# NAC **Executive Insights**

# Cross-Cultural Factors

## Key Points

- Cross-cultural factors encountered in business are described from a US perspective.
- A recognized methodology for characterizing cultures is described and the relative strength of various cultures along these characteristics provided.
- Situational examples are topically provided, highlighting differing perspectives by culture.
- Examples from the author's experience are provided to highlight the importance of cross-cultural factors.

## Introduction

This Executive Insight looks at some cross-cultural factors that are encountered in the conduct of business and are written from a US perspective. It is important to define the limitations in the scope of this Executive Insight:

- It does not cover all possible cultures a US engineering and construction company may encounter in conducting its business and executing its projects.
- By definition, the comparisons are generalizations and as such may not reflect the upbringing and individual belief sets of the particular individuals encountered.
- It does not reflect the individual context of any particular encounter.
- It does not address generational shifts in national cultures.

What follows represents a starting point in thinking about any particular encounter, recognizing that the perspectives of the individuals from a different culture may view the situation, encounter, and conversation or action very differently. In short, give pause and think.

The subject of cross-cultural factors would be overwhelming for any singular Executive Insight. A comprehensive treatment based on the author's experiences in 50 countries would still be lacking. A good source for further reading is *Cultures and Organizations, Software of the Mind* by Geert Hofstede, which is a detailed review of a landmark study of cultural differences across 70 nations.

This Executive Insight first discusses a half-dozen characteristics that can be used to characterize cultural attributes. It compares some of the relative strengths of those attributes across cultures readers may encounter. The second section provides examples of how various situations will be viewed by different cultures. In the last section, the author's experiences will be highlighted. These, however, are not intended to represent best practice but rather to convey some cross-cultural encounters and their outcomes.

## Cross-Cultural Attributes

National cultures can be characterized by many factors. These range from the root language they speak to the cuisine they eat to how they dress. They can also be characterized by the shared views of life and how they conduct social interactions among themselves and with those outside their national group.

Several factors are routinely used to provide a relative comparison across cultures. It is important to underscore that the comparisons that follow are generalizations across a culture and any single individual can represent an extreme compared to this mean view. Nonetheless, these generalizations provide a convenient starting point.

The cross-cultural attributes characterizing national cultures include:

- Power distance (high versus low)
- Individualism versus collectivism
- Masculinity versus femininity
- Avoidance of uncertainty (high versus low)
- Long-term versus short-term orientation
- Indulgence versus restraint

### Power Distance

Power distance refers to how the issue of inequality is handled and the degree to which power is shared and authority emphasized. In a high-power culture, authority, power, and dominance is emphasized. Management and subordinates are separate and unequal. A subordinate cannot be asked to fill in for an absent manager for example. In a high-power culture, people understand their place.

In a low-power culture, power is shared and distributed more equally.

High-power cultures are often characterized by strong centralization and very complex hierarchies. As one moves up the hierarchy, one uncovers large gaps in authority, respect, and compensation. It is important to acknowledge a leader's status and recognize any important decision can only come from the top of the organization.

Low-power cultures are often characterized by flatter organizations with supervisors and line staff working side by side. Delegation is common and extensive, and engagement with affected parties considered desirable.

The relative power distance of select countries based on Hofstede's insights[i] can be seen in the following table.

| Table 1 Relative Power Distance | |
|---|---|
| **Country** | **Relative Strength** |
| | |
| Saudi Arabia | 95 |
| Russia | 93 |
| United Arab Emirates | 90 |
| Mexico | 81 |
| China | 80 |
| South Korea | 60 |
| Spain | 57 |
| Japan | 54 |
| Italy | 50 |
| United States | 40 |
| Canada | 39 |
| Australia | 38 |
| United Kingdom | 35 |
| | |

**Individualism versus Collectivism**

Consider this a measure of the strength and extent of ties that an individual has within their community. A high individualism score is associated with weak connections to those who are not part of the core family or team. Responsibility for the actions of others is generally not taken.

In collectivist cultures, group loyalty dominates. Groups are much larger than the core family or team. The group acts to protect individuals and individuals act to protect the group.

In highly individualistic cultures, an individual's time and privacy are greatly respected. Challenges, especially new ones, are seen as a way to achieve self-satisfaction and recognition for hard work and accomplishment. Privacy is an expectation, and therefore work and personal life are often kept separate.

