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**ENHANCING INTERNATIONAL BUSINESS RELATIONSHIPS:  
CULTURAL SENSITIVITY IN NEGOTIATIONS**

**A thesis presented in partial fulfillment of the requirements for the  
degree of Masterate of Philosophy at Massey University**

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## FOREWORD

New Zealand's small population means that a greater emphasis needs to be put on exporting. One such country that represents opportunity for New Zealand's exporters is Argentina, especially with its economic reforms and the potential of regional trade agreements in South America. For many manufacturers, success in the international marketplace depends largely on how well they manage their relationships with distributors and agents in foreign cultures. The first step in developing a relationship is the negotiation process. However, it appears little effort has been devoted to understanding cultural sensitivity and its role in international business negotiations.

Many business studies researchers do not consider the individual and ignore variations within a society and present that particular culture as "a single homogeneous group of people who all function, think and behave in the same way" (Olliver, 1997, p.3). International relations are established in terms of commonality, either...or geographical (proximity, interest of development), economic resources and also cultural similarities (ibid, p.7). Recent academic literature highlights the debates of 'East versus West', 'Asianation' and the conceptualisation of the world in terms of 'civilisations' (e.g., Huntington, 1996). These contribute to trans-national debates concerning trade and investment in terms of 'values' and ideologies. Current academic literature "serves to highlight cultural differences and thus justify international isolation or distance on the basis of this difference" (ibid, p.8)

This research attempts to focus on individuals, their behaviour and feelings, to understand how the structure of their society work. Further, there is a need to examine the way in which nations are portrayed and represented by academics. Such "portrayals influence understanding and relationships between individuals and nations alike" (ibid, p.9). The reader is advised that due to the lack of research into New Zealand or Argentinean viewpoints of trust development in negotiations, there have been assumptions made from current academic literature and anecdotal evidence that may or may not be correct.

This research builds on previous work suggesting that trust is critical in facilitating exchange relationships in that the author describes a theory of trust in international negotiations. This theory focuses on the factors that determine trust including, communication, cultural sensitivity, customer orientation and dependability.

This as, studies such as Francis (1991), have shown that negotiators that are culturally aware and adapt are evaluated more favourably than those negotiators than those negotiators that do not adapt their behaviour. This approach especially in Asia, may have been important but it is obvious from this research that this approach cannot be generalised to other countries in the pursuit of enhancing trust between organisations. In this study variables regarding performance are considered to be more important, and the results section has provided specific areas that international negotiators can focus on that are actionable to remedy performance shortfalls in an attempt to develop and enhance trust with their counterparts.

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## **EXECUTIVE SUMMARY**

Cultural sensitivity is often equated with an “open-mindedness” with respect to different cultures and the willingness to understand the ways in which cultures differ. Researchers adopting this view describe various dimensions upon which people from different cultures vary and assert that managers must “understand” these differences (e.g., Hofstede, 1980; Triandis, 1982; Cateora, 1990). Cultural sensitivity is assumed when an individual is perceived to act appropriately in foreign cultures. This view emphasizes that the host’s perceptions are paramount and, research to date relies heavily on anecdotes to illustrate the consequences of culturally insensitive behaviour (Kale and Burns, 1992). These researchers note that foreign partners can be upset by a counterpart neglecting cultural preferences. Further, when counterparts are perceived by their partners as behaving in a culturally sensitive manner they are able to develop quality and lasting relationships (Ford, 1980; Rosson, 1984).

Recently, a body of literature has tentatively attempted to provide explanation of cultural differences in international business negotiations. Although previous studies have contributed to a greater understanding of such cultural differences, many of these studies are based on conceptual limitations, single country studies or anecdotal evidence which leaves open the possibility for unwise generalization and stereotyping. These factors diminish the insights that those studies offer for those involved in international negotiations.

In addition to advancing theory, this research outlines factors that negotiators should consider to facilitate performance in international business relationships. Morgan and Hunt (1984) suggest that trust is the central construct in business relationships. In this research, it was proposed that Cultural Sensitivity, Communication, Dependability, and Customer Orientation increases trust between counterparts. This study was undertaken to investigate negotiator behaviour particularly between New Zealand and Argentina.

This study is unique in two respects. First, it compares the importance of variables that are considered important by both Argentinean and New Zealanders' rather than providing characteristics of what may be important to one of these countries. Second, the study attempts to identify and rank these variables to give the negotiator a clearer indication of what is actually important to their counterpart.

Primary data for the study was gathered from a sample of 193 Argentinean and New Zealand organisations from various industries, utilising a self-administered postal questionnaire. Respondents were pre-identified as having had past association in Argentinean - New Zealand business negotiations. The empirical survey data obtained are analysed by country and compared to each other via frequency distribution analyses. Where relevant, chi-squared test for independence was carried out, with means calculated, and significant differences among countries are identified by the t Test for significance.

Though the study is exploratory in nature, the results of this investigation suggest that there are some common themes between these two countries. It was found that the key dimension in developing trust between Argentina and New Zealand is Communication followed by Dependability, Customer Orientation and Cultural Sensitivity the latter being the less important dimensions.

In summary, the findings and conclusions from the study should be of practical use to business enterprises and government trade agencies in provision of actionable information regarding negotiating practices and help alleviate any stereotyped misconceptions that may exist. While these results cannot be freely generalized beyond the initial population, they provide some understanding of the theoretical and empirical issues related to international business negotiations between Argentina and New Zealand. Future research efforts could find merit in utilising this framework for studying other countries.

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# CHAPTER ONE: OVERVIEW

## 1.1 Background

New Zealand's increasing foreign trade has brought about the need for New Zealand managers to effectively deal with cultural interactions (Chong & Thomas, 1995). For an overseas venture to be successful it has to last (Gill & Butler, 1996). Obviously, if a solid relationship is not formed then the chances of success are reduced. A relationship marketing approach is one method that can help sustain these relationships. This approach depends not only on technical or profit considerations, but also cultural and interpersonal skills of the people who are involved with international partners. Therefore, in an international context, the ability to interact effectively with foreign partners may depend on the adjustments made to culturally diverse backgrounds encountered during negotiations (Sheth, 1983; Tse, 1988; Frances, 1991).

A country that represents opportunity for New Zealand's exporters is Argentina (refer Appendix A). Until recently, Argentina's political and economic instability has been the cause of many multi-national companies not investing in Argentina (personal communication, 1998). With the democratic election of Carlos Menem in 1989, and the restructuring of the country's economy, Argentina now provides New Zealand with an emerging market of considerable potential. Further, Argentina is more entrepreneurial than Asia (personal, communication, 1998) and "is seen as an easier place to do business than Asia, with the European Union seen as a closed shop" (Export News, 8 July 1996, p.8). Argentina can provide opportunities through sound fundamentals - there is a strong commitment to economic stability, low inflation, stable currency and strong public support; strong dynamic market - good business opportunities with access to 34 million people, growing GDP, and advantages through the Mercosur Trade Agreement (refer Appendix B); pro-business environment - minimal government intervention and a reasonable tax structure. With this in mind, New Zealand overseas operators should

investigate the practicality and viability of forming links with this country to develop new markets.

## **1.2 Importance of culture**

A study by Ather (1991) into factors considered to be important for the selection of a new market, found that culture was considered less important than factors such as market size, methods of payment, competition level and marketing channels. This is similar to the findings of Elbasher and Nicholls (1990) who found that, although cultural awareness was high, companies still did not adopt a systematic approach to analysing cultural differences, with managers tending to rely on personal observations and experience. Both studies conclude that companies taking such a short term profit oriented approach could reduce the chances of developing successful long term relationships.

Research (Kluckhohn and Strodtbeck, 1963; Hofstede, 1980; Tung, 1988) shows that dimensions of culture can affect individuals and the way they interact with others. Successful negotiations rely on the ability of individuals to anticipate behavioural reactions of their counterparts. This thesis provides insight into areas where obstacles could arise and where relationships could differ between New Zealand and Argentina. Understanding how individuals process and interpret information, and where their sources of influence comes from, will help enable a negotiator to select appropriate negotiation tactics. Because of differing cultures, what may appear to be a minor infraction to one party may in fact lead to a major misunderstanding which could jeopardize the relationship. To reduce the potential of miscommunication, managers may need to match their representatives with similar working background, personality, and an understanding of that counterpart's culture.

Recognising that culture does change over time and is affected by variables such as global trends in demographics and economics, by identifying and understanding cultural differences, overseas operators can avoid making inappropriate or insensitive blunders in

negotiation proceedings. Hofstede (1980) (discussed in chapter three) <sup>1</sup>identified five dimensions on which cultures differ. New Zealand and Argentina differ significantly on three of the four remaining dimensions (refer Appendix C).

### **1.3 Some difficulties encountered in negotiations**

Successful negotiations rely on the ability of individuals to anticipate behavioural reactions of their exchange partners (Mintu-Wimsatt & Gassenheimer, 1996). In a negotiation context, according to Sheth (1983) and Tung, (1988), cultural orientation dictates how people process and interpret information which then affect which strategies and tactics are used. Understanding how individuals process and interpret information enables the negotiator to avoid potential pitfalls and improve negotiation strategies.

According to Frank (1992), difficulties that are encountered during cross-cultural negotiations include:

1. Insufficient understanding of different ways of thinking.
2. Insufficient attention to the necessity to save face in certain cultures.
3. Insufficient knowledge of the host country - including history, culture and government.
4. Insufficient recognition of the decision making process.
5. Insufficient understanding of the role of personal relations and personalities.
6. Insufficient allocation of time for negotiations.

### **1.4 Relationship building**

There is a considerable weight of evidence in the literature to suggest that the problems of adjustment in intercultural relationships are greatest in the early stages of familiarity. It is during this initial period of 'adjustment' that we would expect the relations between individuals to be prone to the greatest number of misunderstandings. Recognising that

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<sup>1</sup>The fifth dimension was developed for an Asian perspective and is not relevant to this research

misunderstandings could result in failure to appreciate culturally-based differences, Yoshino (1968) comments that misunderstandings could also arise from a tendency on the part of individuals to attribute all problems to cultural differences.

Extensive research has been done on business relationships - in particular, joint ventures (e.g., Hammer, 1989; Lorange and Roos, 1991). But in respect of the development of relationships and competencies, little research appears to have been done. Most literature focuses on managing established relationships, providing explanations as to why joint-ventures fail, stressing variables such as establishing networks as being critical to success, or using vague terms of reference such as 'lack of top management commitment'. While not denying that these are plausible factors, they are however, at best 'descriptive' which does not help the intending overseas operator with what to expect or what may have the potential to cause failure when negotiating with members of another culture.

Hendon, Hendon & Herbig (1996) offer the theory that barriers to a successful agreement are of a cultural nature, rather than economic or legal reasons. A study by Ford (1980), stresses the importance of managers from both sides to be involved from the beginning, "before business has been developed" (p.343). The logic behind this allows for interpersonal relationships to be developed and both parties can then "take part in mutual learning ... they get to know when and how they could utilise each other" (ibid, p.346). In the context of business interactions, Dwyer (1986), and Schurr and Ozanne (1985) found that trust was critical for productive and co-operative relationships.

Kanter's research (1994) found that "relationships between companies begin, grow and develop or fail in ways similar to relationships between people" (p.98). Kanter identified five phases of development: *courtship* - based on mutual attraction and compatibility: *engagement* - drawing up plans and closing the deal: *setting up house* - starting interdependence and discovering differences: *bridging differences* - developing techniques for getting along: *old marrieds* - family-like stability where both have changed.

The importance of interpersonal friendship and compatibility is stressed by Kanter where, for example, “deals often turn on rapport between chief executives” (p.100). While difficulties may continue to arise between partners, Kanter states that “strong interpersonal relationships help resolve small conflicts before they escalate” (p106). Equally important is the concept of cultural integration which in part, involves “educating managers about how situations appear from the other side” (p.107). This shows that a ‘process’ of relationship development does occur.

Other factors also influence thinking about the development of relationships. The importance of developing trust between partners has long been recognised (e.g., Adams, 1969; Seward and Van Zandt, 1985; Redding, 1990; Desphande, Farley, and Webster, 1992) as an important ingredient for the development of a business relationship. Argentina is no exception where it is not uncommon for the establishment of a business relationship to be conditional upon the development of a personal relationship. Banthin and Selzer (1992), in their study regarding these circumstances state: “the negotiation style is to establish a relationship first and use it as a basis for give and take” (p.14). This indicates that the signing of the contract becomes secondary to the establishment of the relationship based on trust.

## **1.5 Cultural sensitivity**

The definitions of cultural sensitivity offered in the literature tend to be very broad and encompass notions such as “cultural awareness” (Cateora, 1990). A review of the literature also reveals that cultural sensitivity can be present to differing degrees (Desphande, et al., 1992). Research suggests that cultural sensitivity may involve an awareness of cultural differences, the knowledge of why differences exist, and a willingness to accommodate these differences (Mintu-Wimsatt, et al., 1996). Such general descriptions of cultural sensitivity are problematic for several reasons. The term ‘cultural sensitivity’ is used to address many of the issues mentioned and, as such, lacks a precise definition. A clarification of the term is required. This thesis uses a definition put forward

by Harich and Labahn (1997) that “cultural sensitivity is defined as the customer’s perception of the degree to which the salesperson accommodates cultural differences” (p.89). This, as studies (for example, Francis, 1991) have found, showed that negotiators who were perceived to adapt to a foreign culture were evaluated more favourably.

Also, studies of negotiation styles have mainly been concerned with Western versus Oriental negotiators, with very little attention given to Argentina or New Zealand. A further problem is that these broad notions of ‘adjusting to cultural differences’ and ‘being culturally aware’ leads to questions about the degree to which individuals adjust or need to adjust. In other words there is no quantitative measure of this adjustment or of ‘cultural sensitivity’. These simplistic views are no longer acceptable.

Additionally, because parties often come from multi-cultural backgrounds, this raises the question of which culture does the individual adapt to? For example, an increasing number of students that receive an overseas education return to their home country bringing with them the cultural and education values of that particular society.

## **1.6 Negotiation and culture**

Companies involved in international business deal with transactions or negotiations which span national and cultural boundaries. This means that negotiators interact with individuals from unfamiliar cultures who exhibit different negotiation styles, behaviours and expectations about the normal process of negotiation (Graham and Sano, 1984). This represents several potential culture-related obstacles that confront the international negotiator (Tung, 1984). A failure to anticipate, understand, and effectively remove these obstacles, can lead to a failure in cross-cultural negotiations (Simintiras and Thomas, 1998). Competence, therefore, in international negotiations is one of the most important and indispensable skills of international business (Root, 1987). Existing empirical research, however, primarily focuses on one aspect of the sales dyad - the buyer. Placing too much

emphasis on buyer behaviour could be misleading since the seller's negotiation orientation is just as critical to the interaction.

Sawyer and Guetzkow (1965) proposed that negotiators' behaviours and outcomes can be influenced by situational constraints, i.e., cross-cultural negotiations versus intra-cultural negotiations. Support for this view has come from a range of disciplines. Anthropological and psychological literature suggest that people behave differently with members of their own culture than with members of foreign cultures.

The potential for problems in intercultural (as opposed to intracultural) relationships is greater since cross-culturally there are often major differences in values, attitudes, beliefs and expectations. Triandis (1972) has described these features as "subjective culture." "A cultural group's characteristic way of perceiving its social environment" p.3. At base, the subjective culture concept impresses upon us the fact that 'reality' is a socially constructed phenomenon.

In discussing factors which may be important in creating misunderstandings between parties to an intercultural relationship, a considerable number of researchers have given attention to the 'cultural distance factor'. Most argue that the further apart the cultures of the parties to the relationship are, the greater the problems there will be for each to adjust to the other and, by implication, the more likely it is that there will be misunderstandings between them. For example, Maori and Pakeha are having problems particularly in relation to land sales, yet they live in the same country. Unfortunately, few studies have actually 'operationalised' this concept with the profiles drawn essentially too broad in terms of reference to be beneficial.

Researchers have isolated certain problems in exchanging information cross-culturally at the negotiation table that fall into a non-verbal category. For example, it has been found (Furnham, 1989) that culturally determined behaviour with respect to gaze, facial expression and the use of time and space can produce adverse effects upon cross-cultural

exchange of information. Concerning time, information flow may never begin if the differing time perceptions in various cultures prevent negotiations between participants who do not share identical attitudes to time (Limaye and Victor, 1991). Hence the argument for a hypothesis that culture is a more significant factor in influencing work-related values and communication between behaviours than factors such as profession, status, and role.

Presumably, businesses find partners to do profitable business, not to make friends, and, for all the literature about relationships and cooperation (e.g. within channels), most acknowledge that in capitalist markets, the ultimate goal is still cross-firm competition. However, research demonstrates the importance of personal ties to the selection of business partners. Adaptation of negotiation strategy, in that the negotiator should be more sensitive to the views of the counterpart is a facility which may aid relationships with their hosts facilitating “better” business. While this may be so, there is conflicting evidence regarding support or refutation to this approach. Further, when negotiators serve as representatives of their respective organisations, particularly for international business purposes, individual characteristics and/or predisposition’s are downplayed in favour of the organisation’s business objectives and interests.

### **1.7 Cultures’ limitations**

Very few studies that have been conducted regarding cultural traits have acknowledged that sub-cultures exist. Researchers of these studies appear to ignore the fact the even though people may be from the same country, differences between people still exist. But it must be recognised that no ‘one’ distinctive culture can be generalized to all residents of that country. It must also be recognised that, at best, only a generic understanding of a culture can exist. However, upon saying this, knowledge of these traits still provide a useful base to build upon and gain a reasonable understanding of how cultures may differ.

The quality of a manufacturer's relationship with its foreign distributors and agents is an important contributor to international marketing success (Cavusgil and Zou, 1994). Unfortunately, these relationships are often very difficult to develop and maintain (Rosson, 1987). Although the marketing literature emphasizes the importance of adapting sales practices to the needs of foreign customers (Kale and Barnes, 1992), the concept of cultural sensitivity remains an underdeveloped area of research. Cultural sensitivity is often equated with a general open-mindedness with respect to different cultures and a willingness to understand the ways in which cultures differ (Harich and LaBahn, 1997). Researchers adopting this view describe the various dimensions upon which people from different cultures vary and assert that managers must 'understand' these differences (e.g., Cateora, 1990; Triandis, 1982). Alternatively, cultural sensitivity is assumed when an individual is perceived to act appropriately in foreign cultures. This view emphasizes that the host's perceptions are paramount and relies heavily on anecdotes to illustrate the serious consequences of culturally insensitive behaviour (Kale and Barnes, 1992). These researchers note that foreign partners are often upset by a manufacturer neglecting cultural preferences, failing to treat international distributors as equal to domestic distributors, or assuming that a given marketing practice applies to all foreign markets. In contrast, manufacturers that are perceived by their partners as behaving in a supposedly culturally sensitive manner, are able to develop quality and lasting relationships (Rosson and Ford, 1980).

