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Exercise and Strengthen Your Cultural Competence to Improve Collaborative Performance and Reduce Risk

Robert Smith

Moderator

MAYER LLP

Houston, Texas

rsmith@mayerllp.com

Gero Schneider

TIEFENBACHER

Heidelberg, Germany

schneider@tiefenbacher.de

In today's global marketplace it is inevitable, and preferable, to develop intercultural relationships. With the internet, international supply chain, and growing economies all over the world the potential market for a company's services, potential customers, vendors, suppliers, market partners, etc. is almost unlimited.

Cultural Competence – What is it and why is it important?

Cultural competence involves the ability to be mindfully aware of one's own cultural background and how it impacts our thoughts and behaviors, and the ability to adapt to other cultural environments and situations. One highly rated definition of intercultural competence is "the ability to communicate effectively and appropriately in intercultural situations based on one's intercultural knowledge, skills, and attitudes".ⁱ

Appropriate technical skills are only one aspect of a business professional in today's global marketplace. Poor intercultural skills in business can offend prospective or current clients or employees, both of which can negatively impact a company's growth and revenue. One significant factor contributing to poor intercultural skills is failing to address behavioral characteristics of how people communicate.

We can improve our effectiveness when interacting with people with different cultural backgrounds by strengthening our cultural competence. Such strength is reflected in one's ability to recognize the values of other people, to accept and understand the skills, talents and knowledge base that are important to others, and to communicate factually regarding things that are important to others.

Strengthening your intercultural skills improves your ability to communicate effectively, increases the chance of a successful business relationship, and reduces the risk of conflicts due to misunderstandings, regulatory issues, or litigation.

Consider whether you are prepared for interactions with people who are different, whether you understand their motivations and concerns, customs and business behavior. If not, an interaction may not go very well and both sides may perceive conflict even though the substance of the transaction may be beneficial for all parties. Many of the barriers that separate cultures have been removed. Evaluating your own cultural behaviors and working to learn and embrace the culture of your prospective business partners and customers will improve your success, increase sales, and help avoid cultural and legal conflicts.

Cultural Conflicts?

Intercultural differences can be obvious and become apparent almost immediately. For example, an email to the panel members presenting this topic suggested "11/30" (November 30) and "12/4" (December 4) as possible dates for a call. The response from a European panel member noted they were available "30.11" and "4.12". Fortunately, it was clear from the context that April 12 was not intended.

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In many cultures, it is rude to point or to show the soles of your feet (men should take note before crossing their legs). Other times, intercultural differences can be subtle, such as in Japan, when greeting a group of people before a meeting, it is best to greet the highest-status individual first, followed by the oldest individual.

Different cultural perspectives may impact business transactions such as interviewing and hiring employees or negotiating a contract. Recently, when negotiating a contract for a medical device manufacturer based in the U.S. with a potential distributor based in the United Arab Emirates, the draft agreement from the potential distributor proposed that it would be for the “exclusive license to distribute and sell and market the products and services within the Territory” (where Territory means the United Arab Emirates). The proposed services to be provided by the distributor included items not as commonly included in a distribution agreement with a U.S. distributor:

- Providing information on local conditions
- Providing advice with respect to local laws and customs
- Supporting manufacturer’s personnel and assisting with visas and residence and work permits

The proposed agreement also included that the distributor would receive commissions for sales “on account of the distributor’s services at any time”, including after termination of the agreement. After marking up the draft agreement with suggested revisions, the intermediary between the parties made it clear that most of these terms were not subject to negotiation and if the agreement with the prospective distributor was terminated, a new distributor could not likely be appointed in the country.

Intercultural considerations may include fundamental questions such as whether contracts are honored or how do they resolve disputes. Sometimes it becomes necessary to consider whether or how you can do business in an area with military or political conflict or turmoil. For example, many companies had contracts with entities based in Russia, or operated their own businesses in Russia, and now they have difficulty performing under contracts that are in place. If a party does not perform pursuant to such a contract, consider whether it could result in possible liability in the future when international relations normalize.

