Negotiating Globally
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Preface

If you must negotiate deals, resolve disputes, or make decisions in multicultural environments, this book is for you. If you have had formal training in negotiations but no training in culture, the book will extend your negotiating skills and knowledge across cultural boundaries. Be prepared to discover that old, familiar negotiation concepts, such as power and interests, take on somewhat different meaning in different cultures. If you have had no formal training in negotiations, the book will introduce you to all the fundamental concepts in negotiation and explain how the concepts apply in different cultural settings.

Although the book emphasizes negotiations in a multicultural business environment, its advice is relevant not just to managers and management students who expect to be negotiating across cultural boundaries but also to lawyers and law students, and to government officials and students of public policy who are concerned with economic development in a global environment. Global negotiations occur in multiple legal, political, social, and economic environments. International agencies and national and local government officials are frequently at the table in negotiations that cross cultural boundaries.

Negotiating Globally focuses on national culture, because nation-state boundaries are both geographical and ideological. The ideology or theory underlying a nation’s social, economic, legal, and political institutions affects the way people interact. When negotiators are from the same culture, ideology is the backdrop against which deals and decisions are made and disputes are resolved.
When negotiators are from different cultures, each may rely on different assumptions about social interaction, economic interests, legal requirements, and political realities.

In today’s global environment, negotiators who understand cultural differences and negotiation fundamentals have a decided advantage at the bargaining table. This book explains how culture affects negotiators’ assumptions about when and how to negotiate, their interests and priorities, and their strategies: the way they go about negotiating. It explains how confrontation, motivation, influence, and information strategies shift due to culture. It provides strategic advice for negotiators whose deals, disputes, and decisions cross cultural boundaries.

**Researching Multicultural Factors**

Until recently, most of the knowledge about how to negotiate deals, resolve disputes, and make decisions in teams came from U.S. researchers studying U.S. negotiators negotiating with other U.S. negotiators. The evidence is overwhelming that U.S. negotiators leave money on the table when they negotiate deals, escalate disputes to the point where costs outweigh gains, make suboptimal decisions in teams, and allow their emotions to interfere with outcomes.1 Their outcomes also often fall short of the outcomes they could have obtained if they had integrated their interests fully with those of the people across the table.

Armed with knowledge about this gap and what can be done about it, my colleagues at the Kellogg School of Management at Northwestern University and I have worked with thousands of students, managers, and executives who wanted to improve their negotiation skills. In the early 1990s our student population and their interests started to shift. Managers from all over the world began to come to our executive programs. We were invited to teach negotiation in Europe, Latin America, and Asia. Kellogg’s students became decidedly international. We could not avoid dealing with the
question of whether what we were teaching applied across cultures. Was the same gap present in other cultures, or was it exclusively a U.S. problem? Would the same skills close the gap in other cultures? What about negotiating across cultures? What adjustments needed to be made to take what we knew about negotiations effectively across cultures?

These questions motivated the research that underlies this book. The task was to determine how culture affects negotiation processes and outcomes in the settings of deal making, dispute resolution, and multicultural team decision making. Since 1992, I have traveled widely and worked with scholars around the world, studying how managers negotiate in different cultures and also how they negotiate across cultures. We have talked with managers from many different cultures about their strategies, collected their stories, and shared some of our own. But we have also systematically collected data on their strategies, processes, and outcomes, using the same methods that we have used with U.S. managers. These data provide a strong foundation for the insights in the book, its illustrations of cultural differences in negotiation, and the strategies it recommends.

The book is not about how to negotiate in Israel, Russia, Japan, Brazil, Thailand, Spain, India, France, Germany, Sweden, or China—all countries where managers and management students have helped us understand culture and negotiation and where we have done research. Instead, the book focuses on what we know theoretically and empirically about negotiation and how negotiation strategy needs to be modified and expanded to take cultural differences into account. Rather than advice about how to act when in Rome negotiating with a Roman, the book provides practical advice about how to manage cultural differences when they appear at the bargaining table. The book challenges negotiators to expand their repertoire of negotiation strategies, so that they are prepared to negotiate deals, resolve disputes, and make decisions regardless of the culture in which they find themselves.
The Plan of the Book

If you are already an experienced negotiator, having closed deals, resolved disputes, and even taken a negotiation course or workshop, the basics in Chapter One should be familiar. Chapter One describes the different venues for negotiation: deal making, dispute resolution, and multicultural team decision making—and introduces fundamentals of negotiation strategy. It describes how to develop a negotiation planning document and how to execute a plan with respect to choices regarding confrontation and integrative versus distributive strategy.

Chapter Two introduces culture and provides a model explaining how culture affects negotiators' interests, priorities, and strategies.