## **1.8 The need for research**

A review of international marketing and communication literature revealed a strong need to study cultural sensitivity. Research on international channel relationships has addressed issues related to cultural sensitivity such as communication, commitment, and relationship quality. The marketing literature also provides many insights on how adaptive behaviours can enhance a negotiator's performance (Crosby, Evans, and Cowles, 1990). This research has its origin in interpersonal communication, emphasizes the antecedents and consequences of negotiator adaptiveness, and is based on studies of relationships within a

single culture. In a review of the negotiation literature, Graham, Mintu, and Rogers (1994) note that little is known about what happens in negotiations between partners of different cultures. Further, most research in this field has been conducted in either laboratory settings or done by a case study approach.

In the context of international business relationships, various authors have emphasized the importance of studying cultural differences and the reasons why they exist. Hofstede (1980) and Kale and Burns (1992) argue that international negotiators can increase their cultural knowledge by learning the ways in which cultures differ. Authors would also argue that you need to study similarities also, including other important facets of cultural knowledge. This includes an understanding of the appropriate business etiquette and the rationale for such cultural norms. Without sufficient knowledge of a culture, attempts at adaptive behaviour may result in stereotypical behaviour from buyer and seller, rather than behaviour which is culturally appropriate.

The overall conclusions from cultural studies are that those parties to dyad relationships who perceived their environment in a similar fashion (that is, those who were cognitively similar) perceived greater communication effectiveness and achieved greater effectiveness than those dyads in which the two parties were cognitively dissimilar. Therefore, it can be seen that cognitive dissimilarities between individuals with the same cultural background can reduce communication effectiveness. It would seem reasonable to expect that the problem will be potentially greater in intercultural relationships where the gap in subjective cultures may be quite wide and even wider if both parties are cognitively different. This poses a critical challenge to the study of international business. Calatone, Graham and Mintu-Wimsatt (1997), strongly encourages future researchers to re-evaluate the consistency of culture's impact on business practices, in general, and cross-cultural negotiation behaviours, in particular. As Calatone et al (1997), proposes "are business practices indeed becoming more global?" (p.31).

There appears to be a consensus among many academics that an emphasis should be placed on understanding ethnic culture during the negotiation process. While not denying the importance of this, the comment made by Graham et al (1994) regarding that little is known about what happens in negotiations leaves open the possibility of other avenues to investigate in pursuit of an effective intercultural negotiation strategy.

Culture also has a variety of different dimensions that have been explored. When describing an awareness of culture, authors usually refer to the ways which cultures differ. For example, Hofstede's (1980) and Trompenaars' (1993) dimensions have received much attention in the literature. The research in this thesis will approach cross-cultural sensitivity from a business culture perspective. Business culture will be defined as the way business is conducted both in terms of etiquette and procedures (Desphande et al, 1992). From this, cultural sensitivity will be examined from both buyer-seller perspectives regarding adaptation of the negotiation process, which in turn supposedly facilitates effective buyer-seller relationships (Szymanski, 1988).

## 1.9 Limitations of existing work

Most of the work in the field of cross-cultural communication, from a business studies perspective suffers from five shortcomings:

1. Anecdotal evidence, case study and laboratory research dominate this field (for example Chesanow, 1985; Punnett, 1989; Hakaansen, 1993; Gummesson, 1993). Reasons cited for such an approach are that "I consider questionnaire studies overused and overrated, particularly if you want to develop a new area or look into a complex area" (Gummesson, 1998, personal communication). This type of research, while useful for illustrating key concepts and contributing to a body of information does however, lack the rigour of empirical evidence.
2. On the other hand, much research lacks this 'rich' conceptual basis (for example, Condon and Yousef, 1985; Borisoff and Victor, 1989). According to Gummesson (1998) these 'conceptual' frameworks provide the heuristic and new paradigms that encourage further research in a field. However, current work on cross-cultural business negotiation has paid little attention to the needs of businesses operating internationally regarding research that may be of practical value in a negotiation.
3. There has been empirical research between two cultures (e.g., Danak, 1990; Wilmatt and Gassenheimer 1994) and it is argued that due to their culture-specific nature (Limaye, 1991) that it is debatable whether their findings can apply across cultures. However, this type of study is still extremely useful for those countries concerned in regards to providing a more accurate picture of negotiation practices in a counterpart country.
4. Another weakness of the studies on international negotiation research is that most theories and models that have been developed have been done so by 'Western'

academics' and hence been influenced by 'Western' thinking (Hofstede, 1980; Hamnett, 1993).

5. Another criticism of cultural theorists is that many seem to use a bi-polar approach to their research when categorising cultures. This produces a bias as it is done from the researcher's perspective. Therefore, for example, 'the Japanese' in academic writing, become very different from 'the English'. By focusing on difference, similarities are ignored. By generalising, other factors such as age, gender, and rank etc. are not considered and the individual and their personal experiences are ignored.

### **1.10 Empirical and methodological considerations**

The 'elusive' nature of culture refers to the fact that cultural differences in values, beliefs, meaning and behaviour are hard to detect if we are to get "beneath the surface". In the case of this research beneath the stereotypes of a 'conservative New Zealander' and the 'expressive Argentinean'.

One empirical starting point is the distance concept where the cultural distance between countries is great. For example, the differences in language and traditions. This concept is important because in this cultural space we should be able to find differences or distances between interacting cultures. This concept of distance is crucial (Tornroos, 1988). The perceived distance should shrink according to the theoretical perspectives as the interaction between the firms develops. This may be possible through operationalising the distance concept by means of certain characteristics, such as; (i) physical distance between the firms, (ii) cultural distance, (iii) economic distance, and e.g. (iv) technological distance. The international dimension and the role of a company's own culture may be additional influential factors explaining the formation and development of industrial interaction development over time in international industrial markets.

## **1.11 Chapter summary**

The research outlined in this thesis replicates and extends Desphande et al (1992), and Harich and LaBahn's (1997) research into factors that can affect trust development. The study also draws extensively on research by Hofstede (1980) and Trompenaars (1993) regarding cultural sensitivity dimensions. The overall aim is to examine the importance between the dimensions identified by Desphande et al., and Harich and LaBahn and, compare this importance to the role of national culture in the development of trust in negotiation. The reader is reminded that very little research has been done on comparing factors which may affect trust in negotiations. Further, there has been no empirical evidence to draw upon regarding variables which may or may not be important to either New Zealand or Argentina in the development of trust prior to this research. In doing so, this research responds to the call of Graham, Mintu, and Rogers (1994) for further investigation about negotiations between partners of different cultures.

Chapters Two, Three, and Four of this thesis review previous research regarding relationship marketing, national culture, and negotiation. Underpinning these constructs (dimensions) is the element of trust which is discussed in Chapter Five. Chapter Six outlines and explains the study's methodology whilst Chapter Seven presents the results and relates them to the findings discussed in Chapters Two, Three, Four and Five. Finally, Chapter Eight summarises the study's key findings and the implications which arise.

## **CHAPTER TWO: RELATIONSHIP MARKETING**

### **2.1 Relationship marketing background**

Most research into relationship marketing states that trust, commitment and coordination are important variables in developing relationships. However, very few of these articles are vague and do not specifically state what it is that actually makes up these variables, in order to get close to the organisation's counterpart. As a result the majority of these studies due to this conceptual nature are at best, descriptive, and are of little value to the people that need this information the most - the exporter. Despite this, there is still a need for organisations to develop closer relationships as relationships and trust are undoubtedly intertwined. This study attempts to identify culturally bound factors that can affect negotiation activity and thereby aid the negotiator in developing negotiation strategies.

Studies have shown that industrial marketing involves buyer-seller relationships which tend to be close, complex and lasting (International Marketing and Purchasing Group (IMP), 1982). This relational exchange can create barriers to switching partners hence providing a competitive advantage (Day and Wensley, 1983). It is possible, however, that real or anticipated costs outweigh the benefits of relational exchange. Maintenance of the association requires resources, and parties with highly divergent goals may spend considerable resources in conflict and haggling processes. More important may be the opportunity costs of foregone exchange with other alternative partners. Buyers and sellers must create, first, mechanisms which facilitate the exchange of information and the establishment of personal relationships between members of the two firms.

### **2.2 Relationship management strategy**

According to Hakansson (1989) "the role of marketing is to establish, develop and maintain relationships with a portfolio of customers that will help achieve the company's goals" (p.193). This relationship aspect of marketing is often seen as a function that can be

performed by the salesperson/negotiator or marketing department of a company. Developing an appropriate strategy requires an understanding of the interaction processes that take place between supplier and customer including those that involve information and social exchanges. Information is particularly important in industrial marketing because of the nature of the products involved: the more complex the product, the more information exchange is required to ensure a proper match between the seller's offering and the customer's requirements.

Social exchange is another element that needs to be incorporated in a relationship management strategy. The importance of interpersonal communication and interaction in industrial markets has long been recognised by academics and practitioners alike. Studies have shown the importance of trust, loyalty and the flow of information between supplier and customer (Ford, 1980). The importance placed by firms on social exchanges to some extent determines the interaction strategies they adopt (Turnbull, 1979). While some firms operate on the basis of an 'open friendly' mode, others prefer to remain 'strictly business' (Hakansson, 1982). The need for interpersonal contacts may in fact be greater when the firm is dealing with foreign customers (Turnbull, 1979). More comprehensive interaction strategies categorised as competitive, cooperative, command and coordinative may also be adopted (Campbell, 1985; Dabholkar et al., 1994). While competitive and command behavior would tend to increase role conflict and reduce performance, cooperative and coordinative behaviour would have the opposite effects (Dabholkar et al., 1994).

Ford's (1984) study, involving 196 European buyers, found that "buyers' judgments of suppliers' technical and commercial skills are not made in isolation but are closely associated with the buyers' assessment of the quality of the relationships that have been established by suppliers" (p.28). One of the conclusions drawn from this study is that in addition to providing adequate product quality, price and delivery, it is also important for the supplier to have relationship management skills. From these arguments, the link between relationship management strategy and quality of relationships seems to be justified.

### **2.3 Buyer-seller relationships**

Many manufacturers have adopted strategies which engender partnership-style relationships. For example, they are capitalising on suppliers' expertise by involving them in the initial design phases of the product development projects. According to Metcalf, Frear and Krishnan (1992), a supplier is often willing to do yeoman service in developing advanced technologies for its long-term partner. Secondly, for example, manufacturers are implementing Just-in-time (JIT) systems. Critical to the success of JIT systems is the supplier-customer inter-organisational exchange (O'Neal, 1989). Success requires that mutual co-operation between buyer and seller replace the traditional mode of buyer-seller interaction which has often emphasized the adversarial role of the two parties.

### **2.4 Relationship marketing definition**

In the literature there is no agreement on a definition of relationship marketing, even if most definitions have many common denominators. One definition by Gummenson (1996) points out three key aspects of relationship marketing. He defines it as a marketing approach that "is based on relationships, interactions and networks". In this definition there is not the concept of exchange been, (which has been considered a foundation of marketing) included. Focusing on exchange is considered too narrow a view. A relationship includes more than exchanges, and if a trusting relationship between business partners exists, exchanges should inevitably occur (Gronroos, 1996). Hence, the basic concept of marketing is the relationship itself, rather than singular exchanges which occur in the relationship. Thus, the concept of exchange relationship is a contradiction. Exchange is a concept with a short-term notion where something is given to someone else, whereas relationship has a long-term notion implying an association of two parties (Gummenson, 1996).

Another definition put forward is that "relationship marketing is a long-term, continuous series of transactions between parties... when a good working relationship is built,

negotiating time and costs are reduced and the pattern of transactions becomes more predictable and secure... in recent years organisations have seen the advantage of generalising relationship marketing to creating marketing networks” (Doyle, 1994, p.36). One advantage of the extended duration of a relationship is thought to be the reduction of risk and uncertainty in one’s partner’s actions (Ford, 1980).

Relational concepts have begun to be applied to ‘consumer marketing’. However, due to the complexities involved in consumer behaviour, such as lack of brand loyalty and the ease of switching, the practical issue of how much understanding of the consumer does the firm want to get, or how to provide excellence in service to all end user customers may make this paradigm difficult to implement considering there is little empirical support for the marketing concept in consumer behaviour.

## **2.5 Factors affecting negotiations**

### *Firm-to-firm as opposed to individual-to-individual relationships*

A firm-level dyad is likely to be more complicated than an interpersonal one due to the interplay of the actors within the firm before even considering the relationships outside the firm (Iacobucci and Hopkins, 1992). For example, when a manufacturer claims to have a business relationship with a retailer, it is recognised that the relational description is metaphorical. The firms are likely to be linked by multiple representatives, but relational linkages are still forged between persons. In addition, the firms would almost invariably be linked further with contractual arrangements. Still the relational researcher’s have demonstrated the importance of personal ties to the selection of business partners.

### *Promises and trust*

There are two essential elements in relationship marketing: promise and trust (Gronroos, 1994). These two elements determine how a relationship is established, maintained and enhanced:

1. A firm may attract customers by giving promises, thus persuading them to behave in some desired way. These promises may be explicit or implicit in the image of a brand. A new customer may be attracted and a new relationship built. Long-term profitability requires that the relationship be maintained and enhanced in order to retain the customer base. The fulfillment of the promises given is essential in achieving customer satisfaction.
2. Trust has been defined as “a willingness to rely on an exchange partner in whom one has confidence” (Moorman, 1993, p.3). This definition implies that the other partner will follow the desired course of action; there is an intention to behave and commit resources according to that belief that there is uncertainty because the trustor cannot control the trustee’s behaviour; and vulnerability to the consequences of the actions of the trustee. As Gronroos (1994) points out, in many situations it is not clear who is the trustee and who is the trustor; more likely, both parties are in both positions. It is important to remark that trust requires personal relationships that transcend the individual contact, and is reinforced by face-to-face relationships (Malecki and Tootle, 1996).

## **2.6 Co-operation**

According to the IMP Group (Hakansson, 1982), co-operation is a product of the exchange episodes that take place between buyer and seller. As representatives of the buying and selling, organisations interact over time and agreement is reached as to the appropriate role and scope of both firms. The activities of both partners are “geared into each other with a maximum effectiveness and efficiency” (Benson, 1975, p.51). Thus, co-

operation refers to the extent that the work of the buyer and seller is co-ordinated (Metcalf et al, 1992). Campbell (1985), found that buyers and sellers who relate to one another in a co-operative mode intentionally seek common goals. Furthermore, it has been shown that members of buying and selling firms are often willing to engage in co-operative behaviour in order to maintain a relationship which is viewed as being mutually beneficial (Clopton, 1984; Day, Michaels, and Perdue, 1988).

Cooperation between small firms, according to Hakansson (1982), either directly or through the mediation of commonly owned or controlled institutions, is seen as an important way of increasing the individual company's capabilities. Cooperation can be justified in achieving economies of scale. For example, two or more firms may share marketing, research and development, or training facilities. A second argument in favour of cooperation is that the sharing of information and ideas, and the combination of complementary skills and technologies, can lead to new innovative products and production processes. Thirdly, the sharing of information about the latest techniques and technologies might be an essential mechanism for keeping small firms up to date and competitive. A fourth point of relevance is that cooperation can result in a more rational and efficient distribution of activities. For example, firms competing for the same customers might find themselves unable to make full use of the same expensive capital equipment which they have each been obliged to acquire in order to fulfill their customers' requirements. Furthermore, cooperation permits firms to offer a broader scope of capabilities. A group of firms could offer customers a coordinated range of products (for example, in respect of furniture) or services (such as a collective capacity to repair all types of electrical equipment). Customers can thus benefit from dealing with a single source.

According to the IMP Group (1982), co-operation is a product of the exchange episodes that take place between buyer and seller. Continuous exchange episodes nurture co-operation between buyer and seller (Campbell, 1985; Moller and Wilson, 1988). The continued exchange of technical and commercial information often creates trust in the

counterpart's abilities and, hence, may lead to increased co-operation between the two parties (Hakansson and Ostberg, 1975; Biemans and de Vries, 1988).

Personal visits between exporters and importers can enhance co-operation, because they facilitate the development of mutual trust and understanding (Leonidou, 1994). However, many managers may often be heavily involved in production, administration and other various tasks, thus, little or no time is left for personal visits to their overseas customers. Another factor which can contribute to low co-operation levels between the two parties is associated with the short-term (lack of commitment and profit oriented) approach. This attitude reduces the feeling of trust between the two parties hence this commitment is required and, in the long-term, the relationship will be more equal and beneficial to both.

Channel service quality could, therefore, be considered as a type of power base that can be utilised to influence and control the decisions and behaviour of channel partners (Frazier, 1983). This may even be more applicable to international channels in which long shipping distances, and diversity in channel levels and time zones require significant efforts and financial risk on behalf of manufacturers. Moreover, in the international channel environment producers have less control over service levels (Assugman and McCullough, 1993).

## **2.7 Channel structure**

When a firm considers entering a new market it has to make two important decisions. First, will the new market for the product provide greater returns than would other options? Second, what is the most suitable market entry mode or type of channel structure to use?

When a firm decides to export a product, its options entail different entry modes and different intermediaries. At one extreme, the firm can provide all the marketing functions itself through vertical integration; this is a hierarchical mode. At the other extreme, the

firm may provide none of the export functions itself and use merchant distributors instead; this is a market mode. An intermediate mode is where the firm performs some functions internally and contracts for others in the market. An example of this type of intermediate mode is the use of commission agents. No particular mode is a priori best, and thus encouragement of export activity should not stress particular structural arrangements.

Research on the export channel shows that relationships with foreign distributors are hard to coordinate and high performance is difficult to achieve (Rosson and Ford, 1982). For example, Rosson (1987) tracked 21 manufacturer-distributor relationships over a seven year period and found that most of the foreign distributors had been terminated and that the remaining distributors had failed to increase export sales performance.

Overseas distributors are an important fact of life for many manufacturers involved in international business, and it has been claimed that "the majority of export sales in the free world today are conducted through independent distributors" (Business International, 199?, p.1). Furthermore, this exporting method is particularly important to smaller companies and those relatively new to overseas trading as these firms seldom have the necessary scale of operations, financial resources, experience, or confidence to operate more directly in foreign markets.

