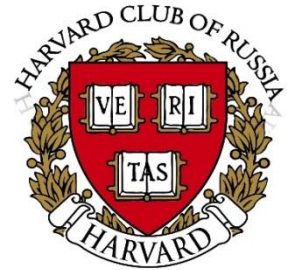




# When it gets tough

the role of cross-cultural and emotional intelligence in international negotiations



Friedhelm Wachs  
Moscow, July 15th, 2013

# Nature of Negotiation

There are three intersecting dimensions of negotiations

## Parties involved

- Two parties
- Many parties
- New or varying vs. repeating

Relationship

## Issues negotiated

- One issue
- Many issues
- New or varying vs. repeating

Substance

Process

## Sequence used

- Deal design
- Approach

# Nature of Negotiation

**Preparation is the most important stage in the negotiation process**

## **Preparation**

Analysis of the  
situation,  
Identification of  
Batna

Planning of  
strategies  
and Actions

Negotiation  
information  
exchange

Conclusion -  
joint  
decision

**10% of the time used**

**90%** of the time used

# Preparation, preparation, preparation

## Interests

- The needs, concerns, goals, desires, and fears that motivate us to negotiate
- The level of their fulfillment measures the success of negotiators

## Alternatives

- The walk-away possibilities that each party has if no agreement is reached
- BATNA
- ZOPA

## Options

- All of the possibilities on which the parties might agree

## Norms or standards

- External criteria against which to measure possible agreements
- These criteria include: industry standards, market prices, expert or third-party opinion laws, regulations



# What is culture?

Culture is complex

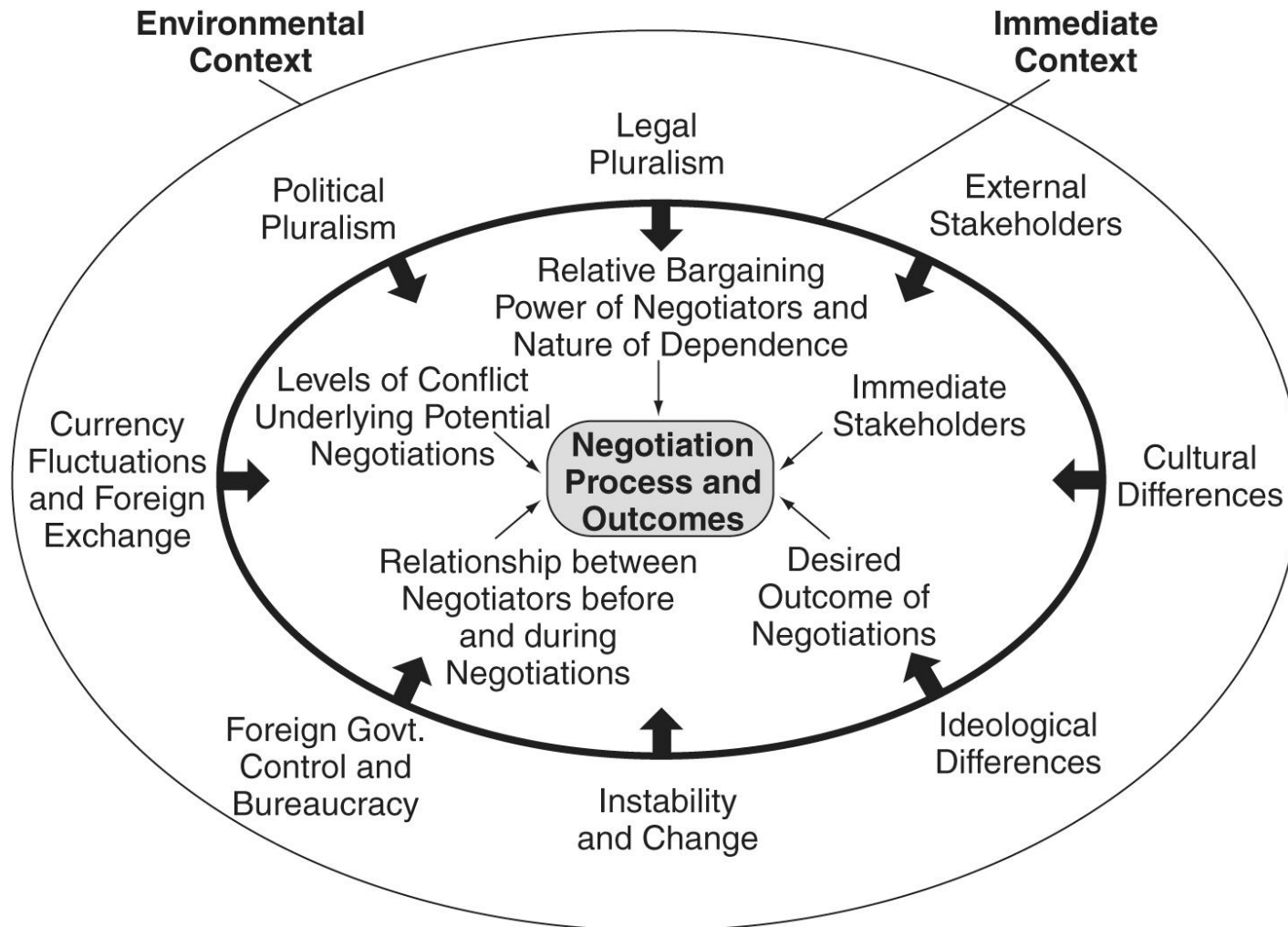


# Big vs. Small Cultural Differences



- Big differences are
  - Obvious
  - Easy to Understand
- **Mistakes are expected and easily forgiven**

# The Contexts of International Negotiations





# Hofstede's Cultures Ranking in the Top 10

Cultures Ranking in the Top 10 on the Cultural Dimensions  
Reported by Hofstede (1991)

Individualism	Power Distance	Assertiveness	Uncertainty Avoidance
1. United States	1. Malaysia	1. Sweden	1. Greece
2. Australia	2. Guatemala	2. Norway	2. Portugal
3. Great Britain	Panama	3. Netherlands	3. Guatemala
4. Canada	4. Philippines	4. Denmark	4. Uruguay
Netherlands	5. Mexico	5. Costa Rica	5. Belgium
6. New Zealand	Venezuela	Yugoslavia	Salvador
7. Italy	7. Arab countries	7. Finland	7. Japan
8. Belgium	8. Ecuador	8. Chile	8. Yugoslavia
9. Denmark	Indonesia	9. Portugal	9. Peru
10. France	10. India	10. Thailand	10. Argentina
Sweden	West Africa		Chile
			Costa Rica
			Panama
			Spain

Source: Based on G. Hofstede, *Culture and Organizations: Software of the Mind* (London, England: McGraw-Hill, 1991). Reproduced with permission of the McGraw-Hill Companies.