Chapter Three provides criteria for distinguishing good deals from poor ones. It explains distributive and integrative negotiations. Understanding these two types of negotiation will significantly improve your deal making, so Chapter Three offers a concrete analysis of a negotiation with integrative potential. The main ideas in the chapter are illustrated with data from Israeli, Chinese, German, Japanese, Brazilian, Indian, and U.S. negotiators. You will notice that negotiators all over the world leave about the same amount of money on the table when negotiating deals: outcomes are quite similar across cultures. However, the strategies negotiators use to make deals are cultural and distinct.

How culture affects negotiation strategy is the main theme of Chapter Four. You may already know about integrative negotiations, but do you know how to get the information you need to construct an integrative deal when the other negotiator is from a culture such as China's, where negotiators may be reluctant to answer questions directly? The chapter relies heavily on our research to describe how negotiators around the world get and use information and influence in negotiation. It also reveals the effect of such strategies on integrative and distributive outcomes.

Chapter Five moves from making deals to resolving disputes. Few books on negotiation address dealing (buying and selling) and
disputing (claiming and counterclaiming) separately. But in some cultures managers negotiate directly and aggressively when making deals but do not do so when trying to resolve disputes. This makes the strategies needed to resolve disputes across cultures not quite the same as those that are needed to make deals. The chapter provides negotiators with practical advice about how to resolve conflict via direct confrontation and how to use peers, bosses, and information indirectly to confront and resolve conflict.

Chapter Six discusses what options negotiators have when dispute resolution negotiations breaks down. In the global environment, there is no culturally common or culturally neutral legal system to turn to when negotiations reach an impasse. The chapter discusses third-party conflict resolution, suggests where to find appropriate third parties, and gives advice on how to select them.

Chapter Seven focuses on multicultural teamwork, using rich examples from the experience of many multicultural team members to illustrate the challenges. It discusses task and procedural and interpersonal conflict in teams, and introduces collaboration models to manage procedural conflict. The chapter suggests how team leaders and members can make high-quality integrative decisions and manage conflict. It also argues that multicultural teams cannot be left to their own devices to make decisions and manage conflict as best they can.

Social dilemmas, the topic of Chapter Eight, are special cases of team decision making. Teams with members representing many different nations currently are struggling with dilemmas concerning global resources, including forests, fisheries, air, and water. Social dilemmas are multiparty extensions of the famous Prisoner’s Dilemma. If everyone on the team acts to maximize personal gain, everyone is worse off than if everyone acts to maximize collective gain; yet acting to maximize personal gain is always better for the individual team member. The chapter describes different types of social dilemmas and how to manage them.

Chapter Nine returns to some of the cultural themes in Chapter Two, this time analyzing the role of government in global negotiations.
It looks at government’s interests, including power, economic development, security, and sometimes personal enrichment. The chapter also examines the interests of foreign investors: political and economic stability, dealing with corruption, keeping employees safe, and reducing human rights abuses.

The final chapter addresses the question of whether Western negotiation strategies will soon dominate global negotiations, just as English dominates global communications. It also gives some final advice about how to adjust to the challenges of negotiating globally.

**New in This Edition**

The second edition of *Negotiating Globally* has benefited from the feedback I’ve received from those reading the first edition and using it in the classroom. Chapters One and Two have been restructured to introduce negotiation basics and cultural factors separately and in more depth. Chapter Four is all new. Readers of the first edition will see other new content and organization throughout, along with many new examples.

Chapter Seven has much new material based on our study of the challenges faced by multicultural teams. It also introduces the new idea of collaboration models to manage cultural differences in team processes. Chapter Nine has new sections, one about keeping your employees safe and negotiating with hostage takers, the other about public interests and human rights.

For this new edition, there are supplementary materials on the accompanying CD-ROM. The CD-ROM is organized by relevant chapter of the book. It contains charts and forms, additional reading, and real-world cases and problems. Information related to case and problem solutions is available on-line only to instructors who are teaching a course on negotiations. However, the CD-ROM materials should be useful to you, the reader, whether or not you are enrolled in a course. You will notice CD-ROM callouts referring to this material throughout the book.
Handling Terms

Between the language used to talk about negotiation and the language used to talk about culture, there are an awful lot of terms in this book that have specific meaning in the context of negotiation. Part of becoming a better negotiator is learning negotiation strategies. Unfortunately, all these strategies have names. Do not get annoyed by terminology. There is a glossary at the back of the book! The sooner you learn negotiation terminology, the sooner you will be able to incorporate new negotiation strategy into your own negotiations.

Negotiating globally is not easy, but it can be made easier by paying close attention to negotiation strategy and knowing how to adjust your strategy when you cross cultural boundaries.