According to Ford and Rosson (1982), the manufacturer-overseas distributor arrangement has benefits and costs for the company that wants to sell in a foreign market. The main benefit is that relatively inexpensive and immediate representation is gained through use of an overseas distributor. Against this benefit, however, has to be set against the cost that results from reduced control over the foreign marketing operations when compared with exporting through wholly owned subsidiaries. Control is reduced because the exporter has no permanent presence in the overseas market. The distributor is a company that is independent of the manufacturer, and the goals and interests of each company may not be coherent. For example, providing market information may fall short of the exporter's expectations. The exporter's dilemma then is that although high performance in the

foreign market is desired, the lack of control over marketing means that the exporter is partially dependent on another company to achieve its aims.

Distributors also play an active role in the relationship. Because they usually represent more than one manufacturer, overseas distributors develop a notion of what is expected of them; and in turn, what they should expect of manufacturers. These expectations increase "the delicacy of the exporters' task in achieving high performance from their overseas distributor" (Ford and Rosson, 1982, p.58).

While these points are interesting, they are not distinctively international for the exchange process and are just as applicable to domestic channels. The distinctiveness of relations in exporting channels follows from the 'distance' (Ford and Rosson, 1982) which exists between the two companies. This distance is defined as the sum of factors preventing flows of information and understanding between seller and buyer and includes geographic, cultural, and social elements (Wiedersheim-Paul, 1979). The concept of distance does, however, represent a problem in that as the two companies are 'loosely' connected, such independence makes controls less easily established than for example in a joint venture.

This brings in the variable of 'closeness' between organisations. Decision-making closeness (or reciprocity) and contact closeness (contact intensity) are viewed as a means to reduce this distance and is seen as a positive aspect in the process of negotiations (Ford and Rosson, 1982). A frequently cited study by Miller Business Systems shows that 68% of customers who defected from a supplier did so because the supplier seemed indifferent while 14% defected because of unsatisfactory complaints handling. These two failed relationships accounted for 82% of the defection. Only 5% were lost through competitor initiatives, and 9% because of lower prices elsewhere (Gummensson, 1997).

Relationship marketing strategies are not appropriate to all buyer-seller interactions. They are most appropriate where purchases involve a high level of risk and a relationship acts as a manager of risk exposure. Relationships are often a necessity where the stream of

service benefits is produced and consumed over a period of time or where they can reduce the transaction costs associated with repeat purchase routines. To suppliers of services, the development of strong relationships helps to build loyalty from customers whose loyalty is challenged by competing suppliers. Retaining existing customers rather than expensively seeking new ones can have a major impact on profitability.

## **2.8 Trust in relationship marketing**

An important objective of relationship marketing strategies is the development of trust, which has been seen as having a crucial factor in a relationship in allowing tensions to be worked out (Sullivan, 1982). Its development results in the exchange of promises being perceived by both buyer and seller as more important than short-term transactional exchange. Trust also helps facilitate joint problem solving.

The effect of personnel's levels of expertise on sales performance has been researched and it has been generally found that the seller's expertise has had a number of elements attributed to it including: their measurable technical knowledge; their ability to demonstrate such knowledge and competence; proof that they are an expert in their field (e.g., through formal qualifications); and an explicit statement of availability, ability and capacity to serve the customer (Swan, Trawick and Silva, 1985). Credibility, reliability, responsiveness and an ability to get answers were seen as important determinants of a salesperson's competence by Harich et al., (1998), in contrast to aggressiveness and persuasiveness, which detracted from it. Finally, the duration of a relationship has been cited as a factor explaining the quality of a relationship. This is partly true in the development of trust, for which Swan and Nolan (1985) identify three stages of development. In the first stage, there has been no opportunity for exploration of each parties' credentials; therefore the level of trust between buyer and seller is at a minimum. Once exchanges have occurred, trust development moves into the second stage, in which the buyer has the opportunity to check the actual delivery of a service against the promises

that the seller has made. Trust is established in the third stage, where the perceived performance matches the promised performance

## **2.9 Exporter-customer relationship**

The existence of lasting and close relationships between sellers and customers in industrial markets has been established by a number of empirical studies (Ford, 1978; Hakansson, 1982). The IMP (1982) study involved 1,000 business relationships within and between five European countries with the reported average age of the relationship being 15 years (Johanson, 1989). Based on the same study, analysis of a smaller subsample of 300 relationships showed an average age of 10 years for export relationships and 22 years for domestic relationships. Although domestic relationships turned out to be longer on the average, the length of export relationships is nevertheless a significant feature. Findings of the study showed that suppliers and customers in industrial markets need extensive knowledge about each other. In order to conduct business deals, provide information about products, and to have an ability to fulfill commitments and resources, strategies are needed by both parties. The need for lasting and close relationships is particularly important in industrial markets as this can lead to cost savings or avoidance of problems associated with changing suppliers/customers, switching costs, product differentiation (Ford, 1980). In addition, they provide barriers to entry (Day, 1995).

## **2.10 Relationship with overseas distributors**

For many industrial manufacturers, overseas distributors are “an important fact of life” (Rosson and Ford, 1982, p.57). Their importance in exporting has been established in a number of studies (Bello and Williamson, 1985; Cavusgil and Zou, 1994). Based on the interaction approach, the relationship between manufacturer and distributor is viewed as one of exchange between two independent entities that have their own goals. As these goals do not always match perfectly, the possibility of tension and conflict exists. Although the negative consequences of conflict on domestic marketing channels are well

established in the literature (Rosson and Ford, 1982), in international marketing, the evidence appears to be limited. Two studies by Rosson and Ford (1982) and Madsen (1988) are among the few that provide some insights to this issue. The first study which involved 21 dyadic relationships between Canadian manufacturers and their UK distributors, found an important link between performance and conflict, while the second reported some indications of the positive effects of good personal contacts which caused an exporter to better understand the needs and behaviours of its customers and channel members (Madsen, 1988). A third study, that of Bello and Williamson (1985), examined the impact of contractual agreements between suppliers and export management companies on such relationship variables as dependency, power, conflict and export performance. According to Johanson (1996), theory suggests that co-operation can raise the value of business relationships.

However, there are variables that may affect relationship profitability as directly affected by relationship commitment. Conflict can arise as a result of different ethnic origins, backgrounds, norms, values and predisposition's of the two parties, which increase their tendency to perceive the same situation in quite different ways and pursue different courses of action (Root, 1966). Conflict in the relationship can be created as a result of misunderstandings between the two parties. These stem from cultural and geographical distance between the parties, and the likelihood of speaking different languages

## **2.11 Chapter summary**

From the description presented in this section, it is clear that the view being advanced by the interaction approach is that relationship management is a critical part of marketing management. Despite the considerable support for the theory that relationship marketing ought to be the mainstream paradigm in marketing (Gronroos, 1994), the view expressed by Thorelli (1986, p.44) that "it serves as a supplement, a viewpoint with both normative and positive implications" continues to apply.

The concept of relationship implies at least two essential conditions. First, a relationship is a mutually rewarding connection between the provider and the customer, which is to say that both parties expect to obtain benefits from the contact. Second, the parties have some sort of commitment to the relationship over time, and they are therefore willing to make adaptations in their own production processes, i.e. in the routines with which the exchange situations deal (e.g. Ford, 1980). In sum, the concept of relationship marketing may be seen either from the sellers' perspective as a means to tie customers into closer relationship with them, or from the buyers' viewpoints of view as a way to obtain a group of preferred suppliers. For relationships to prosper, trust must be developed between organisations through individuals.

## **CHAPTER THREE: NATIONAL CULTURE**

### **3.1 Background**

Which ever mode of international operations a firm chooses, it will have to solve problems related to cultural differences between the countries and between the counterparts. When the cultural distance between two countries is great, the differences in language, habits and traditions can complicate negotiations, and consequently the communication between the partners becomes more difficult. All the factors that constitute cultural distance are associated with the human aspect of international business.

Relationships with foreign nationals (i.e. individuals from different cultural backgrounds) created through buyer-seller agreements, direct investments and joint-ventures are becoming more prevalent (Gassenheimer, 1996). Hence, a better understanding of the impact of cultural orientation on seller behaviour is going to be crucial in determining these variables. In a negotiation context, researchers believe that cultural orientation dictates how people process and interpret information and also affects which strategies and tactics to pursue (Sheth, 1993; Tung, 1988). This means getting acquainted with the culture of other people. But it is also important to know the business culture of business partners, and to make adjustments to the foreign culture. In this study culture is interpreted in relation to international industrial cooperation between firms e.g. exports, projects and joint ventures.

### **3.2 Definition and scope**

The word culture is difficult to define, there being over 300 definitions (personal communication, 1998). Hence, a precise definition of culture that is agreed on by researchers at the moment does not seem possible. For the purposes of this research, culture could be said to refer to the way people understand reality or the world around them. Adding to this is Hofstede's (1980) frequently cited definition that "the essence of

culture is the collective programming of the mind, and anything that is learned, shared or taught” (p.25).

### 3.3 Levels of culture

Basic cultural assumptions are deep-rooted beliefs which generate basic values and ideas which subconsciously guides behaviour. According to (Usunier, et al, 1994) people are also influenced by other values, such as a company code of conduct and its lifestyles. These values can help people to manage adjustments in the short-term, for example in negotiations. They change over much shorter periods of time (perhaps ten or twenty years) according to Usunier than basic cultural assumptions which according to Usunier is probably formed over centuries. This leads to a question of:

To what extent do less profound levels of culture, e.g. corporate culture or educational culture, influence people?

Adapting Schein’s (1984) culture model, Laurent (1983) present what they call the ‘levels of culture triangle (see Figure 1.). Basic assumptions are that at the bottom of the triangle are values and behavioural norms which derive from the society. At the top of the triangle are behavioural standards, which are prescribed in a more direct way. These are referred to as ‘artifacts’( and Laurent, 1989): for instance, company procedures and business ethics codes. Whereas cultural assumptions are based on national culture, artifacts’, values and norms are based on organisational culture.

In a negotiation setting, if we were to adhere to the principles of differing levels of culture, namely the 'artifact' (organisational) level, a more common approach to the negotiation process could be found.

**Figure 1. Differing levels of culture**

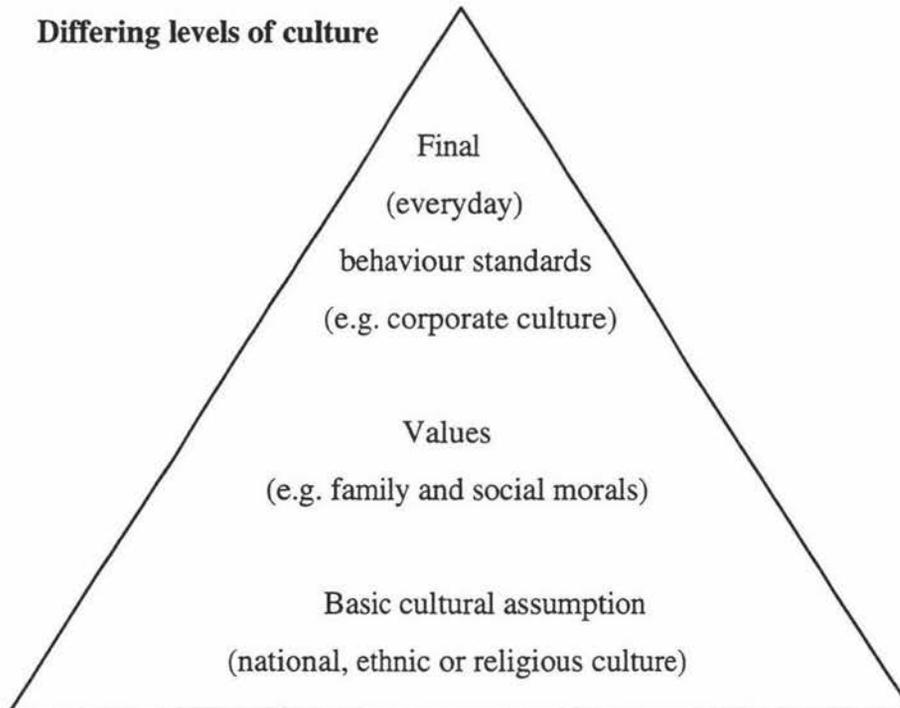


Figure 1 Basic cultural assumptions and actual behaviour.

(Source: Laurent, 1983.)

Laurent (1983) surveyed executives who had been working in multinational corporations (MNCs) where teams had been built up from different nationalities. Laurent expected to observe a decrease in the differences between national groups, however the results were the opposite. Laurent noticed an increase of differences across national groups. This suggests that behind superficial agreements, people's basic cultural assumptions are reinforced. When a corporate culture tries to shape an employee's daily behaviour, it can succeed because according to Usunier (1991) "people are concerned about their job and career" (p.97). But this may only be temporary and may not significantly affect the values and basic societal cultural assumptions. In relation to negotiation, the short term nature of

the negotiation could mean that the people involved may subordinate basic assumptions for the artifact level to achieve the organisation's objectives.

### **3.4 Sources of culture**

A national element is not the only source of culture (Goodenough, 1971). For instance, medical researchers or computer specialists, whatever their nationality, share a common specialised education, common interests and largely the same professional culture. This is developed through common training, working for the same companies, reading the same publications.

### **3.5 Rules and relationships**

Building on the work of Laurent and Hofstede, Trompenaars (1993), (discussed in depth further in this chapter) conducted a major survey of over 15,000 managers in 40 countries. While his results corroborate those mentioned, he has documented several additional dimensions.

Firstly, universalistic societies, such as Canada and the United States, believe that laws are written for everyone and must be upheld by everyone at all times. The general principle of what is legal, or illegal, takes precedence over the particular details of who is involved in the situation (Trompenaar, 1993). By contrast, in particularist societies, such as South Korea, apparently the nature of the particular relationship that you have with someone determines how you will act in the situation more so than for example someone from Canada. To a person from a particularist culture for example, it makes a difference if someone is or is not a friend or a family member. For a person from a universalistic culture, rules are seen as made equally for everyone (Trompenaar, 1993).

There is a tendency for firms to become more universalistic as they become more global. For example, Adler (1997) put forward the idea that universalistic cultures rely on

contracts, whereas particularistic cultures rely on the strength of their personal relationships to maintain the commitment. Particularists view detailed contracts as a sign that they are not trusted and that therefore there is no relationship. These observations are at best generalisations, and do not take into account the individual. Adding to this, Trompenaar (1993) contends that “a lot is based in pure personality and individual interaction” (p.92).

### **3.6 Convergence or divergence**

If people around the world are becoming more similar, then understanding cross-cultural differences will become less important. If people are dissimilar, then understanding cross-cultural differences in organisations will become increasingly important.

Child’s (1981) study compared research on organisations across cultures. He found that one group of scholars concluded that the world is becoming more similar and another group of scholars concluded that the world’s organisations are maintaining their dissimilarity. Child discovered that most studies concluding convergence focused on macro-level issues, such as the organisation’s structure and its technology. Whereas most studies concluding divergence focused on microlevel issues, in particular the behaviour of people within organisations. Adler (1997) extends this and contends “that while organisations worldwide are growing more similar, the behaviour of people within organisations are maintaining their cultural uniqueness” (p.60).

### **3.7 Organisation culture and national culture**

Managers and researchers have recognised the importance of organisation culture as a socialising influence. Managers may assume that organisational culture may moderate the influence of national culture, believing that national differences are only important in working with foreign customers of that organisation, not in working with international colleagues from the same organisation.

This raises the question of whether an organisational culture diminishes national culture? Adler, (1997) contends that the answer is no, and argues that employees and managers bring their ethnicity to the workplace. Hofstede (1980) found that there are cultural differences within a single multinational organisation. In his study, national culture explained 50 percent of the differences in employees' attitudes and behaviours. National culture explained more of the differences than did professional role, age, gender, or race (Hofstede, 1980).

### **3.8 Negotiating globally**

There is a growing literature which documents international negotiation styles. The following have been cited from Sondergaard (1994) regarding descriptions of the negotiating behaviour of the French (Dupont, 1982), Russians (Beliaev, Mllen and Punnett, 1985), Canadians (Adler and Graham, 1987), Mexicans (Fisher and Ury, 1981; Weiss, 1987), Brazilians (Graham, 1987), Chinese (Adler and Graham, 1987; Hofstede and Bond, 1988; Kikbride; Komorita and Brenner, 1968) Japanese (Blaker, 1977; Graham, 1981; Tung, 1984) to name but a few.

Casse (1981) describes negotiation as a process in which at least one individual tries to persuade another individual to change their ideas or behaviour (Casse, 1981). Negotiation is the process in which at least two partners with different needs and viewpoints try to reach an agreement on matters of mutual interest (Casse, 1981).

Negotiation has been described as one of the single most important global skills (Kapoor, 1974). Global negotiations contain all of the complexity of domestic negotiations, with the added dimension of cultural diversity. Individuals from different countries vary on such key aspects as the amount and type of preparation required for a negotiation, the relative emphasis on task versus interpersonal relationships, the use of general principles versus requirement for detail, and the influence of the people present.

Research has shown that each of the four areas on which the success of a negotiation is based - individual characteristics, situational contingencies, and strategic and tactical processes - vary considerably across cultures (Fisher, 1980; Graham, 1983). Although all four are important, negotiators have most control over the process, over the strategy and tactics used. Negotiators can “influence the success or failure of a negotiation most directly by managing the negotiation process” (Adler, 1997, p.195). Although international negotiators would find it easier if there was one best way to negotiate, no such guaranteed formula for success exists.

### **3.9 High and low-context cultures**

Hall (1976) states that a crucial dimension of culture that has particular relevance to negotiations is communication. He contends that cultures fall along a high to low-context continuum, according to the role of context in communication. In certain cultures communication uses low-context and explicit messages. Individuals rely on formal communication with information concerning behaviour being chiefly verbally expressed (Root, 1987). Examples of low-context countries are the USA, Canada and Germany (Onkvist et al, 1993).

In high-context cultures, less information is contained in verbal expression, as much more is in the context of communication. High-context cultures are characterised by the expressive manner in which the message is delivered (Onkvist et al, 1993) (e.g. using non-verbal behaviour, such as facial expressions, gestures and body language (Root, 1987). According to Simintiras et al, (1998) “individuals who are unfamiliar with the complexities of non-verbal behaviour may experience difficulty in understanding messages” (p.12). Such countries include Japan, Brazil and Spain (Onkvist and Shaw, 1993).

Sawyer and Guetzkow (1965) proposed that the negotiators' behaviour and outcomes can be influenced by situational constraints, i.e., cross-cultural negotiations versus intra-cultural negotiations. Support for this view has come from a range of disciplines. The

cross-cultural communication and psychology literature suggest that people behave differently with members of their own culture than with members of foreign cultures.