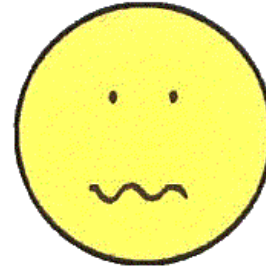
# Define your value - system

honesty (E), peace (8), competition (7), mindfulness (E), esteem (E), recognition (7), prestige (7), education (8), culture (2), health (5), security (3), decency (E), sincerity (E) perseverance (E), authenticity (E), children (3), purposefulness (7), optimism (E), appreciation (E), courage (E), wisdom (E), art (2), safety (6), modesty (E), sobriety (E), stability (E), character/personality (E), power (7), harmony (3), vitality (5), love (3), authority (7), profit (6), mind (8), pleasure (5), humility (E), honour (E), ambition (7), empathy (4), leisure (2), richness (6), thought (8), sense (1), individuality (E), self-respect (E), status/position (6), discipline (E), income (6), engagement (E), involvement (8), liberty/freedom (E), creativity (8), ethics (1), glory (7), activity (5), friends (4), delight (2), hospitality (4), patience (E), fun (2), willpower (E), assiduity (E), relaxation (2), helpfulness (4), money (6), peace of mind (2), responsibility (1), frugality (E), society (4), belief (1), goodness (E), loyalty (4), career (7), fitness (5), zest for life (2), pension funds (6), order (E), sexuality (3), family (3), intuition (1), competence (8), conscience (1), cheerfulness (E), geniality (3), hope (E), politeness (E), gratitude (E), spirituality (1), reliability (E), collecting (2), confidence (E), integrity (4), punctuality (E), knowledge (8), humour (2), idealism (E), camaraderie (4), ability (8), property (6), tenderness (3), beauty (5), level-headedness (5), power (5), learning (8), teaching (8), luxury (6), religion (1), philosophy (1), charisma (E), socialness (4), moderation (E), sympathy (4), motivation (7), charity (E), fairness (E), wealth (6), calmness (E), truth (8), nature (5), duty/obligation (E), fantasy (E), self-awareness (E), thriftiness (6), travelling (2), community (3), self-confidence (E), self-realization (E), solidarity (4), steadfastness (E), quietness (1), change (2), respect (4), care (3), energy (5), strength (5), balancing (3), independency (6), enthusiasm (E), braveness (E), tolerance (E), faithfulness (3), rationality (E), achievement (7), influence (7), adventure (5), trustworthiness (E), truthfulness (E), moral courage (E), heritage: to leave back something good and making sense to posterity (1)

