacksonville, Mississippi, Jim’s group gave them a warm welcome. “We got right down to business that morning,” Morez recounts; for three days the teams engaged in intense, sometimes difficult negotiations, ordering sandwiches for lunch and only taking short pauses throughout the day. At the end of two days, the Americans felt great about what they’d accomplished. They also felt that the short breaks and tight schedules were a sign of respect for the time their guests had taken out of their busy schedule to visit. But the Brazilians were less upbeat. “Despite having spent two days together, we didn’t know whether we could trust them.” explained Morez.

Powly continued the story, explaining that he brought the American team to Brazil to continue the discussions. Although the days were packed with meetings, lunches were long and dinners went well into the evening. This made the Americans uncomfortable. They worried if they’d have enough time to get everything finished and they even wondered if their Brazilian counterparts took the negotiations seriously.

For the Brazilians, the long lunches and dinners also showed respect for the Americans' time. "This is supposed to send a clear message", Morez explained: "Dear colleagues, who have come such a long distance to work with us, we would like to show you that we value you, and even if nothing else happens during these two days besides getting to know each other well, and developing a personal connection, we will have made good use of our time together." Morez and Powly managed to complete their deal but a sense of discomfort persisted.

## **The two forms of trust**

There are two basic types of trust: cognitive trust and affective trust. Cognitive trust is based on the confidence you feel in another person's accomplishments, skills and reliability. This is trust from the head. Affective trust on the other hand, arises from feelings of emotional closeness, empathy or friendship. This type of trust comes from the heart. In all cultures, the trust you feel for a parent or spouse is likely to be an affective trust. But when it comes to business, cultural differences are significant.

In cultures that are more "task-based," such as the U.S., Denmark, Germany, Australia and the U.K., business people are much more likely to develop work bonds based largely on cognitive trust. In China, Brazil, Saudi Arabia and Nigeria, trust is "relationship-based" and is built through developing a personal bond. In the business world of those cultures, cognitive and affective trust aren't separate but are woven together.

For those from task-based societies who are working with relationship-based counterparts, a few key rules to remember are:

- Put more time and effort into organising meals or social events to be shared.
- During those engagements, drop talks about work. Laugh together, and make friends.
- Beyond meals, make all efforts to find time to let your guard down with those you'd like to build trust with, and to build up personal bonds.

Those from relationship-based societies who are working with task-based counterparts should keep the following points in mind:

- Don't throw out socialising altogether. Go ahead and organise a lunch but if it is likely to stretch to ninety minutes or longer, prepare your

colleagues in advance.

- Feel free to set up evening dinner or drinks, but if your counterparts leave early to rest or catch up on work, don't take offence.
- Recognise that a personal bond might help, but the business is more likely to come with cognitive proof of a high-quality product.

There is a very clear, practical benefit to investing in affective relationship-building, especially in emerging markets. Very often the relationship is, in itself, the business contract, so it is important to join the crowd and show your true self to feel a personal bond. In these cultures, trust is like an insurance policy: – it's an investment you need to make up front, before the need arises.

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