Evanston, Illinois
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Jeanne M. Brett
To all the negotiators who shared their experiences so that others could learn
Acknowledgments

Since the 2001 edition of Negotiating Globally I have had the privilege of continuing to do research with old collaborators and the opportunity to do research with some new ones. I have also been traveling and talking to managers whose experiences negotiating globally I have documented in new data and new stories in the 2007 edition.

Several new collaborations have had a major impact on the revision of Negotiating Globally. Chapter Four in the 2007 edition, on culture and the negotiation process, grew out of Wendi Adair’s dissertation, our subsequent collaboration on the “Dancers” paper, and a new study with Wendi and Laurie Weingart on offers. In 2002, when I was still recovering from writing the first edition, Michele Gelfand persuaded me to join her in hosting a conference on culture and negotiation, the papers from which are collected in The Handbook of Culture and Negotiation (Stanford University Press, 2005). She particularly encouraged me to think about culture as being embedded in knowledge structures—a new idea that is introduced in the heavily revised Chapter Two. Research with Maddy Janssens on fusion collaboration processes in multicultural teams is introduced in revised Chapter Seven, which covers multicultural teams. Kristin Behfar and Mary Kern insisted I join them in a study of the challenges managers face when on multicultural teams. Am I glad I did! Although I cannot thank the managers who shared their experiences with us by name, their stories, usually told with a lot of self-insight and humor, are scattered throughout the book—from the manager who “almost had an attack” when the Koreans
wanted to start over at the beginning of the agenda to the American woman given office space in a storage closet at her company’s Japanese affiliate to the American manager running a call center in India telling us “I don’t care if you say you’re Sue from Indiana, our customer knows you’re not.” Most recently, Susan Crotty has been challenging me to think about pluralism in multicultural teams, but you’ll have to wait for her dissertation or the next edition of *Negotiating Globally* to benefit from what we are learning about how teams manage cultural diversity.

When I wrote the acknowledgments in 2001, I said what a great privilege I had had to work in an environment in which many scholars were investigating negotiations. Although my colleagues at the time, Max Bazerman and Margaret Neale, have moved to other schools, I continue to be grateful to them for the energy they gave to the study of negotiations at Kellogg. My colleague Leigh Thompson is still at Kellogg and, joined by Keith Murnighan and Adam Galinsky, we still have an active incubator for negotiation research. Other colleagues not at Kellogg have been long-time collaborators—a sign of how much we continue to teach each other. For example, Laurie Weingart and Mara Olekalns continue to challenge my understanding of the negotiation process and make me learn new statistics! Zoe Barsness, Maddy Janssens, Anne Lytle, Catherine Tinsley, and I spent two years in the early 1990s studying the cross-cultural research in psychology and developing facility with cross-cultural research paradigms. The two chapters we published in 1995 and 1997 about how to do cross-cultural research have served us well, but more important, they continue to be in demand today—a testimony to the scholarship that resulted from this collaboration.¹ Anne Lytle’s dissertation was our first comparative cross-cultural negotiation study. The study of U.S.-Japanese intercultural negotiations that I conducted with Tetsushi Okumura was our first attempt to understand cross-cultural negotiations. Catherine Tinsley’s dissertation and the subsequent research done jointly with her provided many of the ideas for the chapter on dispute resolution. Research done with Maddy Janssens and Ludo Keunen
enriched my understanding of multicultural teams. Studies done with Laurie Weingart and Debra Shapiro, along with research they have done without my involvement, have enriched my thinking about multicultural, multiparty, multi-issue negotiations in a global context. Kim Wade-Benzoni and Tetsushi Okumura worked with me to understand social dilemmas. More recently, my Kellogg colleague Angela Lee has been challenging me to understand fairness perceptions in social dilemmas. James Gillespie, Wendi Adair, Shirli Kopelman, Dania Dialdin, and Ashleigh Rosette have stimulated my thinking about what happens when cultures clash and were involved in collecting the U.S.-Israeli, U.S.-German, and U.S.-Hong Kong Chinese intercultural data. Wendi Adair became the expert on reciprocity in negotiations, Shirli Kopelman on social motives and social dilemmas, Dania Dialdin on distributive negotiations, and Ashleigh Rosette on virtual negotiations.

I owe an enormous intellectual debt to all of these people. I hope that they have learned as much and enjoyed as much working with me as I have with them. I am confident that they will not agree with all my conclusions and encourage the interested reader to seek out the original research papers and my colleagues’ independent work.

Max Bazerman and Ann Tenbrunsel wrote the original exercise on which Cartoon was based. I am grateful to them for letting us adapt it for research and use it in this book. The dispute between U.S. and Chinese joint venture managers described in Chapter Five was inspired by an example given by Karen Jehn at the 1998 International Association of Conflict Management meeting at the University of Maryland. The rattling bicycle story was told by Jeff Palmer at the 1999 International Executive Masters Program at the Kellogg School of Management. Madame Petit’s grandson shared the book and the pumpkin story with her shortly before she died.