•

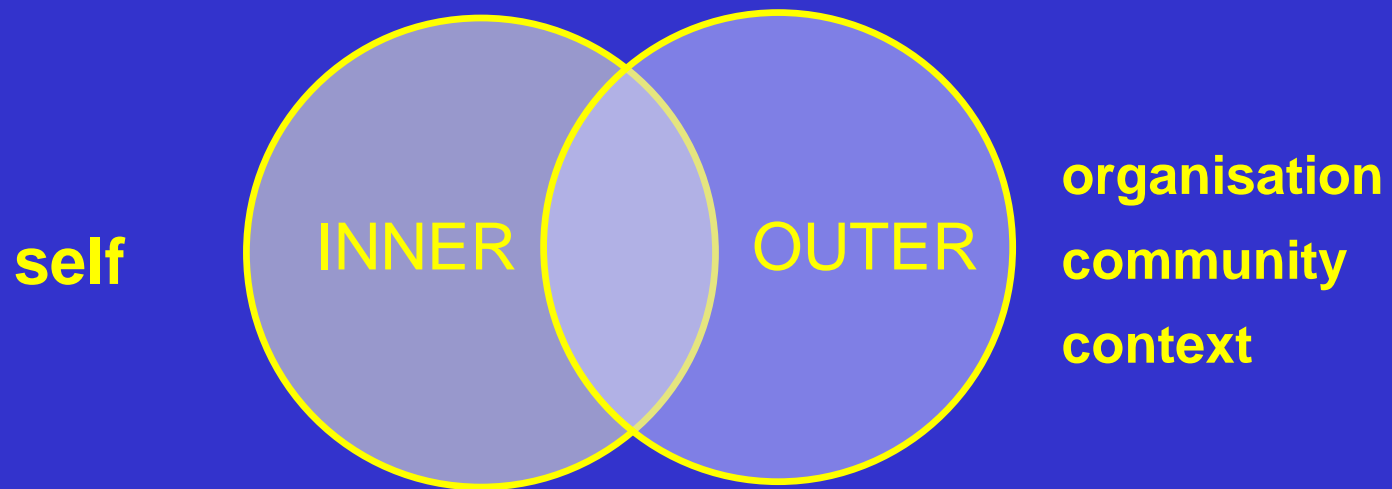
# Emotions

- Sad
- Mad
- Glad
- Scared

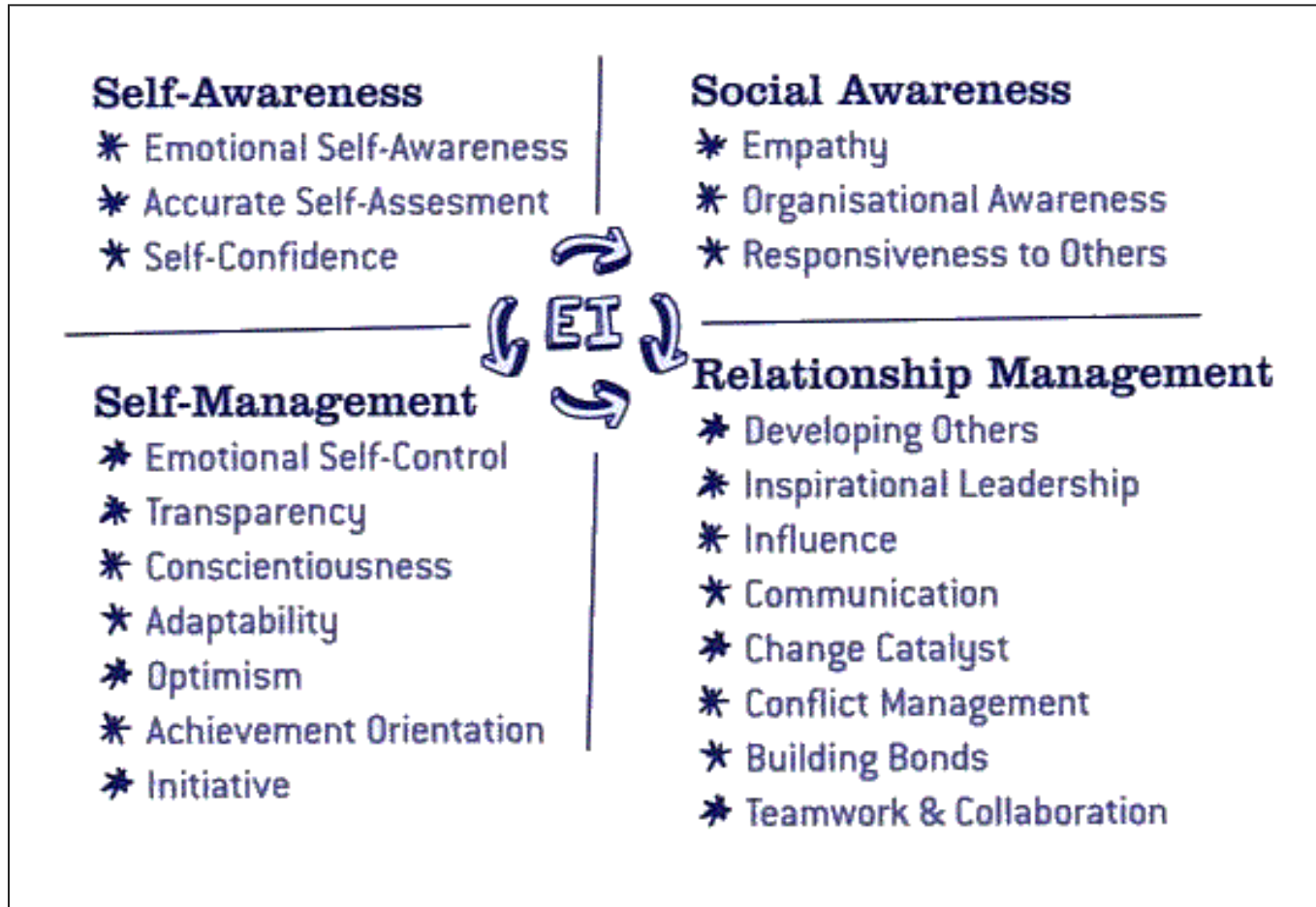


# EMOTIONAL INTELLIGENCE

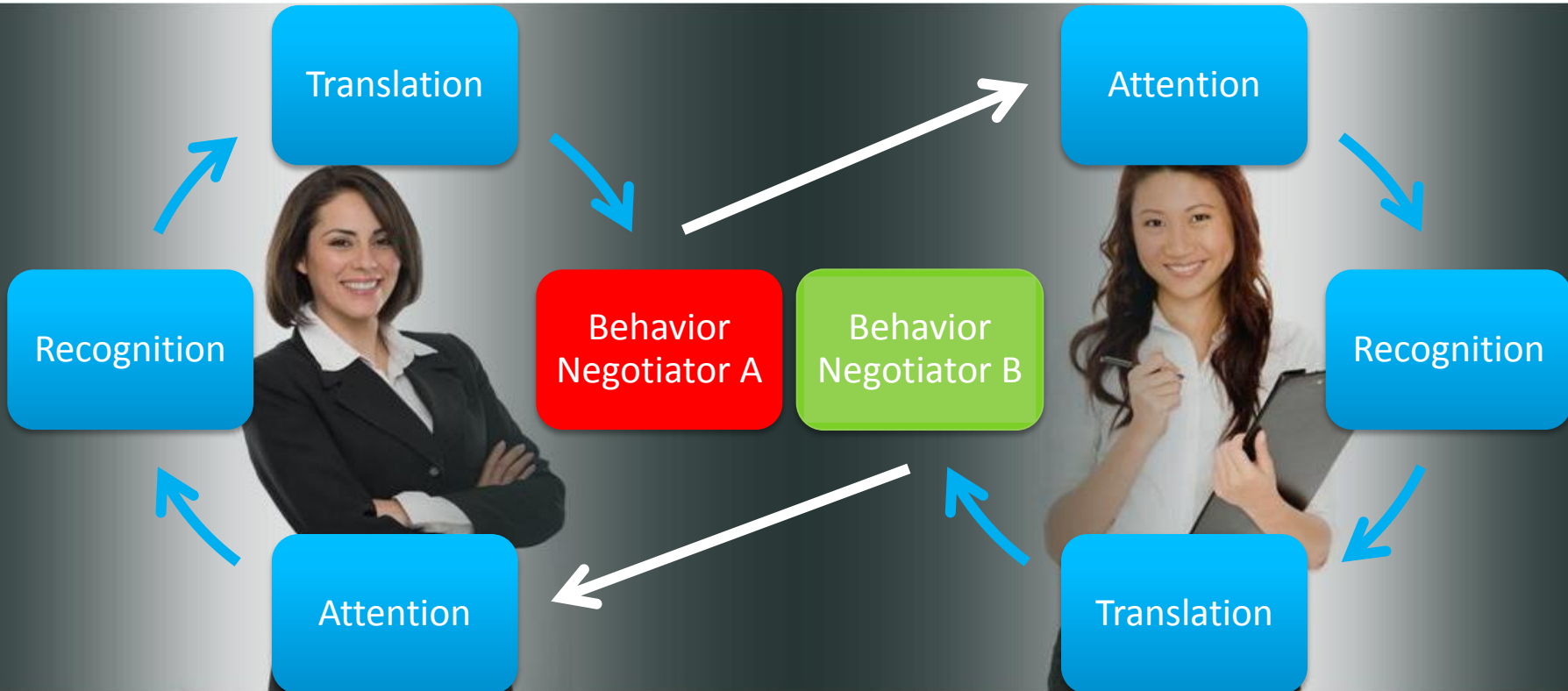
## THE INNER AND THE OUTER



# Look at the arrows...

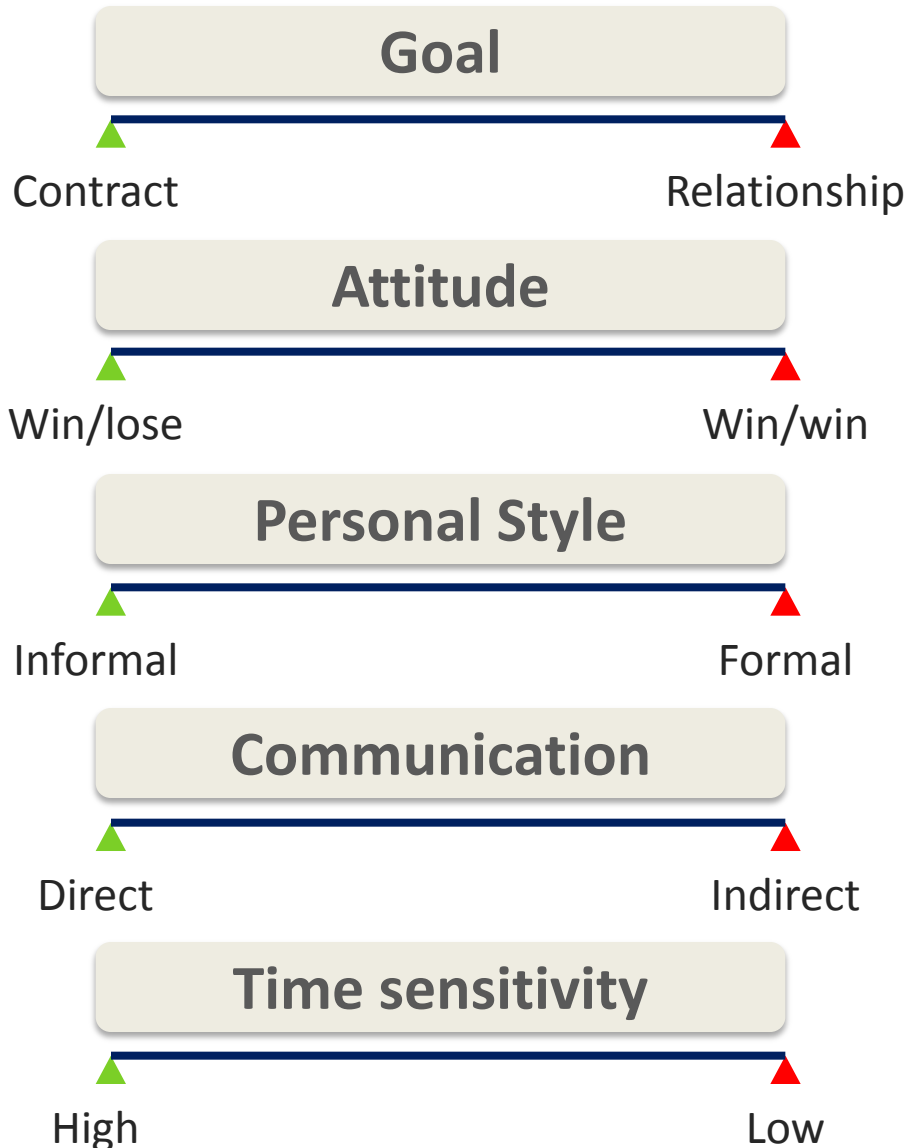


# Perception intensifies cultural differences in negotiation





# How culture affects negotiation



Negotiation Factor	Direction	ARG	BRZ	CHN	FRN	GER	IND	JPN	MXC	NGR	SPN	UK	USA
Goal	Contract	46	67	45	70	54	33	55	42	47	74	47	54
Attitudes	Win/Win	81	44	82	80	55	78	100	50	47	37	59	71
Personal Styles	Formal	35	22	46	20	27	22	27	42	53	47	35	17
Communications	Indirect	4	11	18	20	9	11	27	0	0	0	12	5
Time Sensitivity	Low	15	0	9	40	36	44	9	33	7	21	6	15
Emotionalism	High	85	89	73	60	36	56	55	83	60	79	47	74
Agreement Form	General	27	22	27	30	45	44	46	17	20	16	11	22
Agreement Building	Top Down	70	42	54	67	54	74	45	33	47	46	54	47
Team Organization	One Leader	58	100	91	40	55	44	55	91	40	58	65	63
Risk Taking	High	73	56	82	90	72	89	18	50	73	47	88	78