In a highly individualistic culture, debate is encouraged as well as the surfacing of each person's ideas. Accomplishment, especially individual accomplishment, is recognized.

By contrast, cultures that are more collectivist tend to emphasize the building of expertise, thus encouraging specialization. Reward comes from self-satisfaction. Group harmony is all important and often trumps other issues. Beware of corruption here since group harmony will often be more important than moral concerns. Being smart about something is important and one who translates their skills to knowledge and ultimately to wisdom have achieved the highest personal levels and accomplishment. There is no place for emotions. As such, negative feedback never occurs publicly or in any group setting. Individuals avoid saying "No," which can cause a loss of face.

The relative emphasis on individualism of select countries can be seen in the following table.

| Table 2 Individualism vs. Collectivism | |
|---|---|
| **Country** | **Relative Strength** |
| | |
| United States | 91 |
| Australia | 90 |
| United Kingdom | 89 |
| Canada | 80 |
| Italy | 76 |
| Spain | 51 |
| Japan | 46 |
| Russia | 39 |
| Mexico | 30 |
| South Korea | 18 |
| | |

## Masculinity vs Femininity

In more masculine societies, there is little overlap between the roles of men and women. Being fast and strong are desirable and "strutting" one's success is not only common, but expected. In feminine societies, significant overlap is seen between the roles of men and women. Relationships with supervisors and peers are based on cooperation. The focus is on managing through discussion, consensus, and compromise.

In some masculine cultures, one may also find women who score as "tough," but not as high as men in those cultures.

In high masculine cultures, anticipate strong egos and pride. Status counts in these cultures so financial rewards as well as promotions and recognition are important. Long hours are often the norm, motivated by achieving well-defined targets, individually or as part of a well-defined team. One must be sensitive to views that differentiate role and status by gender.

In more feminist cultures, relationships and quality of life are most important. Work-life balance will influence how performance can best be achieved. Job design, work environment, and corporate culture must provide the degree of flexibility that is expected.

The relative emphasis on masculine versus feministic cultural traits of select countries can be seen in the following table.

| Table 3 Masculinity vs. Femininity | |
| --- | --- |
| **Country** | **Relative Strength** |
| | |
| Japan | 95 |
| Italy | 70 |
| Mexico | 69 |
| United Kingdom | 66 |
| China | 66 |
| United States | 62 |
| Australia | 61 |
| Saudi Arabia | 60 |
| Canada | 52 |
| United Arab Emirates | 50 |
| Spain | 42 |
| South Korea | 39 |
| Russia | 36 |
| | |

## Avoidance of Uncertainty

Avoidance of uncertainty might be better described as a culture's ability to deal with anxiety. Cultures that score high on avoidance of uncertainty (for example, Russia, Japan, and Spain) seek to make things as predictable as possible, to be in control, at least to the extent possible. If they lose the ability to control their own lives, they may give up, putting their fate into the hands of the gods. Avoidance of uncertainty is different from avoiding risk since risk taking may serve to reduce uncertainty and even avoid failure.

High uncertainty avoidance cultures set clear expectations and goals. Constraints and any other governing criteria are clear. Encouraging open thinking, open communication, and creativity will pay dividends. Be sensitive to the unwritten rules and cultural norms. Recognize that emotions, especially strong ones, are just part of the conversation.

Cultures scoring lower on avoidance of uncertainty (for example, the U.S., the UK, and Canada) are more open and relaxed. They tend to be conservative, structured, and rigid in their thinking and actions. If failure in their approach is evident, however, these cultures will see risk tolerance and risk taking occur. These cultures tend to be more expressive. Emotions are often worn on sleeves. Angry outbursts are not uncommon. Many social norms demand attention. When people feel in control of their lives, high energy behaviors will be exhibited.

Cultures with a lower avoidance of uncertainty find a greater openness to change and innovation. These more open-ended cultures are inclusive to a greater degree and there often is less sense of urgency. Keep people focused, but do not overwhelm them with structure. Titles do not matter, and respect is earned by being able to handle whatever life brings.