Much of the research underlying this book was supported by the Dispute Resolution Research Center at the Kellogg School of Management, Northwestern University. I appreciate the willingness of the members of the center’s research committee—Keith Murnighan,
Margaret Neale, Max Bazerman, Adam Galinsky, and Michael Roloff—to comment on and ultimately to invest in cross-cultural research.

So many people have helped in the research for and production of the book, including Northwestern undergraduate students and DRRC staff. For the first edition, students Man Ho Han and Sara Bachman managed the data sets, and Michael Teplitksy and Sara Bachman worked on the references. Linda Stine produced the tables and figures, Jason Bladen formatted the book, and Mary Kern read the proofs. Anne Lytle, Maddy Janssens, Jacques Tibau, Wendi Adair, Zoe Barsness, Judy Krutky, Julianna Gustafson, and several anonymous reviewers gave me wonderful feedback, support, and encouragement in making the final revisions. For the second edition, students Raina Dong, Martin Siow, and Brian Tam managed the data sets, and Minjee Kang formatted the book and worked on the references. Nancy McLaughlin was the book’s all-around troubleshooter. Jenny McGrath produced the book for the publisher.

The staff of the Dispute Resolution and Research Center—Rachel Hamill, Margaret Dash, Linda Stine, and Jason Bladen for the first edition, Nancy McLaughlin, Nicole Lehning, and Jennifer McGrath for the second edition—have been extraordinarily gracious in supporting my getting the book written. I am sure they are looking for another project for me so that I will not be tempted to meddle in their competent and independent running of the center.

Jossey-Bass gave me a developmental editor to work with for the second edition. Although I have never met Alan Venable, I am extremely grateful for all his gentle direction, the timeliness of his feedback, and his unfailing enthusiasm for the book.

There is no way to properly thank my host professors and all the participants in the executive, M.B.A., and law programs I have had the pleasure to work with since 1981. Professor Bala Balachandrin invited me to teach in India; Dean Israel Zang, to teach in Israel; Professor Eric Langeard (deceased), to teach in France; Professor Akihiro Okumura, to teach in Japan; Professor Bing Xiang, and
more recently Professor Zhixue Zhang, to teach in China; Professor Toemsakdi Krishnamra, to teach in Thailand; Professor Steve Chi, to teach in Taiwan; and Professor Lourdes Munduata, to help her teach in Spain. Dean Donald Jacobs made the negotiations course a major element of the Kellogg curriculum, and later encouraged me to extend the course cross-culturally.

I am deeply grateful to all the participants in these programs and in Kellogg’s M.B.A. and Executive Masters programs for sharing their negotiation insights and experiences. I hope that what you learned from me has helped you understand as much about negotiations as what I have learned from you. I see you again from time to time at Kellogg alumni events around the world, in airports, on the lakefront, and in cards and e-mails in which you bring to my attention the odd negotiation term that catches your eye in an ad or a street sign. These brief interchanges do not do justice to my debt to you. You have made all that Kellogg has supported in the area of negotiations possible. Bob Dewar, my department chairman in 1981, encouraged me to take the risk and teach a negotiation course. My husband, Steve Goldberg, gave me the idea to do it in the first place and then negotiated with the faculty at Harvard Law School to let me use their cases, even to write the lawyers out! Seventeen students took the course that first year. It was student response in 1982 that brought the course to the attention of Dean Jacobs and caused our infamous negotiation over class size and the beginning of Kellogg’s incubator for teaching new negotiations faculty. It was the student response that moved the course from an elective to a core course in the Executive Masters Program, and that encouraged those running Kellogg’s far-flung joint ventures to bring their participants to Evanston for the opportunity to learn negotiations in an intercultural setting. It was the student support that justified hiring Max Bazerman and then Maggie Neale and Leigh Thompson, and Adam Galinsky. Their research, along with that of psychologists Reid Hastie and Tom Tyler, game theorists Roger Myerson and Robert Weber, and law professor Stephen Goldberg, allowed us to seek the support of the William and Flora Hewlett Foundation and
develop the Dispute Resolution Research Center. Funding from the Hewlett Foundation and the Alan and Mildred Peterson Foundation has been instrumental in making Kellogg not just a major site for teaching negotiation but also a major negotiations research center. Thank you to everyone who has made Kellogg’s negotiations initiative possible.

My daughters, Gillian and Amanda Goldberg; my husband, Steve Goldberg; and my gardens all learned to get along with less attention as the first edition of the book took shape. Gillian and Amanda avoided the worst of the second edition, leaving the responsibility to balance the responsibilities of the second edition with the rest of life in their father’s competent hands.

—J.M.B.
The Author

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