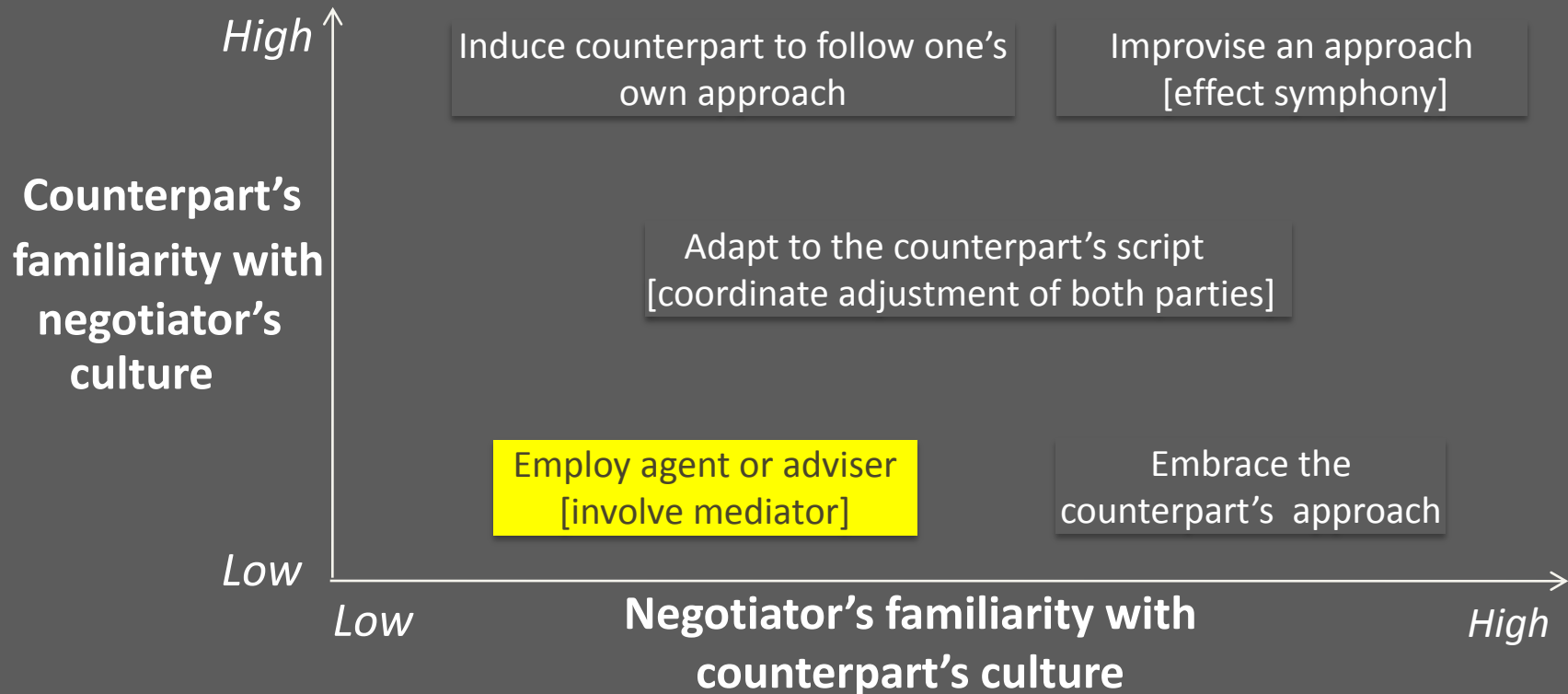
# Verbal Tactics (per ½ hour session)

Behavior	US	Brazilian	Japanese
<b>Promise</b>	<b>8</b>	<b>3</b>	<b>7</b>
<b>Normative</b>	<b>2</b>	<b>1</b>	<b>4</b>
<b>Commitment</b>	<b>13</b>	<b>8</b>	<b>15</b>
<b>Self-Disclosure</b>	<b>36</b>	<b>39</b>	<b>34</b>
<b>Command</b>	<b>6</b>	<b>14</b>	<b>8</b>
<b>“No’s”</b>	<b>9</b>	<b>83.4</b>	<b>5.7</b>
<b>Profit level</b>	<b>57.3</b>	<b>75.2</b>	<b>61.5</b>
<b>Initial concessions</b>	<b>7.1</b>	<b>9.4</b>	<b>6.5</b>

# Nonverbal Tactics

Behavior	US	Brazilian	Japanese
Silent periods (per 30 min.)	3.5	0	5.5
Conversational overlaps (per 10 min.)	10.3	28.6	12.6
Facial gazing (minutes per 10 min.)	3.3	5.2	1.3
Touching (per 30 min.)	0	4.7	0

# Culturally responsive strategies

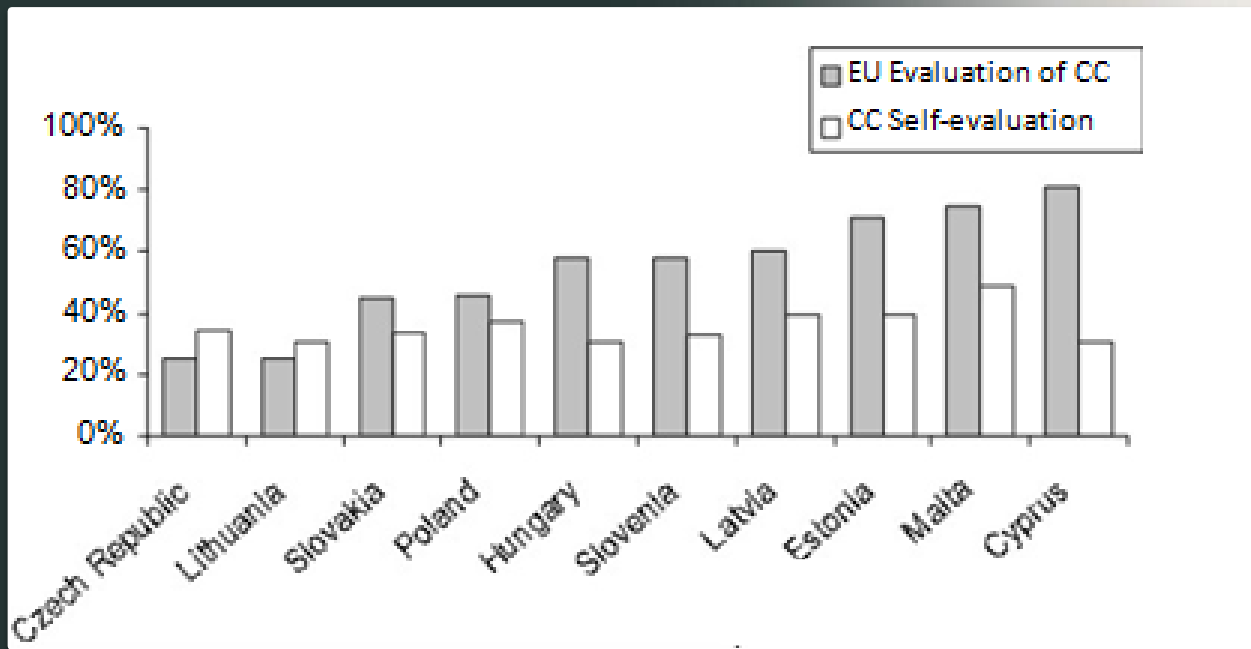


Source: Weiss (1994)