The relative avoidance of uncertainty of select countries can be seen in Table 4.

| Table 4 Avoidance of Uncertainty | |
| --- | --- |
| **Country** | **Relative Strength** |
| | |
| Russia | 95 |
| Japan | 92 |
| Spain | 86 |
| South Korea | 85 |
| Mexico | 82 |
| United Arab Emirates | 80 |
| Saudi Arabia | 80 |
| Italy | 75 |
| Australia | 51 |
| Canada | 48 |
| United States | 46 |
| United Kingdom | 35 |
| China | 30 |
| | |

**Long-Term versus Short-Term Orientation**

This cultural factor considers the time horizon of various cultures. Long-term orientations tend to be more pragmatic. Behaviors also include modesty and thriftiness (saving for the future). Short-term orientations, similar to that found in the U.S., place a greater emphasis on consistency and truth. Principles are important, including religious principles. They tend to be very nationalistic.

Short-term orientation cultures look for quick results (for example, an emphasis is put on quarterly performance versus annual or longer).

In longer term-oriented cultures, knowing what is true is more of a challenge. Virtues and obligations are emphasized. People avoid talking too much about themselves. Also, a willingness to compromise is found, but this may not always be apparent—especially if power distance is high.

Short term-oriented cultures are driven by trying to understand change or new things. There is a tendency to ask "Why?" They are characterized by strong convictions and emphasize values and

rights. In a short-term oriented culture, you need to sell yourself if you are to be taken seriously. Also, flattery works. Compromise will often be viewed as a weakness.

The relative long-term versus short term-orientation of select countries can be seen in the Table 5.

| Table 5 Long-Term vs. Short-Term Orientation | |
|---|---|
| **Country** | **Relative Strength** |
| | |
| South Korea | 100 |
| Japan | 88 |
| China | 87 |
| Russia | 81 |
| Italy | 61 |
| United Kingdom | 51 |
| Spain | 48 |
| Saudi Arabia | 36 |
| Canada | 36 |
| United States | 26 |
| Mexico | 24 |
| Australia | 21 |
| | |

**Indulgence versus Restraint**

More indulgent cultures encourage individual gratification, having fun and enjoying life. People are optimistic and place great importance on freedom of speech. Personal happiness is a goal.

More restrained cultures tend to suppress individual gratification. Strict social norms act to regulate individual conduct and behavior. In the extreme there is a tendency towards pessimism.

When dealing with a high indulgence culture, encourage debate and dialogue and emphasize a flexible work life balance. Provide feedback and mentoring, which will pay dividends.

In high restraint cultures, be professional at all times. There is no place for humor in professional settings. Negativity is only to be discussed in informal settings.

The relative emphasis on indulgence versus restraint of select countries can be seen in the Table 6.

| Table 6 Indulgence versus Restraint | |
|---|---|
| **Country** | **Relative Strength** |
| | |
| Mexico | 97 |
| Australia | 71 |
| United Kingdom | 69 |
| United States | 68 |
| Canada | 68 |
| Saudi Arabia | 52 |
| Spain | 44 |
| Japan | 42 |
| Italy | 30 |
| South Korea | 29 |
| China | 24 |
| Russia | 20 |
| | |

## Comparison of Cross-Cultural Attributes

The relative scoring reflected in Tables 1 through 6 allows for composite national pictures to be constructed and compared. Since the various combinations would be extensive, only one has been reflected here and is shown in Table 7, U.S. and Russia.

| Table 7 Cultural Comparison of United States vs. Russia | | |
|---|---|---|
| **Cultural Factor** | **United States** | **Russia** |
| | | |
| Power Distance | 40 | 93 |
| Individualism | 91 | 39 |
| Masculinity | 62 | 36 |
| Uncertainty Avoidance | 46 | 95 |
| Long-Term Orientation | 26 | 81 |
| Indulgence | 68 | 20 |

