
Negotiating the Cultural Minefield



By Horacio Falcao , INSEAD Senior Affiliate Professor of Decision Sciences

In cross-cultural negotiations, be aware of cultural differences but don't feel you have to adapt your behaviour.

A former student of mine who hails from Germany once called me in distress about a negotiation he was engaged in with a Chinese counterpart. "I've done the *guanxi*, I've done every Chinese cultural adjustment I can think of, but the guy still won't cooperate," he complained. The German was absolutely sure that the strains in the negotiation were due to cultural disconnect. But the more he told me, the more I felt that his counterparty was deliberately using culture to distract and disorient him and thereby gain the upper hand. My former student wasn't buying my theory, so we reached out to an associate of mine with expertise in doing business in China. "Oh yeah," the expert confirmed. "He's just messing with you."

Seven Billion Cultures

My ex-student had fallen into a familiar trap: Overestimating the role nationality plays in determining the course of cross-cultural negotiations.

This tends to put us in a very tight spot, as one cannot possibly expect to become an expert on every single nationality or ethnicity that could be represented at the negotiating table. What is truly make-or-break is finding a

workaround to prevent cultural differences from developing into culture clashes and focusing on the core elements that will work despite the existence of cultural differences.

No human being is defined by his or her flag alone. A broad range of aspects—education, socioeconomic status, family, to name just a few—make us who we are, any one of which is a potential bridge that could get a negotiation moving. You could say that there are as many cultures in the world as there are people. So rather than focusing on the flag, concentrate on the person across the table from you.

Two Cultures

Though no two individuals have exactly the same cultural DNA, there are only two *negotiation cultures* that matter. In a given negotiation, all parties choose to either follow a win-win or a win-lose negotiation strategy. (For those unfamiliar with these concepts: Broadly speaking, win-win stresses working together to build value for both parties, while win-lose is based on using power to get what you want. You can read more about these approaches in one of my [past posts](#)). As we move forward in a negotiation with our counterparties, the main thing we need to figure out is which of the two they've chosen to adopt.

Here, too, culture can act as a smokescreen. An example: You may have heard, or been warned, about the unusually strong handshakes employed by some in my home country of Brazil. Some say this vigorous greeting is about projecting a macho, intimidating image. Others put a quite different spin on it, claiming that for Brazilians, a firm handshake communicates serious commitment to a business exchange. The shake itself is ambiguous; the intention behind it is what you have to suss out.

Adaptation and Stereotypes

Cultural stereotypes have a bad reputation, justifiably so. Throughout history, they have been used to foment polarisation and prejudice. Even so, they are a fact of life. When we are introduced to someone from an unfamiliar culture, we automatically measure them against our pre-existing ideas about that culture. Stereotypes become dangerous when they are stubbornly held to instead of being open to revision based on experience. The takeaway? Stereotypes can be useful, within limitations. They can help open the door to discourse that lets you really get to know the other party.

Obviously, you need to exercise care in the stereotypes you select for this purpose. For example, I would have to be hypersensitive to take offence if someone were to assume that I, being Brazilian, would prefer to conduct negotiations over coffee. As it happens, I don't drink coffee – but the offer would likely come across as a considerate attempt at bridge-building. The stereotype of Brazilians as constant coffee-drinkers is sufficiently benign to skirt offence. Once again, it is the intention that matters!

Of course, a lot also depends on your demeanor. Trying too hard to adapt your behaviour to suit the other culture can be misinterpreted as mockery. And a strenuous attempt to adapt rarely pays off, as a Finnish friend of mine learned the first time he negotiated with someone from Japan. Having heard that Japanese people tend to go silent in negotiations, my friend thought he would do the same, with the result that both men sat in complete silence for 12 excruciating minutes.

When negotiating outside your “home turf”, being the obvious odd man/woman out can even be beneficial, as locals may cut you some slack when (not if) you make a mistake. But trying to be something you're not –i.e., “one of them”—puts you at a significant disadvantage. Since, as noted above, it is impossible to master the nuances of every single world culture, your best bet in a negotiation is to bypass cross-cultural issues as much as possible. (This appears to contradict the more culturally-tailored strategies taught by my colleague [Erin Meyer](#), who specialises in cross-cultural communication. But in fact these are complementary approaches: What works when presenting to a multicultural team may be ineffective during negotiations, and vice versa) . Use your valuable brain-space for the most important task: figuring out the intention behind the other party's behaviour. Underneath the smokescreen, is he or she doing win-win or win-lose? Once you've answered that question, you can adjust your behaviour accordingly, while continuing to be conscious of cultural differences as peripheral issues that could impact the negotiation.

Give It Time

Concentrating on win-win versus win-lose simplifies cross-cultural negotiations considerably. However, there's no getting around the fact that cultural difference does make a difference. It introduces many more possible points of disconnect, enlarging the gap that must be bridged by the parties if the negotiation is to have a good outcome. It can ultimately lead to mutual

frustration or bafflement, which can produce sub-optimal results as parties hurry to the conclusion before exploring potential value-creating avenues.

When preparing for a cross-cultural negotiation, understand that it will probably be more difficult and will require more time, patience and anticipatory work to address all the dimensions that could prove problematic. Try to avoid both minimising cultural issues (thereby turning them into the elephant in the room), and magnifying them so that they become overwhelming. The smokescreen can lead you astray at both extremes.

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