These are not examples of conflicts, but cultural differences. “Culture” includes:

- The customary beliefs, social forms, and material traits of a racial, religious, or social group
- The characteristic features of everyday existence (such as diversions or a way of life) shared by people in a place or time
- The set of shared attitudes, values, goals, and practices that characterizes an institution or organization
- The set of values, conventions, or social practices associated with a particular field, activity, or

societal characteristic

- The integrated pattern of human knowledge, belief, and behavior that depends upon the capacity for learning and transmitting knowledge to succeeding generationsⁱⁱ

Intercultural differences must not only be acknowledged and accounted for, but such differences should also be embraced!

Intercultural Strengthening

The primary goal of becoming more culturally competent is to progress from a self-centered perspective of oneself in society to a perspective that accounts for your place in the community or world at large. Many of the steps taken to prepare for working with parties with similar cultural backgrounds are also applicable when preparing for intercultural negotiations. One of the simplest ways to learn about various cultures is to search for information on the internet. There is a world of information available, on topics as simple as how to start a videoconference meeting (should you engage in small talk first, discuss the weather, etc. or get right to business). As always, it is good practice to cross-check multiple sources to confirm the information is correct.

More importantly, put aside your pre-conceptions about what is the “correct” way of doing something. Techniques that can be used to strengthen your ability to perform in cross cultural situations include:

- Practice openness by demonstrating acceptance of differences
- Be flexible by demonstrating acceptance of ambiguity
- Show humility by suspending judgment and retain the ability to learn
- Be sensitive to others by appreciating cultural differences
- Show an adventurous spirit through curiosity and finding opportunities in different situations
- Using humor with the ability to laugh at ourselves
- Practice positive change through successful interaction with other culturesⁱⁱⁱ

The best business relationships often develop when there is clear communication between all parties involved. Communication goes well beyond the words we say. How we say things matters, and effective intercultural communication requires that we understand and account for cultural differences to engender a feeling of being heard by the other side.

You can learn to communicate more effectively in intercultural situations by developing an awareness of cultural differences and learning about the practices of people from other cultures that you work and interact with. Observe people you interact with, and do not hesitate to ask people about their culture and values because you want to know more about them. We all tend to be more open to those who

express genuine interest in us.

It can be helpful to make the effort to learn the language of those you interact with, but even if they speak your language you can work to avoid colloquialisms that may be offensive or to learn about the idioms and cultural references of others. Strive to learn about your unconscious biases and consciously work to be sensitive to and respect cultural differences. This often involves non-verbal communication, including things like body language and speaking tone.

Awareness of cultural differences can eliminate conflict from the outset. Self-awareness and setting aside preconceptions about people and their cultures can accelerate your personal development in cultural interactions. Consider whether you are genuinely interested in learning about another's culture or do you assume others will adopt your culture. Healthy exchange of cultural ideas can generate goodwill and creative thinking that may promote business.

Cultural Advantage

Strengthening your cultural competence can help you see opportunities where you previously saw challenges. The next step is how to convince others that learning about cultural differences is worthwhile to develop new personal and business relationships. When parties take the time to learn about each other and develop mutual respect for each other, the effort improves the likelihood of positive interaction and successful transaction without unnecessary miscues or cultural slights.

Of course, maintaining strong cultural competency is an ongoing process because all cultures evolve, but that opens new areas for business growth, ideas for new products and services, and it is an exciting part of what it means to be human.

Taking advantage of ALFA International and its member law firms is a great way to develop cultural competency in legal matters in different parts of the world.

ⁱ Deardorff, D. (2006). Identification and assessment of intercultural competence as a student outcome of internationalization. *J Stud Int Educ*, Vol. 10 No. 3, pp. 247-248.

ⁱⁱ "Culture." Merriam-Webster.com. 2023. <https://www.merriam-webster.com> (19 Dec 2023).

ⁱⁱⁱ Deardorff, D. (2006). Identification and assessment of intercultural competence as a student outcome of internationalization. *J Stud Int Educ*, Vol. 10 No. 3, pp. 241-266.