**Cross-Cultural Comparison**
**United States vs. Russia**
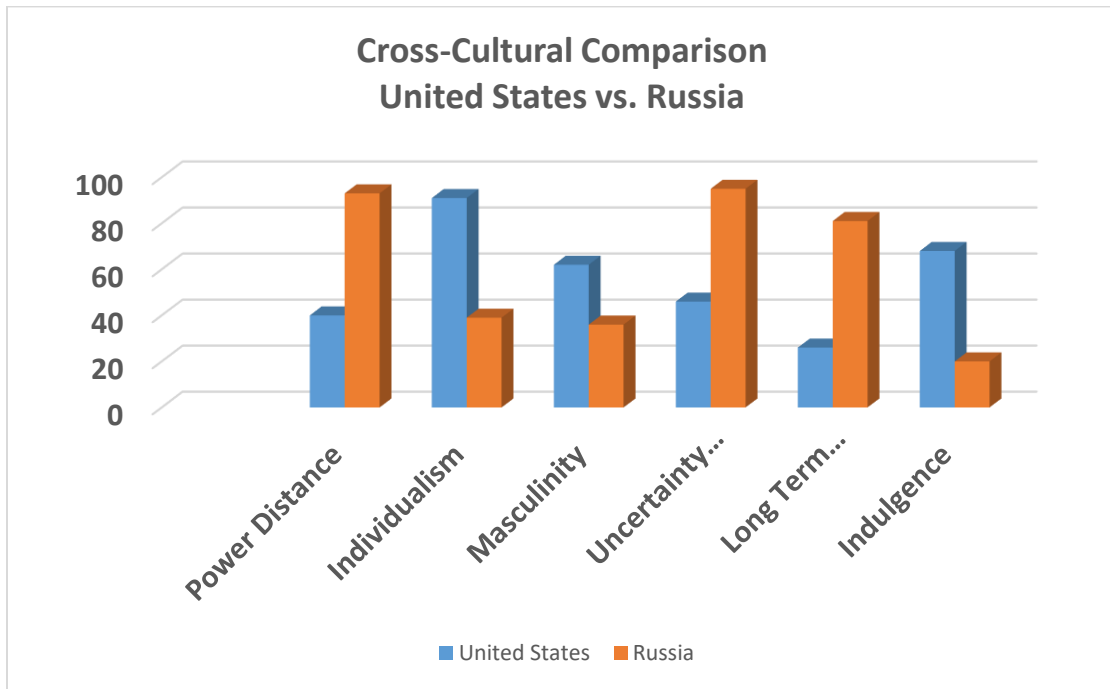
## Cross-Cultural Views and Behaviors Encountered in a Business Context

Table 8 draws from a range of sources as well as the author's own experience and provides an illustration of comparative views across cultures. The information in Tables 1-6 can serve as a guide when looking for specific country-to-country comparisons.

| Table 8 Select Comparison of Views Across Cultures | |
|---|---|
| | |
| **Management hierarchy** | The U.S. is much more of a meritocracy at the senior management levels. In Europe, the class system prevails in many countries, so manners, connections, and pedigree outweigh the most skilled individuals at lower levels. This is particularly noticeable in France. |
| **Executive qualifications** | In cultures with strong class systems, who you know is more important than what you know. This is common across many Latin cultures. |
| **Rank and file** | Divisions regarding rank and file exist in the U.S., but not as sharply as they do in the UK. In the U.S., mixing rank and file when expedient is culturally acceptable. In the UK, both rank and file will feel uncomfortable and line staff (file) may be reluctant to contribute. |
| **Importance of the contract** | For Americans, the contract defines the relationship between individuals and the counterparties. For the Chinese, the relationship |

| **Table 8** | |
| **Select Comparison of Views Across Cultures** | |
| --- | --- |
| | |
| | between individuals defines the contract and agreement by the counterparties. A change in individuals is considered a proper basis for adding to or modifying an existing contract in a Chinese culture. In the American culture unless something external has significantly changed, the contract would persist even as individuals may change. |
| **Value of the relationship** | Although relationship management is increasingly important across the engineering and construction industry, the relative importance is shaped by national cultures. The U.S. sales process is still highly transactional, where owners often buy on price. The bid to sale timeframes can be relatively short. <br> In the UK, the time between client engagement to sale can be extended since owners buy reputations and relationships and are more likely to stick with a provider than randomly seeking a better deal. |
| **Enduring relationships** | Chinese partners are searching for a "marriage" that could last forever while Americans usually have shorter-term objectives in mind. For the Chinese, understanding the history and values of the firm's founders is important, not just current capabilities. If an American firm does not reciprocate in this sharing of history, their ability to be a trusted partner will be questioned. <br> *See Story # 2* |
| **Power distance** | Power distance refers to how the issue of inequality is handled and the degree to which power is shared and authority emphasized. In a high-power culture (France), authority, power and dominance is emphasized. Management and subordinates are separate and unequal. A subordinate cannot be asked to fill in for an absent manager. <br> *See discussion on power distances* |
| **Expectations of managers** | Most Japanese and other Asian managers expect they must be able to readily answer most employees' technical questions. An overwhelming majority of American managers do not share this feeling. |
| **Authority** | Setting of deadlines and other similar managerial decisions are not welcomed delegations in the Indian culture, where it is felt that one works |