Condon (1985) classifies cross-cultural communication problems into four categories:

1. Language and language behaviour;
2. Non-verbal behaviour;
3. Values;
4. Patterns of thought.

Condon adds that these categories might be considered in order of ascending perplexity. That is, misunderstandings at the level of language are often obvious and most easily corrected. Misunderstandings at the lower levels are seldom obvious to the participants in an interaction.

Language is a system which can be studied, described and taught (Adler, 1989). Adler continues to suggest that understanding of non-verbal behaviours and communication is, "by comparison disorganised and incomplete" (p.519). Unlike the first two categories, cultural values are not always directly observable. Values and attitudes are broad terms which do however, provide a basis for understanding apparently unrelated behaviours. Regarding patterns of thought, Condon adds that cultural differences at this level may result from a combination of differences in languages and values. Thus, "while one may come to understand or at least appreciate the vital differences in cultural values, many have given up trying to understand how another person reasons" (Condon, 1974, p.6). Hence in cross-cultural negotiations, the negotiation participants might expect problems of communication caused not only what is said, how it is said, and also by how what is said is interpreted.

### **3.10 Cultural differences**

Culture has been defined in many ways. A consensus of anthropological definitions states that:

‘Culture consists of patterned ways of thinking, feeling and reacting, acquired and transmitted mainly by symbols, constituting the distinctive achievements of human groups, including their embodiments in artifacts’ (Hofstede, 1980).

Therefore, based on the above, it is posited that the culture within which a person is socialised, educated, and reinforced exerts a significant influence on the negotiation activity (Tung, 1982). One’s conduct during a negotiation encounter is influenced by attitudes and customs which are embedded in his/her cultural traits. Furthermore, Campbell et al., (1988) demonstrated that marketing negotiations proceed differently in various cultures. In particular, negotiation constructs do not necessarily impact on bargaining activity in the same manner across all cultures (Campbell et al., 1988).

### **3.11 Hofstede’s research**

Hofstede’s empirical studies were undertaken between 1967 and 1973 within a large multinational company in 66 of its national subsidiaries. The resulting database contains more than 116,000 questionnaires: all categories of personnel were interviewed, from ordinary workers to general managers. Out of 150 questions, 60 dealt with the values and beliefs of respondents on issues related to motivation, hierarchy, leadership, well-being in the organisation, etc. The questionnaire was administered in two successive stages (1967-69 and 1971-73) so as to verify validity by replication. Versions of the questionnaire were drafted in twenty different languages. Whilst providing valuable information as a framework to work from, it appears the study has not been directly applied and compared against potential alternative approaches in the negotiation setting.

Interviewees in the study all belonged to the same multinational corporation, IBM, which has a very strong corporate culture shared by its employees. Consequently there was no variance on this dimension across the sample (Hofstede, 1980). Each national sample allowed for a similar representation of age groups, sex and categories of personnel, thereby avoiding a potential source of variance across national subsidiaries' results. Finally, the only source of variance was the difference in national cultures and personalities (Hofstede, 1980). Hofstede clearly explains that samples of cultures should not be confused with samples of individuals, drawing attention to the risk of stereotyping.

His research lead to the conclusion that there are five dimensions on which culture differ. For the purposes of this research, four of the five dimensions have been used as the fifth dimension was developed from an Asian perspective and is deemed not to be relevant to this project. Hofstede's empirical results have been replicated at a national level (Shackelton and Ali, 1990; Chow, Shields and Chan, 1991) and his cultural framework has been accepted as important and reasonable for describing differences among nations (Triandis, 1982). These four dimensions are as follows:

### **3.11.1 Individualism/Collectivism**

This dimension measures the extent to which an individual's self-concept is perceived in individual terms or in collective terms. This dimension reflects the importance of individuality versus collectivity in a society.

In an individualistic society, people prefer having a job which allows them extra time for personal and family life, provides a personal sense of accomplishment, and gives them freedom to adopt their own approach in performing the job (Hofstede, 1980). It is at the level of individuals that initiative, effort and achievement can best be developed, because people are separated and different (Usunier 1991). In a collectivist country, by contrast, social norms are more important to people and there is greater pressure on individuals to conform to those norms (Hofstede, 1980). Social ties or bonds between individuals are

heavily emphasized. The implications from this dimension are that Argentines are situated towards the collectivist end of the collective-individual continuum relative to New Zealanders, who, on the other hand, would supposedly have more individualist traits (refer Table 23).

### **3.11.2 Power Distance**

This dimension is concerned with issues of equality and inequality between individuals of the same nation and with the way inequality is generally accepted. It reflects the amount of power or influence held by superiors in an organisational hierarchy over their subordinates.

In high power distance countries, powerful members of society accept the unequal distribution of power and rewards as normal characteristics of their society. Less powerful individuals are afraid to express disagreement. In low power distance countries, there is a belief that inequality in society should be minimised and all individuals should have equal rights. The hypothesis is that in Argentina consistency of approach (for example use of titles Mr, Mrs, Dr) is required for negotiations and that a hierarchical system is in place and must be recognised. According to Hofstede, from this dimension, it is also anticipated that Argentines may evade issues. For these traits Argentina may have a higher tendency for these than New Zealand. Power distance also has an influence on the seller's status in high power countries. For example, "the seller is often in charge of voicing the producer's conditions to the customer, with very limited leeway for negotiation especially about price and delivery conditions" (Usunier, 1991, p.463). In this definition the negotiator role is only to convince; the negotiator is given no role in representing the customer needs and making them known to his/her company.

### **3.11.3 Uncertainty Avoidance**

The 'Uncertainty Avoidance' dimension measures tolerance for uncertainty or ambiguity and the perceived need to take action to reduce the uncertainty. Hofstede examined three

components of uncertainty avoidance: (1) the degree to which people are willing to break company rules, (2) the degree to which employees want employment stability, and (3) the frequency of feeling nervous or tension at work.

In high uncertainty avoidance cultures, people cannot tolerate ambiguity and frequently take action to reduce it. They can manage to reduce uncertainty by establishing explicit, formal rules and regulations and by accepting without question the superior's goals. In low uncertainty avoidance cultures, by contrast, consistency of rule orientation is not that important. Regarding this dimension, it is anticipated that Argentines will show reactions either verbally or non-verbally (face and body signals), may raise the voice as well as being at ease with physical contact and there will be a focus on rules. This is opposed to New Zealand's traditional conservative image.

#### **3.11.4 Masculinity/Femininity**

Masculine cultures value achievement and abhor failure, while feminine cultures value affiliation and view failure as much less important. People from masculine cultures are more likely to admit or exaggerate their acceptance and pursuit of "masculine" goals such as promotion, a pay rise or recognition. Whereas in a "feminine" society nurturing and interpersonal relations are of more importance. On Hofstede's continuum, both Argentina and New Zealand are similarly correlated in this dimension, however, it is expected to be found that status will be a prominent consideration for the Argentines in the findings.

Hofstede (1980) was aware of the need to consider sub-cultures. He acknowledged that "countries may be too complex to depict a national character" and went on to explain, "We tried to relate 'culture' to a nation as a whole, but there are, in fact, a whole range of cultures in every single country, and unless we are more specific, statements about 'culture' are meaningless (p.79). An example of the difficulties that Hofstede was talking about is discussed by Gilligan (1982) that the way that thinking is used by women tends to be contextual and narrative, while men tend to be more formal and abstract. In other

words, men and women in different cultures may use different criteria in determining behaviour patterns.

Hofstede (1980) provides empirical data supporting the significant cultural disparity between Argentina and New Zealand (refer Appendix B). According to Hofstede's cultural differences among countries, Argentineans and Pakeha New Zealander's demonstrate distinct patterns of behaviour on three (out of five) cultural dimensions:

- (1) power distance (dependence of relationships); and
- (2) individualism/collectivism (ties between individuals)
- (3) uncertainty avoidance

Pertaining to the dimension Masculine/Feminine, New Zealand and Argentina were ranked with similar country ratings (Argentina - 56, New Zealand - 58). Further, the fifth dimension was developed from an Asian perspective and is not deemed relevant to this study.

### **3.12 Criticisms of Hofstede**

A total 61 replications (Sondergaard 1994) have been recorded of Hofstede's work. Of these, there are no replications involving New Zealand or Argentina. These findings either try to find support for the cultural differences or validate the dimensions. The analysis of the replications showed that the differences predicted by Hofstede's dimensions were largely confirmed.

However, three major constraints to Hofstede's work have been pointed out. The following criticisms have been cited from Sondergaard (1994).

1. Some reviewers questioned whether the dimensions developed from data collected between 1968 and 1973 were artifacts of the period of analysis (Lowe 1981; Warner 1981; Baumgartel and Hill 1982.).
2. Several reviewers stressed the constraints derived from Hofstede's research population of IBM employees. (Banai 1982; Kidd 1982; Merker 1982; Triandis 1982; Blankenberg 1983; Robinson 1983; Sorge 1983; Rose 1986; Schooler 1983; Korman 1985)
3. Some questioned whether the use of only attitude-survey questionnaires was a valid base from which to infer values. (Smucker 1982; Triandis 1982; Kreweas 1982; Schooler 1983). This point was not developed further in this paper, however, research by Malhotra (1996) suggests that for this type of research these type of questions may be appropriate. Another limitation of this approach is that what people say and what people actually do may be different. Hence, an advantage of the 'observation' approach.

Implications from this infer that as mentioned, at best only a generic cultural evaluation tool can be constructed. With this in mind, by providing a practical model for the overseas operator and recognising its limitations, this will at least provide a limited 'understanding' of differing practices and values.

### **3.13 Trompenaars's research**

Over a 10 year period, Trompenaars (1993) administered research questionnaires to 15,000 managers from 28 countries. The relative positions of each country for each of the dimensions that he defined are based on the responses of at least 500 managers.

Trompenaars puts forward five dimensions he believes are relevant to business. Though Trompenaars did not specifically investigate New Zealand or Argentina, the dimensions have similarities to those of Hofstede and provide useful additional information regarding practical ways for managers to consider how cultural differences can influence negotiations.

The five dimensions are as follows:

#### **3.13.1 Universalism versus Particularism**

According to Trompenaars, universalism means that what is true and good can be discovered and applied everywhere. Particularism means that unique circumstances and relationships are more important considerations in determining what is right and good than abstract rules.

An example of this dimension is the role of the contract in different cultures. While contracts tend to be accepted in business practice in universalist cultures, more particularist cultures tend to rely on relationships with people they hold in high regard for enforcement of a deal. Encounters between universalist and particularist business counterparts may result in both sides being skeptical of each other's trustworthiness. Applied to this study, it is anticipated that Argentinians will rely more on the relationship than the actual contract.

**Table 1. Business areas affected by Universalism/Particularism**

<b>Universalism</b>	<b>Particularism</b>
Focus is more on rules than on relationships	Focus is more on relationships than on rules
Legal contracts are readily drawn up	Legal contracts are readily modified
A trustworthy person is the one who 'honours' their word	A trustworthy person is the one who honours changing circumstances
There is only one truth or reality, that which has been agreed to	There are several perspectives on reality relative to each participant
A deal is a deal	Relationships evolve

Source: Adapted from Trompenaars (1993)

### 3.13.2 Individualism versus Collectivism

Essentially this dimension concerns how groups have resolved the problem: does the person regard themselves primarily as an individual or as part of a group? Within more collectivist societies, the particular group with which individuals choose to identify varies. Examples given by Trompenaar include: their nation, corporation, religion and profession.

**Table 2. Business areas affected by Individualism/Collectivism**

<b>Individualism</b>	<b>Collectivism</b>
More frequent use of "I" and "me"	More frequent use of "we"
In negotiations, decisions are typically made on the spot by a representative	Decisions typically referred back by delegate to organisation
People ideally achieve alone and assume personal responsibility	People ideally achieve in groups which assume joint responsibility
Holidays are taken in pairs, or even alone	Holidays taken in organised groups or with extended family

Source: Adapted from Trompenaars (1993)

### 3.13.3 Neutral versus Affective relationships

In affective cultures, expressing emotions openly is more ‘natural’, whereas more neutral cultures believe that emotions should be held in check to avoid being seen as out of control. At one extreme, neutral cultures could consider emotions such as displaying anger in the work place as ‘unprofessional’. Conversely, affective cultures could regard their neutral counterparts as emotionally dead, or according to Trompenaars, hiding true feelings behind a mask of deceit.

**Table 3. Business areas affected by neutral/affective relationships**

Affective	Neutral
Show immediate reactions either verbally or non-verbally	Opaque emotional issues
Expressive face and body signals	Do not readily express what they think or feel
At ease with physical contact	Embarrassed or awkward at public displays of emotion
Raise voice steadily	Subtle in verbal and non-verbal expressions

Source: Adapted from Trompenaars (1993)

### 3.13.4 Specific versus Diffuse relationships

This dimension deals with the degree of involvement individuals are comfortable with in dealing with other people. In specific cultures people may prefer to keep their private life separate from work. In a diffuse culture, people may come across as ‘cool’ initially, but once a friendship has developed then the business relationship can proceed. Doing business with a culture more diffuse than one’s own is going to appear time consuming. The counterpart may wish to know for example, where you went to school. This small talk is not a waste of time because, according to Trompenaars, this type of information helps

reveal the person's character and facilitates friendship building. "The initial investment in building relationships is as important, if not more so, than the deal in some cultures" (p.25).

**Table 4 Business areas affected by specific/diffuse relationships**

Specific	Diffuse
<p>Appears direct, open and extrovert            'To the point' and often appears abrasive</p> <p>Separates work and private life</p> <p>Varies approach to fit circumstances, especially with use of titles (i.e. Dr, Mr, Mrs)</p>	<p>Appears indirect, closed and introvert            Often evades issues and 'beats around the bush'</p> <p>Work and private life are closely linked</p> <p>Consistent in approach, especially with use of titles (i.e. Dr, Mr, Mrs) in any setting</p>

Source: Adapted from Trompenaars (1993)

### 3.13.5 Achievement versus ascription

This dimension deals with how status and power in a society is determined. Status can be based either on what someone does, or on what someone is. In achievement-oriented countries, a business person is evaluated by how well they perform a particular function. In ascriptive cultures, status is attributed to, for example, older people or highly qualified people.

It appears that the criticisms of Hofstede's research may also apply to Trompenaars' work. It should be remembered that irrespective of which cultural dimension is examined, individuals are the carriers of culture. Most problems related to culture in international business are created, and can be solved, by individuals.

### **3.14 Examples of differing emphasis of negotiation skills**

The following are some generalized examples of how different cultures place a differing emphasis on the importance of negotiation characteristics. American managers believe that effective negotiators are highly rational (Adler, 1997), while Brazilian managers hold an almost identical perception and differ only in replacing integrity with competitiveness (Graham, 1987). By contrast, Japanese managers differ from Americans in stressing both verbal expressiveness and listening ability, whereas Americans only emphasize verbal ability (Tung, 1984). To the Chinese, a negotiator must be an interesting person and should show persistence and determination, the ability to win respect and confidence, preparation and planning skills (Tung, 1982).

### **3.15 Status differences**

New Zealand negotiators may minimize status differences during negotiations: for example, they will use first names to promote equality and informality. Unfortunately this approach, which succeeds at putting New Zealanders at ease, may make people from other cultures uncomfortable. Negotiators from Argentina for example, may feel more comfortable in formal situations with explicit status differences. Age, like title, denotes seniority and demands respect in certain countries (e.g. China, Japan, Argentina, Brazil). Sending a young inexperienced person to lead a negotiation team is more likely to insult senior officials in the counterpart team.

### **3.16 Interpersonal relationship building**

During relationship building, parties develop respect and trust for members of the counterpart team. Similarities become the basis for personal relationships and trust (Adler, 1989). Separating the people from the issue, as New Zealanders do, implies that negotiators should be able to reject their counterparts' suggestions without rejecting the

people themselves, that they can disagree with their counterparts' analysis without viewing them negatively.

New Zealanders may see little need to 'waste time' on getting to know people, as opposed to Argentineans, and want to "get down to business" - to discuss task related issues in the negotiation. New Zealanders may base their transactions on written contracts, consequently focusing on signing contracts rather than developing relationships with members of other cultures. This is opposed to other countries where enforcement mechanisms are personal (Graham, 1987), for example, China, Japan and Argentina. In these cultures people keep commitments to people, not to contracts. People emphasize the relationship, not the written agreement.

Negotiating styles clearly vary across cultures (Adler, 1997; Tung, 1984; Graham, 1983; Casse, 1981). Words and behaviour that effectively persuade people in the negotiator's home country may fail to influence bargaining partners from other countries. The cultural context of a negotiation significantly influences, for example, who should be a team member. Hence, during discussions, negotiators should assume differences exist in negotiating styles until similarity is proven or research their styles before the negotiation takes place.

### **3.17 Stereotyping**

Stereotypes are especially important insofar as they influence perceptual judgments. As a result misunderstandings may arise in intercultural relationships from the stereotyping of the parties involved. An example of a stereotype would be a belief that all Jews are shrewd. The stereotyped perception is not necessarily completely untrue, though frequently they are at least partially inaccurate, if not completely wrong (Stening, 1979). However, in the formation of the stereotype the areas of greatest contrast are likely to be given greatest prominence (i.e., exaggeration that all Argentineans are emotive). Campbell (1967) commented on this issue by saying "the greater the real differences between groups

on any particular custom, detail of physical appearance, or item of material culture, the more likely it is that that feature will appear in the stereotyped imagery a group has of the other” (p.821). Therefore it would seem logical to expect that in international business relationships ethnicity would be an important basis for stereotyping.

To the extent that the stereotypes used by persons in cross-cultural relationships are inaccurate or ‘simplistic’ they may be the source of misunderstandings between those parties at the interpersonal level. Stening (1979) comments that to adequately understand a foreign counterpart, the negotiator should at least be aware of the stereotypes that they may have of this nationality. As would be expected in any stereotyping situation, the greater the degree of first-hand experience gained in an intercultural relationship the less prevalent becomes the actual stereotyping. The greater the contact there is between the parties the more likely it is that their images of each other will be truthful<sup>2</sup>.