## Selected research results - very hard to estimate power and emotions

### Bending in Power – Candidate Countries



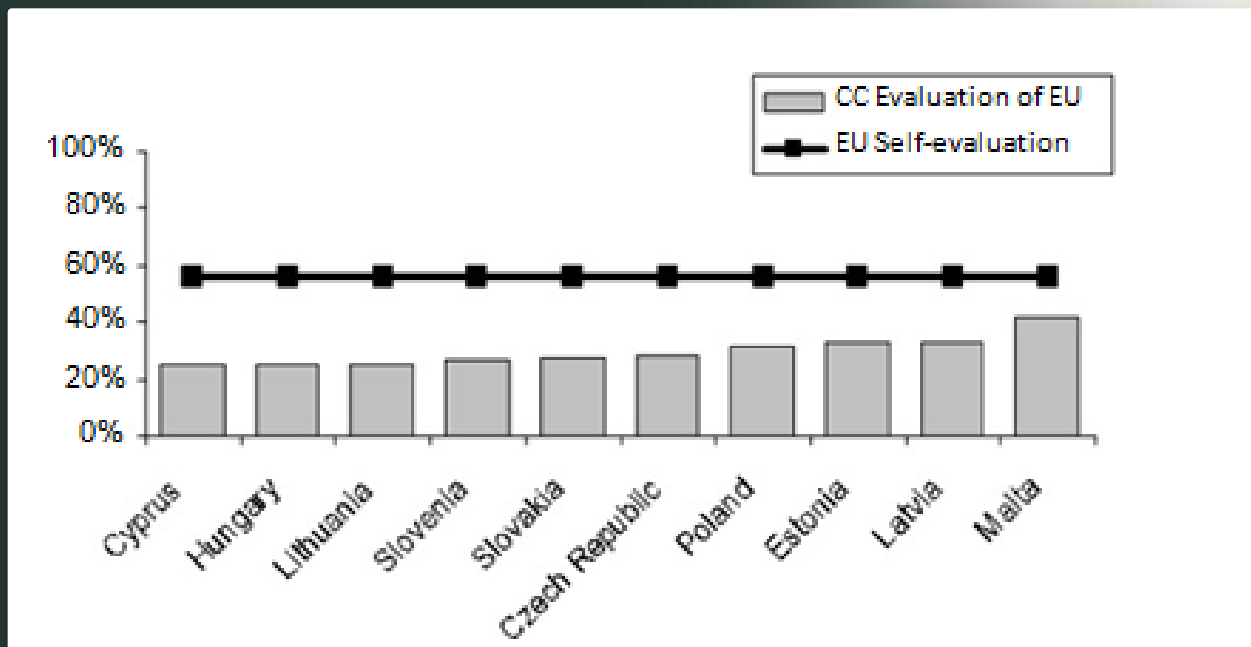
Source: based on Salacuse 1999, Weiss 1994.

*There is a considerable difference between candidate countries' estimation of their own power and the EU evaluation.*

**Most of the candidate countries thought they were more dominant than what was perceived by the EU.**

## Selected research results - very hard to estimate power and emotions

### Bending in Power – EU15

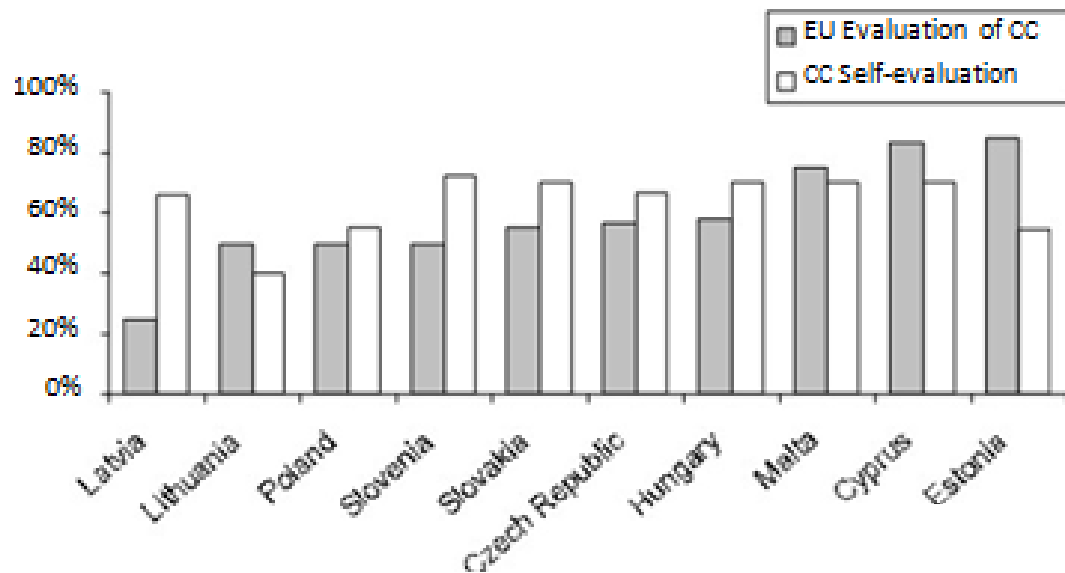


Source: based on Salacuse 1999, Weiss 1994.

*The EU representatives evaluated their power consistently higher than the values submitted by the candidate countries.*