| | |
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| **Table 8** **Select Comparison of Views Across Cultures** | |
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| | better under close supervision. North American individualism by contrast welcomes minimum interference as long as they get the job done. |
| **Directness** | Direct cultures will directly approach and question vs. indirect cultures, where directness may cause a loss of face for both parties. Indirect cultures require use of a third-party. |
| **Risk** | The U.S. is a risk-taking culture (settled historically by those who, for example, took deep personal risks to immigrant to the U.S.). If you fail, you get up and try again. Europeans feel failure will not be forgotten. For them, no plan is acceptable until all risk is squeezed out. |
| **Performance measurement** | Americans tend to prefer quantifiable measures of performance. Many cultures have a much broader assessment of performance, such as years of experience, dedication to the company and job, and loyalty. Americans are less comfortable with intangibles. |
| **Recognition** | Individual recognition is acceptable in individualist societies, but uncomfortable for those that identify with a primary group, where group recognition is the norm. |
| **Competition** | Better developed in individualist societies (U.S) vs those that identify with a primary group. |
| **Evaluating options** | World view: Mechanistic (knowable and can be mastered; analyze for best solution) vs chaotic (unknowable; learn and understand, proceed but with low expectations). This will be handled differently across cultures. |
| **Nepotism (the favoring of relatives or friends)** | Cultures that value personal qualities over skills will look favorably on nepotism vs a culture where emphasis is placed on skills over personal qualities (may be considered discriminatory/ against the law to not emphasize skills). |
| **Knowledge sharing** | British will defer to a superior even if they have required information (will not usurp perceived prerogatives). Japanese will request to go to the most appropriate senior person and not be disrespectful. Americans do not stand on ceremony. |
| **Status consciousness** | Cultures that emphasize status and class believe acting below your status demeans not just yourself, but your position/role. A senior manager |

| Table 8 |  |
| --- | --- |
| **Select Comparison of Views Across Cultures** | |
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|  | "pitching in" with the team would demean his role in those cultures. |
| **Ideas vs Doing** | Americans prefer action and results. Europeans, the French in particular, have a deep respect for intellectuals and ideas. They too want results, but are willing to provide more latitude to someone with good ideas. |
| **Centrality of work** | Work defines many Americans (although a generational change may currently be underway). This is not the case in family-centric cultures where, for example, a promotion which negatively impacts time with the family is viewed as not valuing the person one is trying to recognize. |
| **Criticism** | While direct in American culture, criticism must be indirect in Asian cultures, especially Chinese cultures, where direct criticism would cause a loss of face.<br>In Middle East cultures, even constructive criticism (when you are overall pleased and just trying to help a high potential individual) can be humiliating and cause a loss of face. |
| **Directness** | Americans like directness. The British find it bad form to lose self-control in public and will avoid making a scene. Americans do not place as high a value on saving face as would be found in other cultures, especially many Asian cultures, where 'face' is extremely important. |
| **Meaning of "yes"** | In North American cultures, the required response to many questions is either yes or no. In Chinese and other Asian cultures, such direct questions are often not welcomed when it involves an employee being asked to do something out of their normal work pattern (working overtime). For these cultures, a "yes" response to a direct question is better interpreted as "I heard you" than agreement to the request. |
| **Saying No** | For Americans saying "no" is a straightforward process. If something is found unacceptable such as a proposed price or other financial arrangement, Americans have no trouble saying no. In a Japanese culture "no" does not exist since it would cause a loss of face. The Japanese version of "no" is not saying, clearly and unequivocally, "yes." For the Japanese, "yes" is often couched in terms that at best mean "I have received the |