### **3.18 Some cross-cultural comparisons**

Once an individual has been socialised to a society, their predisposition’s become culturally rooted (Hofstede, 1980; Sheth, 1983; Hofstede and Bond, 1988; Tung, 1988). For example, researchers have found that perceptions of trust vary depending on one’s cultural orientation (Nadler, 1985). As such, some cultures are more trusting than others. According to Nadler (1985), since the United States is a verbally-oriented society, trust stems from written contracts. On the other hand, members of the Japanese culture traditionally rely on honour as the basis of trust (Hofstede, 1980; Nadler, 1985). An individual’s risk-taking propensity and co-operativeness could also be influenced by cultural orientation. For example, the individualistic nature of North Americans explains their apparent propensity to take more risks (Harnett, 1968; Hofstede, 1980). Harnett and Cummings (1980) provide some evidence that competitiveness among individualistic

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<sup>2</sup> Caution must be given that stereotyping may become a self fulfilling prophecy in that an unfavourable stereotype could elicit behaviour which by itself will provide for the manifestation of that stereotype.

executives leads to lower levels of observed co-operative behaviours. On the other hand, regarding the degree of uncertainty avoidance for example, would influence the tendency of the Japanese to be risk-averse (Hofstede, 1980; Hofstede and Bond, 1988).

### **3.19 Chapter summary**

The hierarchical preference, role of personal connections and the development of social relationships will be expected to impact on the formation of trust in negotiations more than New Zealanders, in that there will be a heavy reliance on these variables from an Argentine perspective for trust to develop. The Argentineans hold higher power distance value relative to New Zealand (refer Appendix B). Therefore, it is expected that business relationships should be formal; Argentine business partners should, for example, be addressed by their correct business title to avoid insulting behaviour. Even though Argentineans have the stereotyped 'manna' attitude, for business proposals, attention to planning and detail is expected in the need to reduce uncertainty.

## **CHAPTER FOUR:      NEGOTIATION**

### **4.1      Background**

The literature suggests that an adaptive approach to negotiation leads to better negotiator role performance. Empirical support for the relationship between an adaptive approach and sales performance, is provided by Weitz (1981). In a cross-cultural setting, adaptation to that culture has been shown to increase communication effectiveness and role performance (Cui and Awa, 1992). Likewise, adaptive negotiator behaviour should build perceptions of customer orientation (Perdue et al., 1991). Conceptually, an adaptive approach should also increase the counterpart's evaluation of negotiator role performance by increasing the 'attractiveness' of the negotiator. Hence, the higher the levels of an adaptive approach, the more improved the counterpart's perceptions of negotiator role performance.

Adaptation of a negotiation strategy, allowing the negotiator to be more sensitive to the views of the counterpart, is a facility which may aid in adjusting relationships with their hosts. While this may be so, there appears to be little evidence to either support or refute this approach as to what level of adaptation is required.

### **4.2      A holistic perspective**

The negotiation activity builds long-term relationships typically through problem-solving and conflict resolution (Ganesan, 1994). In problem-solving, negotiators co-operate with each other to secure favourable outcomes (Perdue, 1992). In conflict situations, negotiators often attempt to constrain the other party while pursuing self-interests (Thompson, 1990). Previous studies have shown that the extent of problem-solving observed among negotiators is influenced by three sets of variables: (1) individual or bargainer characteristics (Shure and Meeker, 1967; Thompson, 1990; Dabholkar et al,

1994); (2) organisation-related variables (Michaels, 1987); and (3) perceived characteristics of counterparts (Rubin and Brown, 1975)

### **4.3 Process of negotiation**

The process of negotiation is important in the analysis of the exchange relationship in marketing (Pennington, 1968). In fact, it has been argued that face-to-face buyer-seller negotiation is fundamental to the marketing process (Graham, et al., 1988). According to Webster (1994), negotiation is one of the principal processes involved in the buying and selling process.

Negotiation is a common practice in international sales encounters. Yet, numerous negotiations may fail because buyers and sellers refuse to co-operate and compromise. Negotiation is described by Smith (1992) as:

“...a system of decision-making characterised by a mixture of common and conflicting interests on the part of the parties involved in making the decisions. The commonality of interests rests in the necessity that both parties agree to any decision. The conflicting interests are in regard to the disposition of the substantive issues peculiar to the situation” (in Karrass, 1970, p.28)

Relationships exist because people have shared goals. This does not, however, imply that the means of achieving these goals is shared by the negotiating parties. Therefore, the buyer-seller negotiation process confronts elements of co-operation and conflict simultaneously. Co-operation secures individual and mutual goals while conflict provides parties the competitiveness to ensure that the settlement will support their own self-interest (Harich et al., 1998).

Long-term relationships hinge on the ability of both the buyer and seller to achieve mutually beneficial outcomes. Negotiations directed towards co-operative problem solving

achieves such outcomes using the needs and preferences of their respective exchange partner (buyer or seller) to direct behaviours towards co-operation, integration, and information exchange (Graham, 1986). This involves selecting appropriate tactics and using bargaining skills to minimize conflicting interests to reach conciliatory solutions.

#### **4.4 The negotiation process**

The interactive part of the process of negotiation can be divided into two different stages:

- (1) non-task related interaction; and
- (2) task-related interaction (Adler, 1986).

The first stage, non-task related interaction, describes the process of getting to know each other or of establishing rapport between members of negotiating teams (Hawrysh et al, 1989). This is the stage of the face to face interaction which opens the meeting and excludes those interactions related to the exchange of information regarding the business of the meeting (Tung, 1982). It involves negotiators getting to know their counterparts. Non-task related interaction is supposedly influenced by status distinction (Trompenaar, 1993) impression formation accuracy (Graham, 1985) and the interpersonal attraction (Graham, 1985) of the negotiators.

The second stage of the negotiations describes the task-related interaction and it is concerned with the 'business' of the negotiation. It involves an exchange of information regarding the needs and preferences of the negotiator (Hawrysh et al, 1989). This stage places an emphasis on information exchange (Graham, 1987), persuasion, bargaining strategy (Hawrysh et al., 1989), and concession making (Tung, 1982). Hence both high and low-context cultures may exert an influence on both the non-task related and task related factors, which in turn can influence the outcome of the negotiations.

#### 4.4.1 Non-task interaction

##### *Status distinction*

At the non-task interaction stage of the negotiation process, status distinction supposedly plays an important role especially for the Argentinians. Status can be defined by sex, education, and the position of the person in the company (Hofstede, 1980). Examples of high context cultures where status distinctions are pervasive include Mexico, Brazil and Japan (Onkvist and Shaw, 1990). According to Graham (1988), status distinction has a considerable impact on cross-cultural negotiations and can influence their outcomes. He further suggests that the relative status of the seller and buyer in negotiations is the single most important factor in explaining negotiation outcome. Hence, differences in status distinctions of negotiators between high and low-context cultures could be a source of potential problem if negotiators of equal status are not sent. For example, (Simintiras and Thomas, 1998) “a seller from a high-context culture negotiating with a buyer from a low-context culture is likely to attach importance to the status of the buyer” (p.14).

Hence the hypothesis is that the lower the degree of importance negotiators from high-context cultures attach to status positions when negotiating with buyers from low-context cultures, the higher the likelihood of positively influencing the negotiation outcome.

##### *Impression formation accuracy*

At the non-task related interaction phase, negotiators tend to form impressions about attitudes and characteristics of others (Tung, 1982). According to Graham (1985) it is important that accurate perceptions of individuals are formed immediately since initial perceptions may form the basis for the future bargaining strategy. Since the perceptions of individuals from dissimilar cultural contexts differ the likelihood of a negotiator forming accurate impressions of a counterpart would be reduced.

### *Interpersonal attraction*

The immediate face-to-face impression may be influenced by feelings of attraction or liking between negotiators. Feelings of attraction that develop over the course of the negotiation as the personal relationship develops have their roots at the initial contact phase (Graham, 1985). However, it is also possible to dislike someone initially (or be neutral about them) and then like them later (in response to what they say or do). According to Graham (1985) interpersonal attraction can have positive or negative influences on the negotiation outcome. First, it can enhance the satisfaction an individual derives from the negotiation and second, it can have a detrimental effect on negotiation outcome (Graham, 1985). Graham (1985) further suggests that sellers and buyers eager to preserve satisfying personal relationships may sacrifice economic rewards in the negotiation. Implications from this are that individuals who are attracted are likely to make concessions in bargaining.

#### **4.4.2 Task-related interaction**

### *Exchange of information*

The second stage of the negotiation process describes the task-related interaction. During this stage, there is an exchange of information (Graham, 1987) that defines the participants' needs and expectations (Hawrysh et al, 1989). In this stage the negotiators must clarify their situation and needs and understand their counterpart's requirements. Communication at this stage, where a clear understanding of participants' needs and expectations exists, is essential (Simintiras and Thomas, 1998).

Triandis (1982) found that greater communication similarity leads to more effective interactions between negotiation participants. Researchers have isolated certain problems in exchanging information cross-culturally at the negotiation table that fall into a non-verbal category (Swift, 1991). For example, it has been found (Furnham, 1989) that culturally determined behaviour with respect to gaze, facial expression and the use of time and space can produce adverse effects upon cross-cultural exchange of information.

Concerning time, information flow may never begin if the differing time perceptions in various cultures prevent negotiations between participants who do not share identical attitudes to time (Limaye and Victor, 1991).

The culture of an individual manifests itself in the communication used in the negotiation. An individual from a low-context culture will focus on explicit messages and display a great deal of precision in the verbal aspect of communication (Hall, 1976). Meanwhile, communication between members of high context cultures is implicit and features expressive non-verbal behaviour (Gudykunst 1993). This can include body language, gestures and facial expressions. As a result, in negotiations between sellers and buyers from dissimilar cultures, there is an increased likelihood that the information exchange will be adversely affected by the complexities with regard to verbal and non-verbal communication.

#### *Concept of time*

Attitudes to time have been treated as either monochronic e.g., United States, Canada, Australasia, or polychronic e.g., Latin America and Asia (Limaye et al., 1991). People from monochronic cultures as previously mentioned tend to follow the direct path approach, coming to the point very quickly with a very little introductory phase. Further, this type of culture usually places emphasis on for example, units of time and scheduling.

This is in contrast to a polychronic culture which views time as flexible. Conversations can be circular or indirect. Thus, business negotiations in some cases may go off on a tangent. Consequences from this are that polychronic cultures are likely to view the direct plan approach as rude. As a result, differing time perceptions in various cultures may cause failures in business negotiations between participants who do not share identical attitudes to time.

#### **4.5 The impact of culture on organisations**

Negotiation is “a process in which two or more entities come together to discuss common and conflicting interests in order to reach an agreement of mutual benefit” (Harris and Morgan, 1987, p.55). The negotiation process is a complex process which is significantly influenced by the culture(s) within which the participants are socialised, educated and reinforced (Tung, 1982). For example, an individual’s conduct during a negotiation encounter is influenced by ethnic heritage (Hawrysh et al., 1989), and the attitudes and customs which are embedded in his/her culture. Individuals having the same cultural backgrounds tend to display common patterns of thinking, feeling and reacting in line with their cultural heritage. As a result, behaviour in negotiation is consistent within cultures and each culture has its own distinctive negotiation style (Simintiras et al, 1998).

International sales negotiations that occur across national boundaries are cross-cultural (Adler, 1986), and a negotiation is cross-cultural “when the parties involved belong to different cultures and therefore do not share the same ways of thinking, feeling and behaving” (Casse, 1981, p.152). Such cultural differences prevalent in cross-cultural negotiations can affect the process and its outcome (Tse, 1994).

Ineffective meetings and communication breakdowns can, according to Schein (1985), be analysed from a cultural perspective and Tse, (1994) sees negotiations as one of the best opportunities to apply knowledge of cross-cultural differences. Tse (1994) observed that, even in business negotiations between close cultural partners, it is crucial to learn to understand the signals of the partner, and to be willing to adjust to the way of doing business in the counterpart’s country.

However, studies of negotiation styles have mainly been concerned with Western versus Oriental negotiators. Saito-Fukunga (1990) has found that Americans and Japanese approach the negotiation situation with different orientations. Americans believe that confrontation cannot be avoided and that it is even necessary to some extent in order to

achieve an agreement, while the Japanese, in turn, find that confrontation is basically destructive. However, this research does not take account of the Japanese business people who have, and learnt, from previous cross-cultural negotiations and learned to be adaptive and do confront their counterparts. Chinese negotiators are also striving for harmony and trying to avoid open conflicts, a negotiation style which Westerners find difficult to adopt (Johansson, 1995). Closely related to negotiation style is the concept of face. In Japan, China and several other Asian countries, a loss of face can be disastrous for business relations, with 'face' being preserved with avoidance of conflicts (Jansson, 1985).

Variations in the concept of time also influence negotiations and business dealings in general. In his study of cultural dimensions in management Hofstede (1984) included the meaning of time in the dimension of uncertainty avoidance. He found that in more uncertainty avoiding countries, for example France and Japan, time is regarded as money and should be exploited. Whereas, time is a 'framework' for orientation in less uncertainty avoiding societies like Great Britain. In most developing countries time is conceived as circular and not as a scarce resource (Johansson, 1995) with the concept of *manana* in Latin American business culture well known.

#### **4.6 Chapter summary**

People with different cultural backgrounds often do not share the same basic assumptions. This may undermine the process of building and maintaining trust between counterparts from differing cultures. According to Campbell et al. (1988), when managing inter-cultural negotiations, managers should put their negotiation behaviour into a cultural perspective. In order to succeed, Fisher (1980) postulate that the manager has to learn to appreciate cultural differences. In as much as ignorance of a foreign country's language is no longer a valid excuse, inability to understand a culture is not plausible either (Mintu and Calatone, 1991).

## **CHAPTER FIVE: TRUST**

### **5.1 Background**

Underpinning the ability to influence negotiation is the common denominator of trust. Moorman et al., (1993) and Morgan and Hunt (1994) suggest that trust and commitment are the central constructs operating in domestic business relationships. Channel member satisfaction is also frequently considered a key marketing objective (e.g., Crosby, Evans, and Cowles, 1990). While the above mentioned studies reported on a single culture, it is suggested that these variables apply equally to an international setting. The literature presented poses a question of whether adaptation of national culture as part of a negotiation strategy facilitates trust more than a principled professional approach.

The traditional view of trust adopted in marketing has been based on a psychological approach. This research extends that view to include sociological theories (Moorman et al, 1993). This is to include both confidence in an exchange partner (the psychological component) and a willingness to rely on an exchange partner (the sociological component). Confidence and reliance, in turn, indicate the critical roles of uncertainty and vulnerability to trust in relationships. Moorman et al (1993) argue that if a trustor has complete knowledge about an exchange partner's actions, is able to control the exchange partner, or has not transferred the critical resources to an exchange partner, trust is not necessary in the relationship.

Various authors (e.g., Moorman et al, 1993; Harich and Labahn, 1998) propose that cultural sensitivity, communication effectiveness, dependability, and customer orientation increases counterparts' satisfaction, trust, commitment. For example, perceived cultural sensitivity should reduce the distance between the parties which enables open communication and reduced conflict, hence, facilitating the development of trusting, satisfying, and committed relationships (Ford, 1980).

Effective communication and its ability to rectify minimal misunderstandings has also been discussed as a key to a counterpart's trust and commitment (Gudykunst, 1993). For example, it has been suggested (Grewal and Sharma, 1991) that the negotiators credibility, message strength, and clarity lead to enhanced counterpart satisfaction. Bialaszewski and Giallourakis (1985) show that perceived communication accuracy are associated with higher levels of counterpart trust. Communication quality has also been shown to increase commitment (Anderson, 1990).

Greater customer orientation resulting from an adaptive approach is the final dimension of a negotiator's role performance to increase relationship quality. Saxe and Weitz (1982) found that customer orientation was positively related to cooperative buyer-seller relations. The reason is that studies taking an adaptive approach are motivated by the presumption that adaptive behaviours elevate counterpart satisfaction and commitment which enhances management's evaluation of the negotiator's performance (Spiro and Weitz, 1990). In contrast, Morgan and Hunt (1994) observe that this type of opportunistic behaviour decreases trust and commitment. Frazier (1983) shows that the better performance of the negotiator with respect to advice, service and delivery reduces a counterpart's desire to switch and increases satisfaction.

According to Usunier (1991) there are major obstacles to the establishment of trust in an intercultural perspective: (1) people do not always share the same communication style; (2) they may not share the same beliefs; (3) they do not necessarily agree on what are adequate control systems; and (4) their interpretation of a control system as signaling trust, distrust, or a reasonable combination of both differs.

Trust is then an asset of importance in that it enables negotiation partners to overcome short-term conflicts of interest, personal confrontations or even communication misunderstandings (Dwyer et al., 1987). This appears to hold true for the negotiation phase itself, that is before signing the contract (s), as well as for the negotiation process

during the implementation phase. Different national/cultural backgrounds could then be the source of communication problems and possible misunderstandings.

## **5.2 An intercultural approach to trust-building**

Relevant issues for building trust in international business negotiations according to Usunier (1991, p.505) are as follows:

1. How partners use their own cultural codes, as people and as representatives of organisations, to rate each other's credibility.
2. Their respective preference for the adoption of a problem-solving orientation, embedded in an integrative and collaborative rather than distributive/competitive strategy.
3. How cultural patterns of time affects negotiation phases, scheduling, plans and deadlines.
4. The partners' approaches to formulating problems, identifying relevant issues and alternative solutions, and the extent to which this 'common rationality' is shared by both parties.
5. Differences in communication style and in the degree of formality/informality during the negotiation process.
6. The type of negotiation tactics used and the extent to which certain tactics can be misinterpreted and damage trust.
7. The basis for trust, whether it is oral ('my word is my bond') or written (only what has been laid down on paper and signed is viewed as binding).
8. The attitudes towards possible litigation; some cultures are litigation oriented as a result of the 'get-it-in-writing' mentality.
9. Differences in business ethics concerning illegal payments.

(Source Usunier, 1991, p.506)

While these are relevant issues to consider, they are however, too generic to be operational for the negotiator.

Many cultures are more relationship oriented rather than deal oriented: for example as described by Weiss (1996) the Chinese prefer a gentleman's agreement, "a loosely worded statement expressing mutual cooperation and trust between the parties, than a formal western-style contract" (p.219). Further, in cultures where relationships are personalised, confidence cannot be separated from the person in whom the confidence is placed. This is where the concept of 'person's word is their bond comes into play'.

### **5.3 Implications**

Trust can save transaction costs in interpersonal and interorganisational relationships. The savings result from smooth communication: one does not need to write everything down, mutual understanding and consensus are reached more easily (Usunier, 1991). Marketers must recognise that the level of organisational support will determine whether adaptive behaviours translate into stronger relationships with foreign customers. For example, a strong organisational commitment may not compensate for poor execution by negotiators responsible for international relationships.

### **5.4 Approaches in dealing with culture in marketing**

Schein (1984) gives quite an extensive and detailed definition of the concept of culture. He considers that a general concept of culture as "a set of shared meanings that make it possible for members of a group to interpret and act upon their environment" (p.3) is not explicit enough and proposes that the concept should be defined as:

"... the pattern of basic assumptions that a given group has invented, discovered, or developed in learning to cope with problems of external adaptation and internal integration, and that have worked well enough to be considered valid, therefore, to be

taught to new members as the correct way to perceive, think and feel in relation to those problems” (Schein 1984, p.3).