## Selected research results - very hard to estimate power and emotions

### Low Emotionalism – Candidate Countries



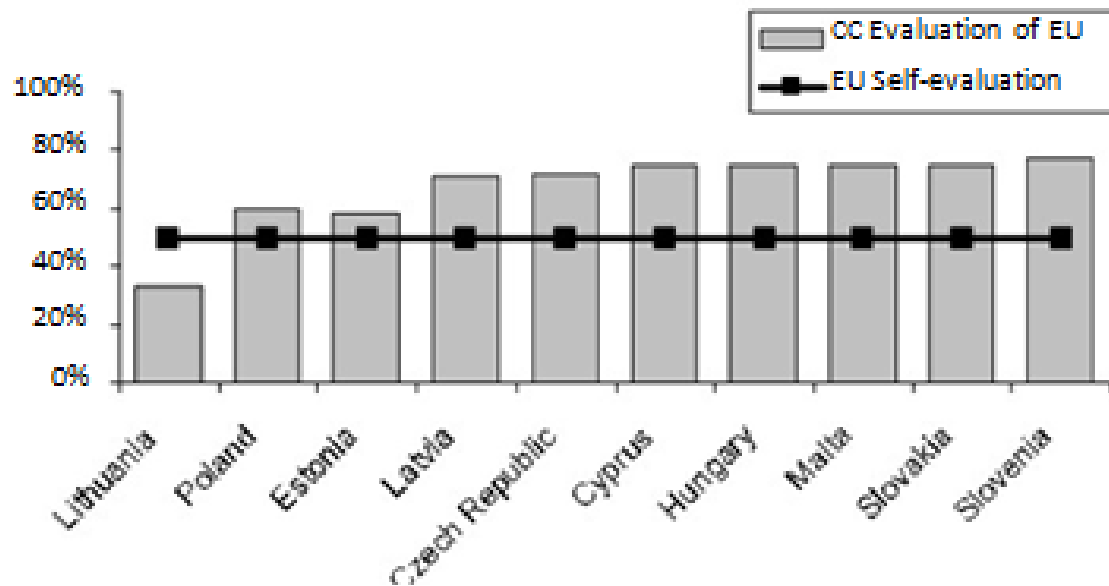
Source: based on Salacuse 1999, Weiss 1994.

*There is a considerable difference between candidate countries' estimation of their own level of emotionalism and the EU evaluation.*

**Positive and negative differences occur almost equally often.**

## Selected research results - very hard to estimate power and emotions

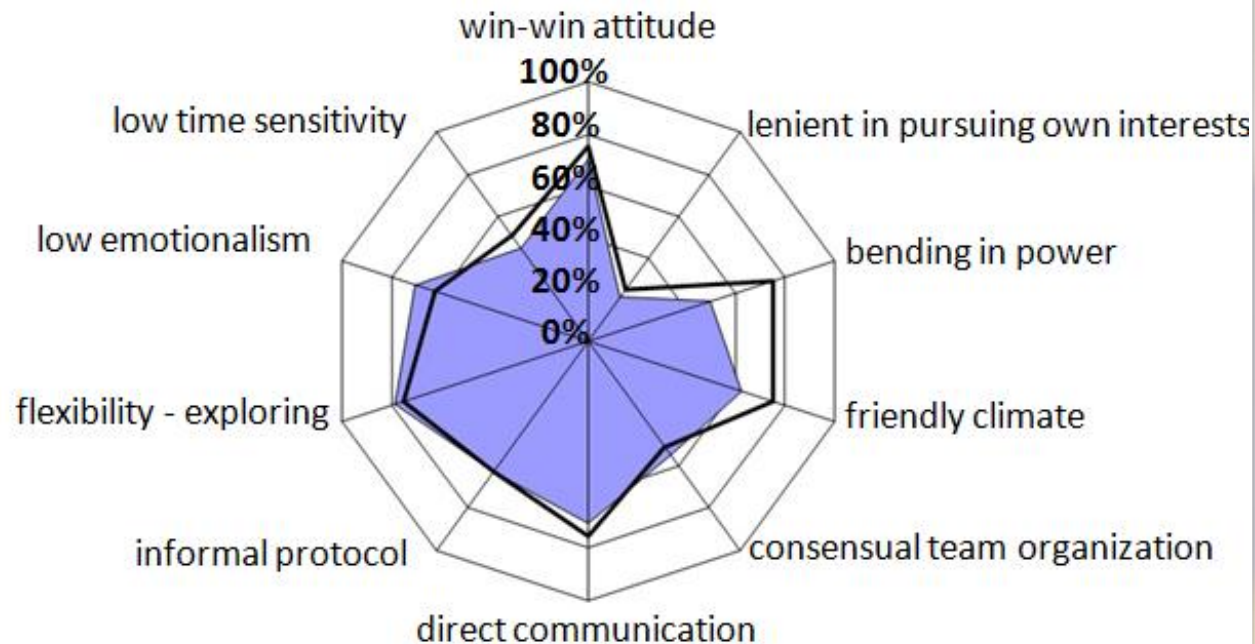
### Low Emotionalism – EU15



Source: based on Salacuse 1999, Weiss 1994.

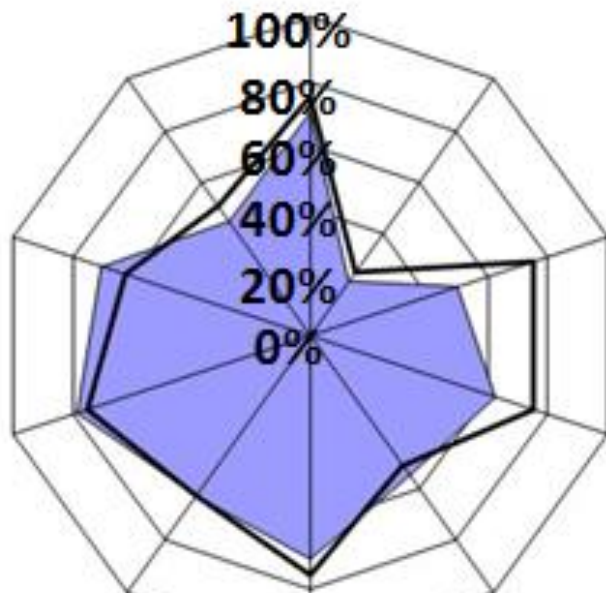
*The EU representatives evaluated their level of emotionalism consistently lower than the values submitted by the candidate countries.*