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| | information you have just conveyed." Japanese have a range of ways of saying "no" without ever uttering the word. These include changing the subject; asking a question (even when no clarity is required); saying they don't understand (this is where their facility with English suddenly fails them); indicating they can't answer or agree at this point in time; claiming the question which they must answer (yes or no) is hard; giving a conditional "yes" that carries no indication of any future commitment to "yes"; indicating "maybe," which means "no" for the Japanese; and claiming it is above their approval level. |
| **Optimism bias** | North Americans, while recognizing they cannot control all external forces, believe in their ability to ultimately control or shape these forces. They are not fatalistic and have inherited the self-confidence of their forefathers, who traveled boldly into an unknown New World. Many other cultures have a more fatalistic view of the world; are less self-confident, and less likely to believe they can control their own future. |
| **Pessimism** | Americans look for a silver lining when confronted with a bad situation. They are optimists. When confronted with evil, we look for ways to explain it.<br>Many other cultures recognize the reality of a bad situation, and Americans mistakenly read this as being pessimistic, gloomy, or depressed. These cultures tend to have a fatalistic view of the future. This is most notable in the Russian culture. |
| **Individualism** | Asians tend to be less individualistic than Americans. The group is more important than the individual. Harmony is highly valued as is consensus decision-making. Consensus decision-making requires unanimity. In American cultures a majority decision is more than enough, but then consensus building (alignment) happens once the effort is underway. |
| **View of hierarchies** | In U.S. culture, hierarchies are viewed as artificial constructs that must from time to time be bypassed for efficiency. In many other cultures with a lesser degree of individualism, the hierarchy is to be respected and not bypassed |

| | |
|---|---|
| | even when the decision is obvious to all and the hierarchy is adding only inefficiency, not value. |
| **Dealing with mistakes** | American cultures will call out mistakes and identify who is responsible so that the mistake can be quickly corrected. In Chinese and many other Asian cultures, this direct approach will cause a loss of face and worse. These cultures tend to appoint someone to identify the source of the problem and then invite the broader organization to look at their own work and suggest improvements to affected procedures. Same result at the end of the day, but without a loss of face. |
| **Business meeting** | Americans seek to come right to the point or what they think the point of the meeting is. In Middle East cultures, this misses the most important point of a business meeting: the personal relationship that must be established and built upon in each subsequent encounter. Some of the American tendency is driven by a feeling that business and personal relationships should not be mixed, at least until after the business has been concluded. In the Middle East, the business cannot be concluded until there is an adequate personal relationship. The American tendency to separate business and personal relationships is unnatural in many cultures. |
| **Asking the experts** | Americans will identify and approach technical experts directly. In Asian cultures those experts will defer to their boss even if he has no relevant expertise. Once the Asian boss has engaged, he will seek advice from his experts who will convey to him what they would have conveyed directly to the American, if they culturally could. In briefing their boss, they will lay out alternatives but guide the boss to the technically correct decision, but they must present alternatives and pros and cons. The right advice is given, no face is lost but it likely took longer. |
| **Predictability** | Americans in particular but engineers generally believe that the world and projects are predictable. When something goes amiss, they revisit the validity of plans and look for a reason to be surprised. In Middle East culture, there is also a belief that there is a pattern to events, how |

| Table 8 Select Comparison of Views Across Cultures | |
|---|---|
| | |
| | projects unfold, but is not knowable and therefore one should not put too much reliance on plans. |
| **Layoffs** | Employment at will and a willingness to change jobs for opportunity is an American characteristic. Many other cultures treat employees as if they were extended family, either continuing to pay them while they seek another job or statutorily paying generous severance that rewards longevity with the firm. |
| **Subcontractor or vendor selection** | For most Western cultures, selection most often is the result of a structured evaluation. In Eastern cultures, face is involved, and any evaluation begins with who recommended or sponsored each of the competing firms. This is formalized in Japanese *keiretsu*[1]. In Western cultures, various individuals will offer their views on each firm and make what they feel the best recommendation is. Differing views will be publicly discussed. In Eastern cultures, individual views will only come to the front after a consensus has been reached. |
| **Request for help** | In U.S. culture, a request for help will often (but not always) be met with an honest assessment of the ability to do so. Sometimes this assessment is "I have no special access or ability, but am willing to try." In Middle East culture, when asked if one can help, the response will be positive even if the person has no special access or knowledge since there is a possibility, no matter how remote, that that person may know someone who knows someone. Refusing the request would be improper. If an American is unsuccessful, the boss will be expected to ask why. In the Middle East, a failure to produce a positive outcome will be viewed as being forgotten once the bosses realizes that a positive one cannot be realized. The expectation is that the failure would not be brought up. |
| **Criticism** | Latin cultures avoid direct criticism. Instead, they express displeasure by a paucity of positive comments or exclusion from certain activities. When only one positive comment is made, it can be interpreted as displeasure (paucity of positive |