This indicates that group dynamics and professionalism in Schein’s view may be more important in negotiations than interpersonal relations that previous research has emphasized.

The relation of culture to marketing and marketing strategy is also put forward by Kasper (1990). His interest is to consider the role between cultures and marketing strategy in particular. This is done in relation to the marketing concept and especially customer orientation. Neither of these studies focuses, however, on the interaction relationship, and how the interacting parties may be influenced by organisational culture.

## **5.5 Performance dimensions**

According to Moorman, et al., (1993) and Harich and LaBahn (1998), the negotiator role can be based upon four dimensions: Dependability, Customer Orientation, Communication, and Cultural Sensitivity. Cultural sensitivity has already been examined.

Communication is defined as how well the negotiator is perceived as providing meaningful accurate, and timely information (Frazier, 1993). This definition recognises the importance of avoiding misunderstandings. Studies by Moorman et al, (1993) and Harich and LaBahn (1998) also provides support for including negotiator communication as a dimension.

Dependability is defined as the degree to which the counterpart perceives the negotiator as being consistent in keeping promises. Negotiators who are instrumental in ensuring the fulfillment of sales orders and those who carefully monitor their fulfillment would be perceived as more reliable and capable.

The final dimension of a negotiator role performance is the negotiator's customer orientation, defined as the degree to which a negotiator's behaviour exhibits concern for the counterpart (Harich et., al 1998).

### **5.5.1 Dependability**

Trust according to Moorman, Zaltman and Desphande (1993, p.43) is defined as;

“a willingness to rely on an exchange partner in whom one has confidence”.

This definition spans the two general approaches to trust in the literature. First, research in marketing views trust as a belief, confidence, or expectation about an exchange partner's trustworthiness that results from the partner's expertise, reliability, or intentionality (Dwyer and Oh, 1987; Anderson, 1990). Second, trust has been viewed as a behavioural intention or behaviour that reflects a reliance on a partner and involves vulnerability and uncertainty on the part of the trustor (Coleman, 1990). This also suggests that uncertainty is critical to trust, because trust is unnecessary if the trustor can control an exchange partner's actions or has complete knowledge about those actions (Coleman, 1990).

#### *Perceived sincerity*

This is the extent that the negotiator is perceived to be honest and a person who makes promises with the intention of fulfilling them (Larzeleve and Huston, 1980). Research suggests that when a source's past communications are truthful, receivers are more likely to rely on current communications from that source (Schlenker, Helm, and Tedeschi, 1973). As Schlenker et al state, “a promiser who did not back up his words with corresponding deeds soon would be distrusted” (p.420). Other research has suggested that sincerity is a subdimension of trust (Crosby et al, 1990). Moorman et al (1993) believe that sincerity is a better determinant of trust, because when users sense that negotiators are sincere or telling the truth, they extend trust because doing so lessens the vulnerability and uncertainty associated with such relationships.

### *Perceived integrity*

This is where a negotiator is perceived to be unwilling to sacrifice ethical standards to achieve individual or organisational objectives (Moorman et al, 1993). Past research by Butler and Cantrell (1984) showed an empirical linkage between integrity and trust. Consequently, negotiators who demonstrate integrity are likely to be trusted because counterparts can expect them to adhere to higher standards.

### *Perceived dependability*

This is a negotiator's perceived predictability (Harich and LaBahn, 1998). According to Rempel and Holmes (1986) trust increases with dependability as counterparts come to rely on the predictability and consistency of the negotiator's actions. High variance behaviour, in contrast, reduces trust.

## **5.5.2 Customer orientation**

### *Perceived collective orientation*

This is the negotiator's perceived willingness to cooperate with the counterpart (Harich and LaBahn, 1998). Research has found that individuals are more willing to commit to another party if that party is believed to be cooperative as opposed to competitive or individualistically oriented (Anderson and Weitz, 1990).

### *Perceived tactfulness*

This is the level of etiquette a negotiator displays during exchanges with counterparts (Moorman et al, 1993). Tact is especially important when there is disagreement between the parties and an element of face saving is required.

### **5.5.3 Communication**

#### *Perceived timeliness*

This is a negotiator's perceived efficiency in responding to the counterpart's needs. Relatedly, Zeithamal, Parasuraman, and Berry (1990) describe responsiveness as a factor that affects consumers' perception of service quality. Moorman et al., (1993) notes the importance of timeliness to the counterpart's satisfaction with and trust in, the negotiator and suggests that it involves paying invoices on time, keeping to delivery dates, sending requested information or materials in a timely manner, providing feedback within a reasonable time period and keeping appointments.

#### *Perceived congeniality*

This is the extent to which a negotiator is perceived to be friendly and courteous toward the counterpart. This dimension has also been linked to satisfaction and perceptions of service quality (Zeithamal, Parasuraman, and Berry, 1990) Though congeniality may not always be necessary to establish good working relationships it seems reasonable that counterparts would be likely to make attributions about the negotiator's trustworthiness for example, on being courteous. This is not sufficient to maintain trust, however congeniality could contribute to trust.

## **5.6 Objectives**

The purpose of this section is to outline the general and specific objectives for this study.

### **General objective**

To explore organisational ethnic culture and factors which affect trust in negotiations with the aim of developing a greater understanding of how an organisation can develop a better negotiation strategy. This study is designed to determine how much influence national culture has in the negotiation process in an international context, specifically between Argentina and New Zealand. The rationale for focusing on Argentina is twofold. Firstly, by comparing two countries more of an accurate picture can be built of how each country differs in negotiation. Secondly, as previously mentioned, Argentina represents opportunities for New Zealand exporters in a developing market.

### **Specific objectives**

To provide a profile of how New Zealand and Argentineans view each other in the negotiation process.

To evaluate the importance of each of the four dimensions (Communication, Cultural Sensitivity, Dependability and Customer Orientation) in negotiation proceedings between Argentina and New Zealand.

To assess if a cultural adaptation approach is required in negotiations between Argentina and New Zealand..

To assess if cultural sensitivity is important enough to reduce cultural distance between Argentineans and New Zealanders in the development of trust in negotiations.

## **5.7 Chapter summary**

Tornroos et. al., (1990), propose that functional culture, expressed in professionalism may overcome the probability of generalising on ethnic stereotypes when persons are engage in performing their function (e.g., marketing manager) in an international venture. Ethnic culture may again dominate when the same people are engaged in non-functional roles outside organisations for example, social occasions. This raises the question whether cultural adaptation on one plane can influence more deeply rooted ethnic values. It must be remembered that all of these aspects are culturally determined from the basic assumption level. Studies by Moorman et al (1993) and Harich & La Ban (1998) have provided a framework but to date, it appears that no research has directly compared the importance that ethnic and a professional centred approach culture has in a negotiation setting. Thus, research which has investigated this area may have failed to address the question of which approach may be more appropriate.

## **CHAPTER 6:     METHODODOLOGY**

The key purpose of this chapter is to outline the methodology for the study. It provides a discussion on the sample selection, data collection method and statistical techniques used to analyse the data.

### **6.1     Sample selection**

. Due to the specific nature of the study, namely the limited number of New Zealand and Argentine organisations that have contact with each other, a random sample was not used as this would have reduced the sample size even further, hence reducing validity and usefulness. The sample used was 139 New Zealand and 54 Argentinean businesses and is representative and proportion of the amount of business contact between the two countries..

Those companies with one hundred or fewer employees were classified as 'small' and those companies with more than one hundred and fewer than two hundred and fifty employees were 'medium'. Companies with more than two hundred and fifty were classified as large.

### **6.2     People**

A database of New Zealand and Argentinean business people that conduct business activities in both countries was used. This database included the specific names and contact addresses of those concerned. The people comprising the sample were drawn from the participating organisations that had had direct personal contact with either a New Zealand or Argentine representative. Furthermore, in striving to provide a description of who is involved with the negotiation an occupation question was also included. Occupations included chief executives, managing directors and marketing managers, sales manager, general manager.

Each sample member was mailed a personalised cover letter and questionnaire. The cover letter explained the purpose of the research and an invitation to participate. A sample copy of the initial letter and letter of support from the Argentine Ambassador is shown in Appendix C. The letter informed the respondents that the survey would be sent out within two weeks giving the respondents ample time to respond, with any queries through email. Of note, responses through email was 18% with queries mainly being change of address or further clarification about respondent eligibility. Three weeks after the first mailing, a reminder letter was sent out (refer Appendix E) to nonrespondents encouraging completion of the survey. It was made clear that participation in the study was completely voluntary and responses were to be treated anonymously. This procedure helped gain commitment to the study not only from the organisational, but at the national level also.

To decide which information to seek from firms, a list of potential issues from the literature (see *Chapters Two, Three and Four*) was identified, and from this the questionnaire was developed. From this list, and interviews with New Zealand managers, a set of obstacles and an initial set of profile questions were selected as potentially most relevant to this environment.

### **6.3 Data Collection**

Primary research was undertaken by means of a mail questionnaire after a pre-test with two New Zealand and two Argentine organisations to ensure all questions were comprehensible and where necessary changes made. Using mail questionnaires as a means of data collection is a frequently used method of obtaining data for empirical research. Research by Chaney (1993) revealed that in 54 studies on export behaviour that were reviewed, 57% used mail questionnaires, 39% relied on face to face interviews and only 4% telephoned respondents.

A case study approach was considered, this being cited by Gummenson (1998) as being able to provide the heuristic approach required regarding new paradigms that encourage

further research in a field. However, current work stemming from this approach on cross-cultural business negotiations has paid little attention to the operational needs of businesses operating internationally. Further still, while this type of research is useful for illustrating key concepts and contributing to the information available, it lacks the rigorousness of empirical evidence.

The emphasis by export researchers on mail questionnaires for data collection is understandable as it offers many advantages over other methods. Of importance is the low cost involved. The cost of mailing compares favourably when compared to contacting respondents personally. As well as cost factors, reduction in any bias is also important to researchers. Mail questionnaires by their very nature, eliminate interaction between parties thus avoiding interviewer bias. Further to this, business people, being the target of export research, have very little time for personal interviews. Zou, Andrus and Norvell (1997) indicate that executives were less likely to participate in surveys compared to the general population, mainly due to time constraints. Hence, the questionnaire has the advantage that it can be completed at their convenience.

The main disadvantage of mail surveys is that there is the potential for non-response (this is a major problem in any research and can cause bias). Further, mail surveys does not allow the flexibility of the case study procedure in that individual topic questions can be examined in further depth.

During the pilot stage, the researcher discovered that along with the "time" factor in completing surveys, one reason that could help to explain why many researchers who send out company surveys tend to have low response rates was that many executives were wary of divulging information about their company to a stranger, probably for competitor reasons. Hence, the researcher believes that by gaining commitment from those concerned is advantageous as queries were able to be answered that may have hindered the respondent from completing the survey.

## **6.4 Survey instrument**

Questions were drawn as mentioned (see *Chapters Two Three and Four*), using Hofstede's (1980), Trompenaars (1993) cultural dimensions and Moorman et al's., (1993) and Harich and LaBahn's (1998) perceived interpersonal characteristics. The questionnaire, with a personalised covering letter (as recommended by Dillman 1978; Lockhart 1984) and a self addressed envelope to encourage response, consisted primarily of closed-response questions for ease of comparability and to minimize as much as possible any ambiguities in translation that could occur. A number of open-ended questions were also used, these being useful for providing further explanation where necessary. The confidentiality aspect was reinforced not only in the cover letter but also in the questionnaire itself. (Copies of survey instruments are attached as Appendix C,D and E.)

## **6.5 Questionnaire design**

The questionnaire was developed through a multi-stage process. First, a thorough review of literature was undertaken to identify substantiated measures for the constructs being examined. Second, an initial draft of the questionnaire was pre-tested with peers, academics and industry representatives in both Argentina and New Zealand in order to assess content validity, clarity and comprehensiveness, and where required amendments were made.

The final survey instrument was organised into several parts. It sought specific information on organisation, national culture and personal trait characteristics that may affect the trust building process in the negotiation. Further, the questionnaires were coded to identify respondents and eliminate the possibility of sending follow-ups to those who had already replied. None of the questions asked in the survey were of a commercially sensitive or proprietary nature.

The development of an appropriate and effective research instrument for this study involved the consideration of three central issues: scaling, measurement and wording.

Five-point Likert scales were used for each of the variables. The scales ranged from 'very important' to 'very unimportant'. The advantage of the five-point scale is that it is visually less overwhelming and that a more definitive outcome can be obtained as it reduces the potential for respondents to answer by 'sitting on the fence'. As discussed by Green and Rao (1970), Levin and Rubin (1991), Oppenheim (1992) and Sekaran (1992), rating scales used in research settings often present the question of how many response categories should be included? As noted by Sekaran (1992), "... research indicates that a five-point scale is just as good as any and that an increase from five to seven points on a rating scale does not improve the reliability of the ratings" (p.168).

Questions regarding firm demographics (adapted from Cooper and Kleinschmidt, 1985) included size of the firm (number of employees); years of export experience with Argentina and New Zealand.

Every effort was made to ensure translation of the research instrument into ideas and terms that have equivalent meaning and relevance in both Argentina and New Zealand. This was done by a qualified Spanish translator with considerable experience in the business environment.

In summary, the data collection approach can be outlined as follows:

1. An introductory letter was posted to each sample member, mentioning the study and informing the individual that they will soon receive a questionnaire (see Appendix C).
2. An initial mailing of the questionnaire with a personally-signed cover letter and return envelope was mailed to each sample member (see Appendix D).
3. A reminder letter sent to the sample members (see Appendix E).
4. A second questionnaire with a personally-signed cover letter (i.e., a follow up) and return envelope was posted to those sample members who had not responded.

Previous studies that utilised the design described above have realised response rates of 40 percent or better (Bradburn and Sudman, 1980; Cragg, 1991; Dillman, 1978).

## **6.6 Treatment of the data**

The process of data analysis began with coding of each item on the returned questionnaires. Following data entry and screening, the SPSS/PC statistical analysis software program was used to analyse the survey data obtained in the study.

## **6.7 Methodological issues**

Language is obviously a major (though not the only) component of culture, however, this variable still represents a problem when conducting international research. "In English the word 'business' is positive. It connotes the fact of being busy and emphasizes doing things" (Usunier, 1991, p.367). Expressions such as 'getting down to business' highlight people who have a responsible concern for their work. Fisher further explains that

In Spanish the word is 'negocio'... "the key is the 'ocio' part of the word, which connotes leisure, serenity, time to enjoy and contemplate as the preferred human condition and circumstance. But when harsh reality forces one from one's 'ocio', when it is negated, then one has to attend to 'negocio'. The subjective meaning is obviously much less positive than in English" (Fisher, 1988, pp.148-9).

From this example, it appears that it would be naive to use a differential semantic scale originally written in English and translate it simply with dictionary equivalent words. Sood (1990) studied the metric equivalence of scale items (from 'excellent' to 'very bad' across eight languages (English, Arabic, Chinese, Farsi, French, German, Korean and Spanish)). He highlights two implications for international survey work: (1) "some languages have fewer terms to express gradation in evaluation (e.g. Korean), whereas others have a multitude (French); and (2) there are large discrepancies in the 'value' of these adjectives, measured on a 0 to 100 scale: for instance, the Spanish '*muy malo*' was 58 per cent higher than its supposed English equivalent of 'very bad' (p151). Therefore the best solution according to Usunier (1991) is not to try and translate scale items but rather to start from local wordings based on scales used by local researchers.

## **CHAPTER SEVEN: RESULTS AND DISCUSSION**

The purpose of this chapter is to present the information necessary to answer the research objectives set forth in *Chapter Five*. Moreover, a detailed discussion and profile is provided regarding the sample characteristics, sample representativeness, research assumptions, and New Zealand and Argentinean findings of the study. This chapter will also explore the factors that the respondents consider important to themselves and how their counterparts perform according to those factors. In attempting to provide a clear understanding of the results, tabular data are incorporated along with descriptions of the data.

### **7.1 Overview**

Overall, 193 sample members were surveyed (139 New Zealand and 54 Argentinean) with 65 New Zealand (57% response) and 15 Argentinean (39% response) questionnaires returned and completed. This gives an overall response rate of 52%. Due to the lower response rate has the effect of providing an unbalanced sample and care should be taken when considering the results.

Overall respondent response calculated as follows:

Initial "population" = 193

Less:

Not qualified to answer = 19

Unable to be delivered = 21

Equals:

Total eligible respondents = 153

**Response rate =  $80/153 = 52\%$**

## 7.2 Respondent profile

The sample is derived by utilising a register provided by the Argentine Embassy which included the names and company addresses of people who have recently been to Argentina or New Zealand for business purposes.

### Company characteristics

**Table 5**      **Company size**

No of Employees	Frequency	%
<100 Employees	41	51
100-250 Employees	11	14
>250 Employees	28	35
Total	80	100

The sample comprised both small (51%), medium (14%) and large (35%) sized companies. Small was defined as those companies with less than 100 employees, medium size as between 100-250 and large companies were 250 employees and above. The majority of business conducted with Argentina appears to come from 'smaller' organisations.

**Table 6 Industry Category**

Industry	Frequency (n=80)	%
Agriculture	19	24
Forestry	6	7
Dairy	3	4
Services	23	29
Manufacturing	6	8
Food	4	6
Construction	5	6
Electronics	7	8
Others	7	8
<b>Total</b>	<b>80</b>	<b>100</b>

Table 6 above is a breakdown of the sample organisations categorised by industry. As can be seen 'services' and 'agriculture' dominate this category.

**Table 7 Number of years involved**

	New Zealand		Argentina	
	Frequency (n 65)	%	Frequency (n 15)	%
< 2 years	25	38	6	40
2 - 5 years	23	35	4	27
6 - 10 years	11	17	2	13
11 - 15 years	2	3	1	7
Over 20 years	3	5	2	13
<b>Total</b>	<b>65</b>	<b>100</b>	<b>15</b>	<b>100</b>

Overall it appears that trade development is still in its infancy with the majority of organisations (73%) having conducted business five years or less.