## Malta - negotiation role model

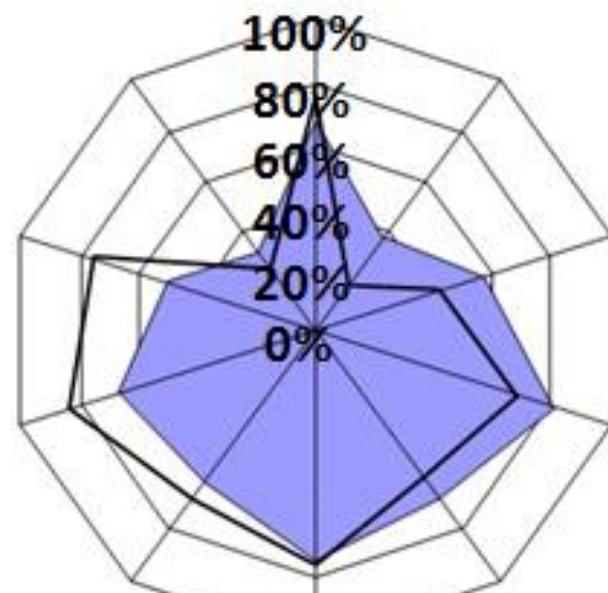




## Malta - negotiation role model

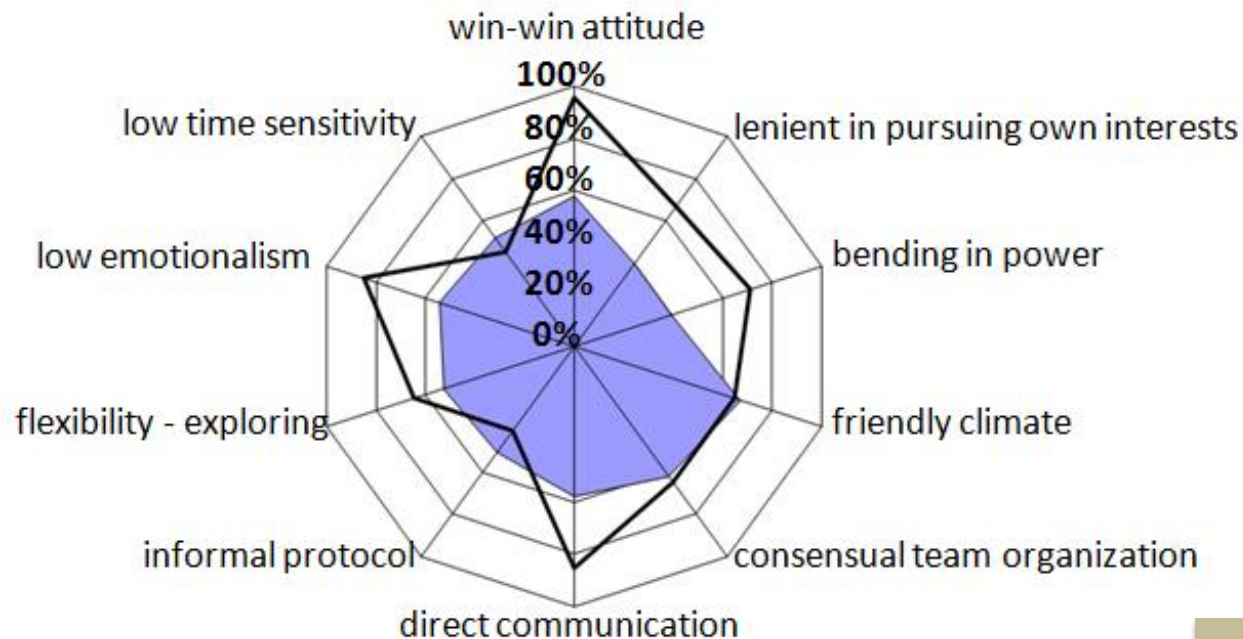


Malta



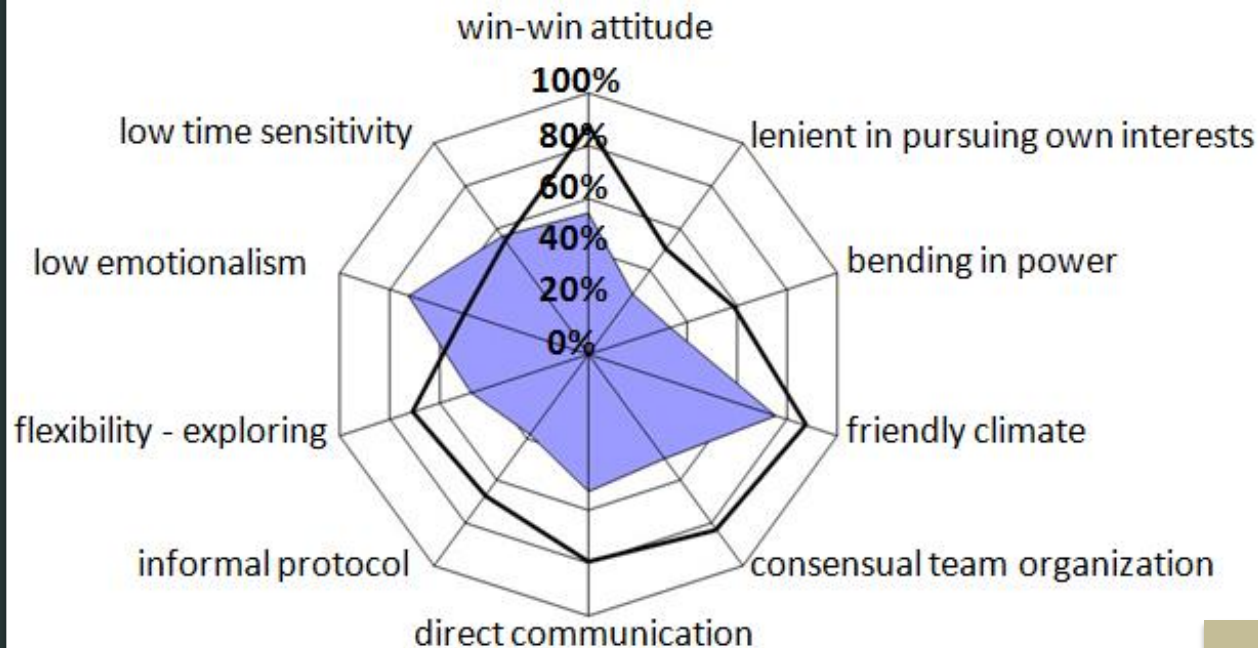
EU

## Estonia and Slovenia - positively misunderstood?



Estonia

## Estonia and Slovenia - positively misunderstood?



Slovenia

## Conclusions

In the analysis of complete negotiating profiles of selected acceding countries, we observed that the **countries that**

**negotiated a high number of transitional agreements demonstrated** at least one of the following characteristics:

**High similarity between their self-evaluations and the evaluations submitted by the EU respondents**

and/or

**High similarity between the acceding country's and the EU15's negotiating profiles established based on their mutual evaluations.**

# Culturally responsive Negotiation strategies