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[1] Keiretsu – In Japan a conglomeration of businesses by cross-shareholdings to form a robust corporate culture.

| Table 8 Select Comparison of Views Across Cultures | |
|---|---|
| | praise). Slightly exaggerated praise is a cultural norm. |
| **Timely appointments** | In the U.S. culture, if one is more than 10 minutes late, the other party is courteously informed. In Hispanic cultures, there is no need to advise of late arrivals if less than about 45 minutes. In developing country major cities with unreliable transportation networks, scheduled meeting times are aspirational and late arrivals of several hours are not uncommon. |
| **Presentations** | Americans like facts but become suspicious if someone comes on too strong. In Middle East cultures, a strong, passionate presentation even with a little hyperbole is welcomed since it provides an insight into one's seriousness. |
| **Interviews** | Americans view interviews as an opportunity to demonstrate their qualifications. In Japan, one interviews, but only after they have been viewed as qualified. |
| **Negotiating responses** | Japanese will pause after a point is made by the other party for what may be an uncomfortable period of time to an American. For the Japanese, this is showing respectful consideration to what has been said. When an American responds quickly to what a Japanese negotiator has said, it shows disrespect, inadequate consideration of what has been offered, and raises a question as to whether the American is a good business partner and can be trusted. |

## Examples from the Author's Experience

The stories that follow are intended to add some richness to the discussion of cross-cultural factors. The approach taken should not be viewed as a recommendation. The author's insights grew throughout his career.


### Cross-Cultural Story #1 - Negotiating with a New Japanese Client

At an early point in the author's career, he was tasked with selling a technical service to the U.S. arm of a large Japanese company. The proposal had been submitted and that commenced a long process of review and negotiation. Every Friday afternoon the client's negotiating team would want to meet and they simply asked us to describe what was already in writing or to confirm what we had said or offered. After a few hours they would thank us and say they will

get back to us, which they did, requesting another Friday afternoon meeting. At no point did they object to our proposal or ask for any changes.

At each session there would be five Japanese sitting at the table and an equal number in the second row. After a half dozen of these sessions, it was clear that the people at the table did not have the authority to say "yes." It was at this point where outside cross-cultural advice was sought.

Our adviser helped us to understand that the extended negotiations were part of a "get to know you" process. Apparently offering no changes or concessions helped build confidence that we were trustworthy. Turning to the question of getting to "yes," our adviser asked if we met in the same room all the time and did we go into the room first. We did so on both accounts.

Having described the Japanese negotiating team, our adviser provided the following advice. Go into the room early and close the door. When the other team enters pay attention to who is holding the door open, who walks in first and where they sit. We took her advice.

At the next meeting we watched what looked like the junior most member hold the door and the eldest gentlemen enter first and sit, once again, in the second row. After being asked to reconfirm things that we had reconfirmed before, we finally asked the lead negotiator if he could agree that we had satisfied their request at a fair price. He deflected the question and now the final piece of advice was put into play.

Gesturing to the elder gentleman in the second row, we said that if "Mr. Nakamura agrees, I'm sure we can reach agreement." We had smoked out the real decision maker who promptly stood up and left the room, followed by his whole team. We waited a bit and went home for the weekend wondering if we had just lost the job.

First thing Monday morning the lead negotiator was waiting at our office with two copies of the contract in hand, signed by Mr. Nakamura. No changes had been made to what we submitted. His instructions were to wait until I signed the contract and bring a copy back. This marked the beginning of an extended relationship and future negotiations were short and with Mr. Nakamura direct. We had gained his trust despite what might have proven to be a less than auspicious start because we delivered all we had said we would.