## Personal characteristics

**Table 8 Respondent Occupation**

	New Zealand		Argentina	
	Frequency (n 65)	%	Frequency (n 15)	%
Managing Director	9	14	4	27
Marketing Manager	10	15	1	7
Technical Manager	6	9	0	0
Business Manager	4	6	0	0
General Manager	8	12	2	13
Others	12	19	1	7
Director	16	25	7	47
<b>Total</b>	<b>65</b>	<b>100</b>	<b>15</b>	<b>100</b>

Of those who completed the questionnaire 39% were termed 'Managers', followed closely by 'Directors' who accounted for 45%, while 'Others' represented 18%. The majority (73%) of those surveyed have been personally involved for five years or less. This level of occupational representation shows commitment from both sides to each others market and supports the traditional view that suggests a strong level of commitment is required for initial market development.

**Table 9 Relationship Status**

New Zealand			Argentina	
	Frequency (n 65)	%	Frequency (n 15)	%
Very good	31	48	7	47
Quite good	29	45	6	40
Quite bad	2	3	2	30
Very bad	2	3	0	0
Can't choose	1	2	0	0
Total	65	100	15	100

When asked about the status of the relationship, the respondents gave extremely high ratings with 92% describing their relationship as 'quite' good or 'very' good with their counterpart. This shows that a foundation of trust does exist between these organisations and the results derived from these organisations would provide an indication of what some of the important elements are in developing trust.

**Table 10**      **Percentage of sales**

	New Zealand		Argentina	
	Frequency (n 59)	%	Frequency (n 15)	%
< 10%	47	71	11	73
10% - 24%	9	14	4	27
25% - 49%	1	2	0	0
50% - 74%	1	2	0	0
75% - 100%	1	2	0	0
Missing value	6	9	0	0
<b>Total</b>	<b>59</b>	<b>100</b>	<b>15</b>	<b>100</b>

Regarding the percentage of total company sales earned from the two markets, the majority (72%) of respondents answered 10% or less. This is probably due to 'market infancy' (see Table 7 on the previous page).

**Table 11 Profitability of Market**

	New Zealand		Argentina	
	Frequency (n 65)	%	Frequency (n 15)	%
Not at all profitable	5	8	0	0
Not very profitable	6	9	7	47
Slightly profitable	12	19	6	40
Quite profitable	25	38	0	0
Very profitable	4	6	0	0
Missing value	13	20	2	13
<b>Total</b>	<b>65</b>	<b>100</b>		

However, nearly half of New Zealand respondents saw Argentina as either 'quite' profitable or 'very' profitable, with an additional 19% seeing Argentina as slightly profitable. This showing that while the percentage of sales is small, the potential for this market to develop is positive. However, half (47%) of Argentinians' thought that New Zealand was not profitable, with 40% stating it was 'slightly' profitable.

## Cultural Investigation

**Table 12 Investigation of Culture**

New Zealand			Argentina	
	Frequency (n 65)	%	Frequency (n 15)	%
Very important	15	23	5	33
Important	30	46	7	47
Not very important	19	29	2	13
Not important	1	2	1	7
Total	65	100	15	100

Table 12 above shows that 70% considered it important to investigate culture prior to the initial meeting. When asked about investigating each other's culture, "informal" (word of mouth) and literature review of cultural information were the preferred option with 77%. This emphasis on word of mouth could increase the probability that generalization and stereotyping may occur.

### 7.3 The relative importance of negotiator dimensions

To establish rank order for the dimensions, the respondents were asked to allocate 100 points across each of the four dimensions in both tables below.

The four dimensions (adapted from Harich and LaBahn, 1998) were:

- Communication** - defined as how well the negotiator is perceived as providing meaningful, accurate and timely information to avoid misunderstandings.
  
- Dependability** - defined as the degree to which the customer perceives the negotiator as consistently honouring promises.
  
- Customer Orientation** - defined as the degree to which a negotiator's behaviour exhibits a willingness to help and adapt to the needs of the counterpart.
  
- Cultural Sensitivity** - defined as the counterpart's perception of the degree to which the negotiator accommodates and adapts to cultural differences.

**Table 13 Dimension Rankings**

New Zealand (n = 65)		Argentina (n = 15)		
	Mean	Mean	t	Sig (two tailed)
Communication	33	42	-2.307	.024*
Cultural sensitivity	12	11	.462	.645
Dependability	33	20	2.676	.009*
Customer orientation	20	26	-1.436	.155

\* Significant at <.050

The results of the constant sum method combined with the t Test for significance analysis above, provide support to differentiate the respondents on two dimensions those being, Communication and Dependability. While there may have been significant differences for these two variables, Table 13 clearly indicates that Communication and Dependability as the most important to both respondent groups. Regarding Dependability, for trust to develop in these circumstances respondents want their counterparts to be reliable and fulfill promises.

Effective Communication was also discussed as a key antecedent to delivering counterpart trust (Harich and LaBahn, 1998). Communication usefulness and accuracy being associated with higher levels of trust development (Bialaszewski and Giallourakis, 1985). This was reinforced ( $t = -2.307$ , Sig (two tailed) = .024) by the findings. Customer Orientation was also proposed to increase relationship trust (Saxe and Waite, 1982). As can be seen, the Argentine respondents ranked this dimension higher in its level of importance, but not statistically different to their New Zealand counterparts.

Perceived Cultural Sensitivity, according to Trompenaar (1993), should help reduce the distance between counterparts which enables open communication, which in turn, facilitates the development of trust. The results shows that Cultural Sensitivity was not a key determination in negotiations between respondent groups.

The results suggest that negotiators from both Argentina and New Zealand exhibit similar preference behaviour expectations. Regarding Cultural Sensitivity, this result clearly indicates that neither respondent group think it important enough to consider for negotiation, or that it will affect negotiations. Recognising that cultural differences do exist between these two countries (Hofstede, 1980), in a negotiation context it appears that this dimension is downplayed by both sides in the pursuit of business interests. This tends to support the idea of different cultural depths (see Figure 1.) as put forward by Laurent (1983).

Regarding the importance of the dimensions to each country's respondents, New Zealand respondents viewed Communication and Dependability equally as most important, followed by Customer Orientation and Cultural Sensitivity. For Argentineans, the emphasis was clearly on Communication. The survey also asked respondents to allocate points to four factors that could be considered important when forming international joint ventures. See Table 14 below.

The four factors were:

**Availability of technology** - defined as having compatible technology available for the project.

**Cultural differences** - defined as understanding differences in perception and importance of appropriate etiquette and rationale for such cultural norms.

**Political environment** - defined as the favourableness of economic and political conditions.

**Profit** - defined as return on project investment.

**Table 14 Joint-Venture Considerations**

New Zealand (n = 65)		Argentina (n = 15)		
	Mean	Mean	t	Sig two tail
Availability of technology	18	32	-2.500	.015*
Cultural differences	12	10	.399	.691
Political environment	23	12	2.393	.019*
Profit	37	33	.585	.560

\* Significant at <.50

The results from the constant sum method not surprisingly, show Profit as the key consideration for both New Zealanders' and Argentineans. Significant differences were found at the .050 level regarding the Availability of Technology and the Political Environment. While no explanation can be given to the differences for the Availability of Technology, the result for Political Environment could be due to the fact that this market is still in its infancy and preconceived notions about Argentina's past is still prevalent in New Zealand business peoples minds. Even though initial descriptive analysis showed that 70% of respondents thought that investigating culture was important, when asked to distribute points to this factor, 66% allocated ten points or less.

The next stage was to analyse each dimension separately to identify any individual variables that may be significant to that particular dimension. The results are as follows.

**Table 15**                      **Communication**

New Zealand (n = 65)		Argentina (n = 15)		
	Mean	Mean	t	Sig (two tailed)
<b>1a</b> To me the friendliness of a counterpart is important in negotiations	3.7692	3.2667	2.324	.023*
<b>1b</b> Congeniality	2.07	2.1333	-.191	.849
<b>2a</b> To me, it is important to keep to time considerations in negotiation meetings	3.26	3.80	- .1.918	.059
<b>2b</b> Is punctual for negotiation meetings	2.89	1.73	3.023	.003*

\* Significant at < .050

Table 15 displays the results for significant differences between Argentinean and New Zealand respondents in terms of variables that facilitate Communication (Results are derived from mean scores on a five-point Likert scale where 1 = Not at all important and 5 = Extremely important). The findings show a significant difference in that the friendliness of a counterpart is more important to New Zealand negotiators than to Argentines'. This result is somewhat surprising given anecdotal evidence that Argentines and South Americans in general, place an emphasis on congeniality (t = 2.324, Sig (two tailed) = .023). Regarding being punctual for negotiations, even though the Argentines considered this quite important (mean score = 3.80), New Zealand negotiators viewed this as an area for their counterparts to improve on.

**Table 16      Dependability**

New Zealand (n = 65)		Argentina (n = 15)		
	Mean	Mean	t	Sig (two tail)
<b>3a</b> To me, it is important to keep to delivery dates	4.67	4.13	3.900	.000*
<b>3b</b> Is punctual in delivery dates	3.12	2.13	2.661	.010*
<b>4a</b> To me it is important that my counterpart is genuine/sincere in their endeavour to keep to arrangements	4.61	4.46	1.049	.298
<b>4b</b> Sincerity/Insincere	2.23	1.73	1.612	.111
<b>5a</b> To me, it is important that ethical standards are not compromised to meet organisational objectives	4.67	3.92	2.420	.018*
<b>5b</b> Integrity/Lacks integrity	2.28	1.46	2.413	.018*
<b>6a</b> To me, it is important that my counterpart is consistent in promise keeping (e.g. fulfillment of sales orders)	4.44	7.0667	-2.095	.039*
<b>6b</b> Dependable/Unreliable	2.70	2.20	1.526	.131
<b>7a</b> To me, when my counterpart promises to do something by a certain time, they will do so	4.28	4.20	.407	.685
<b>7b</b> Promises to do something by a certain time, they do. Does not keep to such arrangements.	2.95	2.13	2.178	.032*

**Table 16**      **Dependability (continued)**

New Zealand (n = 65)		Argentina (n = 15)		
	Mean	Mean	t	Sig (two tail)
<b>8a</b> To me, it is important that the documentation received from my counterpart is error free	4.09	3.86	.812	.419
<b>8b</b> Documentation is error free. Is not error free	2.77	2.06	2.520	.014*

\* Significant at < .050

Table 16 above reports the results for the dimension Dependability. Of the ten items, there were six significant differences observed. New Zealand respondents view it extremely important (mean = 4.67) to keep to delivery dates, however, there was a significant difference at the 0.50 level in counterpart performance about being punctual in delivery. This suggests that the hypothesis regarding reducing the need for uncertainty and attention to planning being important for the Argentinean's is not supported. Ethical standards also produced significant differences with Argentineans' mean score (3.92) somewhat lower than that for New Zealanders (4.67) who view this to be extremely important. New Zealand results suggest that the integrity of some Argentinean negotiators could be improved. Following this theme, New Zealand negotiators' experiences showed that their counterpart performance regarding "promising to do something by a certain time" and "documentation being error free" could also be improved on.

**Table 17 Customer Orientation**

New Zealand (n = 65)		Argentina (n = 15)		
	Mean	Mean	t	Sig (two tailed)
<b>9a</b> To me, it is important that my counterpart has expertise about the project	4.44	4.13	1.612	.111
<b>10b</b> Expert/Non-expert	2.39	1.66	2.353	.021*
<b>11a</b> To me, tact is important in presenting unexpected information	3.92	3.80	.478	.634
<b>12b</b> Tact/Tactless	2.40	2.46	-.222	.825
<b>13a</b> To me, it is important that my counterpart has up-to-date technical and pricing information available	4.18	3.86	1.603	.113
<b>14a</b> Up-to-date technical and pricing information available. Is not available	2.77	2.26	1.710	.092

\*Significant at < .050

This study found only one significant difference among the respondents regarding specific factors toward Customer Orientation. As presented in Table 17 New Zealand negotiators suggested that Argentinean negotiators' expertise could be slightly improved (mean score = 2.39).

**Table 18 Cultural Sensitivity**

	New Zealand (n = 65)		Argentina (n = 15)	
	Mean	Mean	t	Sig (two tailed)
<b>15a</b> To me, it is important that my status is recognised by my counterpart	3.04	3.73	-2.653	.010
<b>15b</b> Considerate of my status. Not considerate of my status.	2.33	2.13	.693	.491
<b>16a</b> To me, it is important that my counterpart has knowledge of my national culture	2.59	3.13	-2.222	.029*
<b>17b</b> Has excellent knowledge. Has poor knowledge of my national culture	3.35	3.53	-.532	.596
<b>18a</b> To me, formal contracts are more important than interpersonal trust	3.18	2.80	1.277	.205
<b>18b</b> Prefers formal contracts. Does not rely on formal contracts	3.25	2.93	.797	.428
<b>19a</b> To me, interpersonal trust is more important than formal contracts	3.43	4.13	-2.418	.018*
<b>19b</b> Prefers interpersonal trust. Does not prefer interpersonal trust	2.78	2.60	.523	.603
<b>20a</b> To me, the competence of a counterpart is more important than status or rank of the person	4.37	3.53	4.034	.000*
<b>20b</b> Competent for the project. Not competent for the project	2.36	1.66	2.260	.027*
<b>21a</b> To me, it is important to use formal titles (Dr Mr Mrs Miss) during negotiations	2.28	1.66	2.275	.026*
<b>21b</b> Considerate in using formal titles. Inconsiderate in using formal titles	3.05	4.66	-5.154	.000*
<b>22a</b> To me, social etiquette is equally important to competency in business for trust to develop	3.60	1.93	6.001	.000*
<b>22b</b> Socially competent. Not socially competent	1.92	2.33	-1.674	.098
<b>23a</b> To me, conflict avoidance is important	3.75	4.00	-.987	.327
<b>23b</b> Avoids conflict. Does not avoid conflict	2.67	2.13	1.660	.101

\*Significant at < .050

Table 18's analysis revealed significant differences on eight variables. It was expected that status and hierarchy would be important to the Argentines and this was supported as the Argentines viewed that it is quite important that status is recognised by their counterpart and from the analysis it appears that New Zealand negotiators address this courtesy. Argentines' also thought that it was slightly important that their counterpart has knowledge of their national culture, with no significant differences found regarding their counterpart's knowledge needing improvement. Relying on interpersonal trust rather than formal contracts as put forward by Graham (1987) was supported by this analysis where interpersonal trust, rather than formal contracts, was quite important to the Argentinean's, reinforcing anecdotal evidence that Argentines do business with the 'person' and not the company. New Zealand negotiators viewed that the competence of the counterpart is more important than status or rank was quite important and the analysis provides evidence that their counterpart's competence for the project could be improved.

Significant difference and inconsistencies was found regarding the hypothesis in the use of formal titles during negotiations. While New Zealanders' considered this not very important, of interest in light of previous analysis (see Table 18) regarding status, New Zealand negotiators scored higher (mean score = 2.28) than Argentines' (mean score = 1.66). However, Argentinean's thought that New Zealand negotiators were inconsiderate in using formal titles during negotiations, no explanation can be given for this discrepancy. While social etiquette being equally important as competence for trust to develop had a higher score for New Zealander's who view this as quite important (mean score = 3.60), Argentinean's (mean score = 1.93) suggest that this is not very important to them. No significant differences were found regarding counterpart performance for this variable. While there were many significant differences found, the relevant position of their importance on the Likert scale suggests that a number of differences could be disregarded Table 19 below, provides an overall summary of the constructs that provided the significant differences in conjunction with their importance to the negotiating parties.

**Table 19 Summary of Analysis**

Question items		Mean score	
		New Zealand	Argentina
Not at all important			
Not very important	Integrity/Lacks integrity.	2.28	1.46
	Expert/Non-expert.	2.39	1.66
	Competent for the project. Not competent.	2.36	1.66
	To me, it is important to use formal titles during negotiations.	2.28	1.66
Slightly important	Is punctual for negotiation meetings. Is not punctual.	2.89	1.73
	Is punctual in delivery. Is not punctual.	3.12	2.13
	Promises to do something by a certain time, they will do so.	2.95	2.13
	Documentation is error free. Is not error free.	2.77	2.06
	To me, it is important that my status is recognised by my counterpart.	3.04	3.73
	To me, it is important that my counterpart has knowledge of my national culture.	2.59	3.13
	To me, social etiquette is equally important to competency in business for trust to develop.	3.40	1.93

**Table 19 Summary of Analysis (continued)**

Question items		Mean score	
		New Zealand	Argentina
Quite important	To me, the friendliness of a counterpart is important in negotiations.	3.76	3.26
	To me, interpersonal trust is more important than formal contracts.	3.43	4.13
	To me, the competence of a counterpart is more important than status or rank of a person.	4.37	3.53
Extremely important	To me, it is important to keep to delivery dates.	4.67	4.13
	To me, it is important that ethical standards are not compromised to meet organisational objectives.	4.67	3.92
	Considerate in using formal titles. Inconsiderate in using formal titles.	3.05	4.66

### Summary

The objectives set for this study have been discussed in this section. In summation, business relationships between Argentina and New Zealander are viewed as positive. The most important dimensions in developing trust was Communication and Dependability. It appears that Cultural Sensitivity is not important enough to reduce cultural distance between these two countries in the development of trust in negotiations. This calls into question the value of an adaptation approach to negotiations.

Regarding socialising, over three quarters (78%) thought that social etiquette was either 'slightly' or 'quite' important to competency for trust to develop with just over half (54%) 'sometimes socialising' and 23% 'always' socialising outside of the negotiation

setting with dining out and weekends away the most popular. This indicates that socialising is an important part of the process with Argentinians. In conjunction with previous discussion, while the constructs of Dependability, Communication and Customer Orientation are the most important, social aspects should not be overlooked. The majority of previous research has neglected the importance that this aspect may have and may warrant further investigation.

## **CHAPTER NINE: SUMMARY AND CONCLUSIONS**

This chapter presents several concluding observations regarding the study and its implications for export negotiators between these two countries. In addition, the limitations of the study and suggestions for further research is discussed.

The increasing role that Argentina for New Zealand underscores the importance of this study. While many other countries have been studied, especially Asian countries such as Japan and China, Argentina and New Zealand have received less attention. This is unfortunate given the trade potential for both countries, hence the purpose of this study is to help to avoid preconceived notions about conducting business negotiations in Argentina and further avoid generalisations.

Marketing literature provides many insights on how adaptive behaviour can enhance trust in negotiations (e.g., Weitz and Sujun, 1986; Crosby, Evans and Cowles, 1990), however, bearing in mind that many existing studies report negotiators' self-ratings instead of the seemingly more important counterpart ratings. This study provides interesting findings regarding culture compared to other dimensions in the development of trust for negotiations in that culture does not appear to have a significant effect on negotiation considerations.

