



MEETING THE CHALLENGES OF INTERCULTURAL NEGOTIATIONS

By Rachel Antman

The globalization of real estate has significantly expanded the deals arena for office and industrial brokers. But along with globalization comes increased risk for cultural misunderstandings during business negotiations.

One significant fault line identified by many intercultural experts is an orientation toward rules versus an orientation toward relationships. In rule-oriented countries like the U.S. or Germany, business is more

transactional. It's not unusual to engage in negotiations with people who are, effectively, strangers. This is a far rarer scenario in countries like China or India, where relationships are often viewed as a prerequisite for doing business.

Another key area of differentiation is communication style. Anthropologist Edward T. Hall—a pioneer in the field of cross-cultural communications—introduced the concept of high-context and low-context cultures. In his book, *Beyond Culture*, he explained that in low-context cultures, what you say is what you mean. In high-context cultures, words are only one of many ways to

relay a message. The U.S. is an example of a fairly low-context culture, while China is closer to the opposite end of the spectrum.

How might high-context and low-context communications manifest themselves in negotiations? Take the word “yes,” for starters. In some cultures, it’s considered rude to say “no,” so negotiators might say “yes” or nod, but they mean “no.” They’ll then convey that meaning in nonverbal ways.

If this all sounds complicated, don’t despair. Armed with a little knowledge and an open-minded attitude, brokers

can navigate intercultural negotiations successfully.

Drawing from their many years of experience, three SIOR members offered advice to others in the commercial real estate industry who wish to improve their skills in intercultural negotiation. As globalization continues to progress, these skills will become increasingly valuable.

The Experts

Chichi Ahia, SIOR, is the executive director/principal of SVN | Ahia Commercial Real Estate, which serves clients from around the world from its headquarters in a suburb of Philadelphia. Born in the Chicago suburbs to Nigerian parents, he grew up in Arkansas.

Russell Hughes, SIOR, as managing principal of Hughes Realty Advisors in Matthews, N.C., has completed transactions in Russia, India, and Japan, among other nations. Raised in Michigan, he has also worked in Los Angeles and New York.

Joe Pelayo, SIOR, is the CEO of Total Real Estate Consultants, Inc., which is based in Coral Springs, Fla. A Spaniard from Barcelona, he speaks several languages and leads an international team that represents corporations and private owners in the U.S. and overseas. The company holds a Certified International Property Specialist (CIPS) designation and a TransNational Referral Certification (TRC). It markets in 24 languages to 40 countries.

Preparation

"First and foremost, know whom you're dealing with," says Hughes. That requires research. Before embarking on any negotiations, Pelayo and his team read up on the customs of the people with whom they wish to do business. His favorite sources are the website of the U.S. State Department and the book *Kiss, Bow, or Shake Hands: The Guide to Doing*

Business in More than 60 Countries. That's where he finds tips on greeting styles, dining customs, dress codes, and other do's and don'ts.

In some cases, Pelayo and Ahia call upon a team member who shares a nationality with the counterparty to offer in-house insight. Pelayo also hires interpreters when necessary and local guides in countries with which he's less familiar.

Hughes is another advocate of education. Like Pelayo, he brings in local experts to explain to his team how negotiations work in a particular culture. In some instances, the local experts are SIOs. As he notes, "Once you figure out whom you're dealing with, there's usually an SIOR who can help you."

Client education is equally important. Ahia suggests that if intercultural negotiations fall through, a contributing factor could be the broker's neglect in educating the client on the counterparty's negotiation style. Success "doesn't mean that we have to give in to everything; it means we have to understand the style and we should accommodate it to some degree," he points out. Hughes agrees: "My job is not to say yes all the time; it is to educate my client so the client can make an informed decision."

Avoiding Assumptions at Home

Many brokers expect to encounter cultural differences when negotiating in a foreign country, but conflicts can also arise on home soil. Both Hughes and Ahia have dealt with first-generation immigrants who conduct business in the way it is conducted in their countries of origin. In some of these countries, aggressive bargaining is the norm. In others, long, protracted negotiations are commonplace. Wise brokers will take such customs into consideration before starting negotiations, regardless of location.

Respect

By showing respect for other cultures, brokers can smooth over minor faux pas that are difficult for even the most globally minded professionals to avoid. One way to show respect is to learn a few phrases from the language of wherever you are. According to Hughes, "Most people genuinely appreciate the effort."

Listening is also critical. "Everybody wants the same two things," says Ahia. "They want to feel like they were successful in achieving their goal. And they want to feel that they were listened to and respected."

To Hughes, the task is simple: "The golden rule seems to be the most applicable default setting that will serve everyone in good stead across every culture. Treat everybody the way you'd like to be treated."

Pelayo takes a similar view. "The most important thing is to be respectful," he advises. "People might look differently and dress differently from you, but in the end, they are human beings." ♥

MEET THE AUTHOR

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