**Cross-Cultural Story #2 – Sense of Time**
On my honeymoon, our Hong Kong manager tracked me down and asked if my wife and I could host an important new prospective client from the mainland. With my wife's agreement we agreed and hosted a lunch. Over lunch the prospective client asked several probing questions which I only came to truly understand over the fullness of time. The first was whether our founder's son or grandson ran the firm today. I advised him that our founder had no sons. As lunch progressed, he asked a second telling question, "Why did we keep his name on the firm?" My reply was "Out of respect," something highly valued in the Chinese culture. After a bit he indicated that they, too, respected him.

Nearly 100 years earlier, my firm's founder had surveyed railroads in China and our lunch guest's grandfather had worked for the firm's founder. He continued, telling me that the rail

corridors identified at that long ago time had been preserved for a future rail system. Long-term planning if there ever was!

The encounter highlighted the importance of relationships even after a nearly 100-year hiatus. Weeks later, on returning to New York, we found a few photos taken in the 1890s in China. In one photo is Chinese labor in the background and a dignified Chinese gentleman with long flowing clothes near to my firm's founder. We sent the photo to our luncheon guest and several weeks later, this "tearful," soon-to-be client advised that this was the only photo that existed of his grandfather.

The different views of time were highlighted in the continuing validity of a nearly 100-year-old plan and the endurance through generations of a relationship. The value of respect in the culture was also evident.


**Cross-Cultural Story #3 – Ancestors Count**
At an early point in my career, I was in Thailand to close a negotiation. All the preparatory work had been done, questions answered, and changes and concessions made by both parties. It was at the point where the client needed to say yes or no.

Having never negotiated in a Thai culture, I sought outside advice. I described the situation we were at and the process we had gone through. I indicated that I was there to make the final corporate commitment.

The advice I was given was different than what I had expected. I was told to express pleasure and respect about the client's senior executive, the decision maker, and not immediately focus on the contract. I was to allow the conversation to be guided by him, not to rush it and importantly to not try to fill extended periods of silence. Finally, at a point when he brought up the decision that needed to be made, I should respond only to direct questions and not sell.

When we reached the point when he was to make a decision, I was advised to say nothing and be prepared for 15-20 minutes of silence. I was forewarned it may even appear as if he were meditating.

My advisor had a final request. Tell her what the first words the client said after this extended period.

So, when the day came, I followed her advice. The process played out exactly as I had been advised and I worked hard at saying nothing through the various dead air gaps. When he moved to make his final decision, I sat there for 15 minutes, at times thinking he was either meditating or in a trance. I sat silent as did both of our teams.

Finally, after what seemed like an eternity, he leaned forward and said, "This is good for my family." We had closed the negotiation and were awarded the contract.

Later that night when I called my advisor to share the news, she asked what the first words he said were. I shared his words about it being good for his family. Then she explained what was going on. During this almost trance like period, my client was considering how each of his relatives, especially elders, would feel about our addition to his extended family. My advisor said that at times she thought that might even include deceased ancestors whose name, reputation,

and values were in essence also at stake. The importance of family, elders, and ancestors became very clear.

## Concluding Thoughts

Cross-cultural factors are increasingly important in the conduct of the engineering and construction business and the execution of projects. Opportunities are global and the labor force increasingly multi-cultural. It is impossible in this Executive Insight to cover all cultures of interest, but hopefully the cultural factors laid out provide a guide. It is important to seek out advisors who can bridge the cultural gaps and provide insight.

One point to highlight is that while cross-cultural factors are described from a U.S. perspective, remember that within U.S. project teams there may be many cultures managing, supervising, and interacting with each other. Cross-cultural sensitivity becomes even more important.

Finally, cultures evolve. Intergenerational cultures need to be accounted for. Emerging generations are connected across cultures in ever deeper ways. The implications of this connectivity are yet to be fully recognized.

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### About the Author

Bob Prieto was elected to the National Academy of Construction in 2011. He is a senior executive who is effective in shaping and executing business strategy and a recognized leader within the infrastructure, engineering, and construction industries.