Negotiators from Argentina and New Zealand overall have similar behaviour expectations in that it was clearly stated that Communication, Dependability and Customer Orientation are the most important dimensions in negotiations. However, further investigation of each separate dimension revealed significant differences, namely in Dependability and Cultural Sensitivity where counterpart performance could be improved on. While there were a significant number of differences, subsequent analysis showed that the majority of these differences were not very, or only slightly important.

Of particular importance to New Zealanders' were keeping to delivery dates, that the counterpart is competent for the project, ethical standards are not compromised and friendliness. For the Argentines', interpersonal trust rather than formal contracts was highlighted as most significant, reinforcing that Argentines' do business with the person, not the company. Of interest was that while Argentines' did not consider it important to use formal titles during negotiations compared to New Zealand, they did view New Zealanders' as somewhat inconsiderate in using formal titles. Further, when asked about keeping to delivery dates, the Argentines' agreed that this was important, however when ranked on delivery performance, New Zealand respondents thought that this was an area for improvement. This is an example that there may have been a potential for a social desirability bias to be present or "misunderstanding" of questions in the translation.

Argentinean business people appear to like to get to know who they are dealing with, before getting down to business. This, as Argentines' operate in polychronic time or 'manna'. This means business negotiations may be slow and protracted. This may also be detrimental to the accuracy of long term planning and commitments to deadlines. In contrast, supposedly New Zealanders' operate in monochronic time, tending to be in a hurry to get down to business negotiations. Hence, New Zealand business people should be patient when negotiating with Argentines'.

As culture appears not to directly affect negotiations, this suggests that trust is generally less sensitive to such factors which could be considered as intangible and difficult to measure.

## **8.1 Directions for future research**

The study is unique in that it adopts the counterpart's negotiator performance which provides a basis for understanding cultural sensitivity in direct international business relationships. Also, the study provides an understanding of the conditions under which trust is facilitated or undermined. The framework in this study provides clear direction for

future studies and will hopefully stimulate more research on these issues. Furthermore, this study provides a basis for studying international business relationships in an attempt to provide managers with insights on how to achieve quality international relationships. Linking profit as a dependent variable to the dimensions would be extremely beneficial to those practitioners involved in such settings. However, the reluctance of organisations to divulge such sensitive information must first be overcome. Socialising also appeared to be an area that needs to be further addressed. The importance of this factor appears to have been overlooked by most researchers to date and future research efforts in this area is required. As the focus of this study was limited to Argentina and New Zealand, further studies in a number of different environments are needed to trace how far the findings from this study can be extended to other countries. Thus, the study needs to be replicated in other empirical settings.

## **8.2 Managerial implications**

When buyers and sellers from Argentina and New Zealand engage in direct trade, the model shows that cultural sensitivity is not a key aspect in a negotiator's role. International negotiators should recognise that foreign customers judge their performance on Dependability, Customer Orientation and Communication rather than Cultural Sensitivity. Hence, negotiators should recognise that foreign counterparts may put aside cultural differences in pursuit of business interests.

## **8.3 Limitations**

While the findings of this study should be of value to practitioners and researchers, some limitations must be acknowledged. Perhaps the major limitation of this study was the limited number of Argentinean responses, thus reducing generalizability. Despite the author's best efforts, the fact that this study was conducted in two languages also raises the question of how much meaning was lost in translation. Additionally, the distinct lack of previous research as mentioned may mean that the research was biased in terms of

attitudes. Whereas there was no way of accurately assessing such bias, it is possible that respondents were susceptible to a social desirability bias. This may result in the sample means being biased upwards in some areas, although the direction of the findings and the major conclusions are less likely to be seriously affected.

**APPENDIX A**  
**Argentina - an overview**

## **Argentina - an overview**

Argentina lies on the south eastern coast of South America, bordering the South Atlantic Ocean to the east and Uruguay, Paraguay and Bolivia to the north and Chile to the west. The Argentine Republic comprises 23 states and 1 autonomous federal district. It achieved independence from Spain on July 9, 1816.

The Chief of State and Head of Government is currently Carlos Menem, who first took office in July 1989. Menem was re-elected President in May 1995, gaining approximately 47 percent of the votes cast. This was the first time an Argentinean leader has democratically succeeded himself since Juan Peron in the 1950s.

### **Economy**

Construction, transport, wholesale and retail trade, restaurants, financial services and Government services comprise more than 70% of economic activity while manufacturing accounts for approximately 20% GDP. The climate and fertile land gives Argentina advantages in agriculture also. Agriculture, forestry and fishing account for 5% of GDP and employ 11% of the workforce. Major crops include soya, wheat, maize, sunflower seed and sorghum. Approximately 50% of production of each of these is exported. Apples, oranges and lemons are also making an increase in contribution to exports.

The mining sector accounts for 1.6% of GDP, including oil and natural gas production. Potential exists for further development of the mining sector, with deposits of iron ore, coal, lead, zinc, copper, borax, uranium concentrates, gold, silver and tin.

By the late 1980s after decades of government intervention, Argentina was in economic recession with government overspending, mounting debt, and hyperinflation. Menem introduced a restructure program based on privatisation, deregulation and trade and

financial liberalisation. A key element of reform was the convertibility plan, introduced in April 1991. This allowed for the full conversion of the peso at a fixed US dollar rate but required the central bank to hold adequate foreign exchange reserves to cover the domestic monetary base. This had the effect of halting the practice of printing money to finance government budget deficits. These policies combined with tax reform, market deregulation and IMF support helped to stabilise and reverse economic decline. However, the labour market has failed to pick up and unemployment has climbed.

An example of reform is that the law specifically states that foreign investors shall be able to invest in Argentina without the need to obtain prior approval, in the same conditions as investors domiciled in Argentina. Further, foreign investors have the right to repatriate their investment abroad at any time

### **Trade**

Argentina's trade policies reflect its economic liberalisation process and its membership of Mercosur. Argentina adopted Mercosur's Common External Tariff (CET) with effect from January 1 1995. Over 80% of items are subject to duties ranging from 0-20% with an average level of 14%. The implementation of the CET on the remaining 20% of items in sensitive sectors will be delayed to 2001 for Argentina and Brazil, and to 2006 for Uruguay and Paraguay. Free trade exists for most items within Mercosur - internal trade grew from US\$2.9 billion in 1998 to US\$12 billion in 1996. Opportunities also exist for New Zealand organisations in regards to using Argentina as a 'springboard' for future trade with other Mercosur partners.

## **Mercosur**

In 1991, Argentina, Brazil, Paraguay, and Uruguay signed a treaty aimed at creating a regional common market. This market encompasses an estimated population of 200 million with a GDP of \$US 415 billion (51 percent of the total GDP of Latin America and the Caribbean). The complementation and integration of these economies will help overcome many of the limitations that each country faces individually with regard to international trade. The disadvantages of small domestic markets and strong protective barriers will be eliminated by this association, and economies of scale and increased competition should ensure a supply of better quality goods at lower prices. The agreement has reaffirmed the commitment of the signatories to form a common market with the following characteristics.

- Free circulation of goods and services
- Elimination of customs tariffs and non-tariff barriers
- Establishment of a common external tariff and the adoption of a common trade policy in relation to third countries, as well as the coordination of positions in regional and international economic forums.
- Coordination of sectorial policies among member countries.
- Harmonisation of domestic legislation.

(Source: Argentina a compendium for foreign investors June 1997)

From the very beginning Mercosur was conceived in a framework of compatibility with GATT and as a step towards the construction of an open and non-discriminatory world trading system. The strategic conception of Mercosur is based on a three-part process of consolidating democracy, productive transformation, and competitive insertion in the world economy. A large number of cross-border acquisitions, production sharing agreements, and joint ventures have taken place among domestic and multinational firms located in the member countries.

With the Mercosur bloc emerging according to Export News (1995) “it will provide a unique base for cooperation rather than competition. This as the free market reforms in the Southern Cone have created huge demands for products and services. Regarding some sectors according to Withers Export News (1997) New Zealand has recognisable competitive advantage but this would probably be lost over time as for example agricultural production from the region increases. He goes on to suggest that “the smart strategy could be to unite with counterparts of the Southern Cone to take advantage of this demand.

As mentioned, the Mercosur agreement amasses 200 million people with a GNP of US\$991 (1997). While this is small compared to the North American Free-Trade Agreement (US\$7.6 trillion) and the European Union (US\$7.5 trillion) it does have huge potential for growth as Chile, Bolivia and Peru are interested in joining. This would represent an excellent opportunity to export New Zealand products to these areas under this umbrella.

## **New Zealand/Argentina Bilateral Relations**

New Zealand has a friendly and cooperative relationship with Argentina. This relationship was however disrupted when New Zealand broke off relations in 1982 at the outbreak of the Falklands war, closing the Argentine Embassy in Wellington. Diplomatic relations were restored, at New Zealand's initiative, in August 1984, and Argentina opened a Consulate-General in Auckland in 1987 which it upgraded to an Embassy in Wellington in 1995. New Zealand has recently opened a new Embassy in Buenos Aires.

New Zealand and Argentina cooperate in several areas. Argentina is a fellow member of the Cairns Group and a party to the Antarctic treaty. New Zealand and Argentina signed a statement on Antarctic cooperation in mid 1996. Both countries collaborate on the environment and high seas fisheries matters. Science and technology and a veterinary agreement cooperation is currently being explored.

Recently Argentina has begun to focus on the Pacific. Argentina has expressed interest in developing closer economic and trade links with Pacific basin countries and in joining APEC. Argentina has also expressed interest in becoming a member of the OECD.

### **Trade Relations**

New Zealand's exports to Argentina to December 1997 were NZ\$51.4 million, mainly dairy products, machinery, and kiwifruit. Imports from Argentina were NZ\$13.5 million, consisting mainly of natural oils, ceramics, tea, wine and tobacco (see below for bilateral trade figures). Although New Zealand's trade with Argentina has been growing, Argentina's share of New Zealand's export markets remains fairly constant. Both countries are large producers of similar types of agricultural products including wool, meat and dairy products.

New Zealand and Argentina signed an Air Services Agreement in 1985. The Aerolinas Argentinas Buenos Aires/Auckland air link is New Zealand's only "non-stop" direct with South America. A shipping link with Argentina is run by Mitsui OSK lines.

A number of New Zealand companies including FCL, Carter Holt Harvey, and Force Corporation have significant investments in Argentina. Total New Zealand investment in Argentina is estimated to be within the vicinity of US\$140 million.

There has been a steady level of bilateral contact between the two countries in recent years. Former President Alfonsín, accompanied by the Foreign Minister, came to Auckland in July 1986. Foreign Minister Di Tella visited New Zealand in August 1995. In 1997, the New Zealand Speaker of the House of Representatives, Hon Doug Kidd, and a delegation of Mps visited Argentina on a tour of Latin American countries. Other New Zealand Ministers who have made visits to Argentina include: Hon Mike Moore, Minister of Overseas Trade and Marketing (1988), Hon Helen Clark (1989), Hon Stan Roger, Minister of Labour (1990), Hon Phillip Burdon, Minister of Trade Negotiations (1993 and 1996).

Other bilateral contacts include a visit to Buenos Aires by the President of Federated Farmers in 1997.

**New Zealand / Argentina Bilateral Trade (December 1997)**

**Table 20                      Bilateral Trade with Argentina 1996-1997**

NZ \$000s

	<b>1995</b>	<b>1996</b>	<b>1997</b>
<b>Exports FOB</b>	39, 732	45, 335	51, 439
<b>Imports CIF</b>	21, 822	14, 587	13, 480

**Table 21                      Top Ten NZ Exports to Argentina**

NZ \$000s (FOB)

Milk and cream	18, 436
Machinery and plant equipment	7, 385
Kiwifruit	4, 832
Casein	3, 094
Paper cartons, boxes, cases	2, 202
Telecommunications equipment	1, 460
Electric transformers	1, 083
Air/vacuum pumps	923
Seeds	860
<b>Total top 10 exports</b>	<b>42, 422</b>
<b>Total exports</b>	<b>51, 439</b>

**Table 22      Top Ten Imports from Argentina to NZ**

**NZ \$000s (CIF)**

Sunflower seed	3,365
Soybean oil	3,276
Ground nut oil	1,046
Ceramic products	984
Tea	820
Ground nuts	651
Wine	504
Tobacco	382
Fruit and vegetable juices	372
Carbides	198
<b>Total top 10 imports</b>	<b>11,598</b>
<b>Total imports</b>	<b>13,480</b>

Source: Growth of investment in Argentina 1997

**APPENDIX    B**  
**Values of Hofstede's Dimensions**

**Table 23**

**Values of Hofstede's Culture Dimensions**

Country/region	Dimensions			
	Power distance	Uncertainty avoidance	Individualism	Masculinity
Arabic countries (ARA)	80	68	38	53
Argentina (ARG)	49	86	46	56
Australia (AUL)	36	51	90	61
Austria (AUS)	11	70	55	79
Belgium (BEL)	65	94	75	54
Brazil (BRA)	69	76	38	49
Canada (Can)	39	48	80	52
Chile (CH)	63	86	23	28
Colombia (COL)	67	80	13	64
Costa Rica (COS)	35	86	15	21
Denmark (DEN)	18	23	74	16
East African region (EA)	64	52	27	41
Ecuador (ECUA)	78	67	8	63
Finland (FIN)	33	59	63	26
France (FRA)	68	86	71	43
Great Britain (GB)	35	35	89	66
Greece (GRE)	60	112	35	57
Guatemala (GUA)	96	101	6	37
Hong Kong (HON)	68	29	25	57
India (IND)	77	40	48	56
Indonesia (INDO)	78	48	14	46
Iran (IRA)	58	59	41	43
Ireland (IRE)	28	35	70	68
Israel (ISR)	13	81	54	47

Italy (ITA)	50	75	76	70
Jamaica (JAM)	45	13	39	68
Japan (JAP)	54	92	46	95
Malaysia (MAL)	104	36	26	50
Mexico (MEX)	81	82	30	69
Netherlands (NETH)	38	53	80	14
New Zealand (NZ)	22	49	79	58
Norway (NOR)	31	50	69	8
Pakistan (PAK)	55	70	14	50
Panama (PAN)	95	86	11	44
Peru (PER)	64	87	16	42
Philippines (PHI)	94	4	32	64
Portugal (POR)	63	104	27	31
Salvador (SAL)	66	94	19	40
Singapore (SIN)	74	8	20	48
South Africa (SA)	49	49	65	63
South Korea (KOR)	60	85	18	39
Spain (SPA)	57	86	51	42
Sweden (SWE)	31	29	71	5
Switzerland (SWI)	34	58	68	70
Taiwan (TAI)	58	69	17	45
Thailand (THA)	64	64	20	34
Turkey (TUR)	66	85	37	45
United States (USA)	40	46	91	62
Uruguay (URU)	61	100	36	38
Venezuela (VEN)	81	76	12	73
West African region (WA)	77	54	20	46
West Germany (WG)	35	65	67	66
Yugoslavia (former) (YUG)	76	88	27	21
Overall mean	57	65	43	49
Standard deviation	22	24	25	18

a) Saudi Arabia, Egypt, United Arab Emirates, Iraq, Kuwait, Lebanon and Libya

b) Ethiopia, Kenya, Tanzania and

Zambia

c) Ghana, Nigeria and Sierra Leone.

Overall, it can be seen that differences occur on three of the four dimensions. Comparing New Zealand to Argentina, New Zealand societies would come under small power distance and Argentina large power distance, bearing in mind that the overall average country score was 57, the analysis is relative in comparison to New Zealand. This is not say that Argentina has the same 'power distance' embedded into its society as say Malaysia (score 104, rank 1).

**APPENDIX C**  
**Pre-approach letter**

Mark Armstrong  
Department of Marketing  
Massey University  
Palmerston North  
New Zealand.

Dear

My name is Mark Armstrong. I am a postgraduate student studying Marketing at Massey University, Palmerston North, New Zealand. For my thesis project, I am comparing aspects of Argentine and New Zealand managers' experiences in business negotiations. This letter is to introduce myself and to let you know that I will be forwarding a questionnaire to you within the next two weeks. The survey should take only 10 to 15 minutes of your time and I would be very grateful if you would complete this questionnaire and return it to me in the free-post envelope provided. All information provided would be **strictly confidential**.

If you have any queries, please feel free to contact me at the above address or, alternatively, my e-mail address is [M.L.Armstrong@massey.ac.nz](mailto:M.L.Armstrong@massey.ac.nz)

Please find attached a letter from the Ambassador for Argentina encouraging organisations like yours to take part in this research to enhance further relations between our countries.

Your help is very much appreciated.

Yours sincerely

Mark Armstrong.

**APPENDIX D**  
**Questionnaire**



Strongly Agree 1	Agree 2	Neither agree or disagree 3	Disagree 4	Strongly disagree 5	Can't choose 6
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15

f. For developing trust between companies, I prefer a strictly business approach rather than a "friendship first" approach.

<input type="checkbox"/>					
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The next two sections concern dimensions of trust that maybe important to you personally and, how you would rate your counterpart on these dimensions.

**2. How important are each of the following factors to you personally during negotiations with New Zealanders/Argentinians?**

**PLEASE TICK ONE BOX ON EACH LINE**

Not at all important 1	Not very important 2	Slightly important 3	Quite important 4	Extremely important 5
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a. To me, the friendliness of a counterpart is important in negotiations.

<input type="checkbox"/>				
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23

b. To me, it is important to keep to time considerations in negotiation meetings. (e.g. start/finish)

<input type="checkbox"/>				
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24

c. To me, it is important to keep to delivery dates.

<input type="checkbox"/>				
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25

d. To me it is important that my counterpart is genuine/sincere in their endeavour to keep to arrangements.

<input type="checkbox"/>				
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27

e. To me, it is important that my counterpart has expertise about the project.

<input type="checkbox"/>				
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28

	Not at all important 1	Not very important 2	Slightly important 3	Quite important 4	Extremely important 5	
f. To me, it is important that ethical standards are not compromised to meet organisational objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	29
g. To me, it is important that my counterpart is consistent in promise keeping, (e.g. fulfilment of sales orders)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	30
h. To me, for trust to develop, the credibility of the counterpart is more important than the personal friendship.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	31
i. To me, tact is important in presenting unexpected information.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	32
j. To me, when my counterpart promises to do something by a certain time, they will do so	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
k. To me, it is important that my counterpart has up-to-date technical and pricing information available	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
l. To me, it is important that the documentation received from my counterpart is error free.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
m. To me, it is important that my status is recognised by my counterpart.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	34
n. To me, it is important that my counterpart has knowledge of my national culture.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	35
o. To me, formal contracts are more important than interpersonal trust.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	36
p. To me, interpersonal trust is more important than formal contracts.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	37
q. To me, it is important that my counterpart has an office/representative in Argentina/New Zealand.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	38



**PLEASE TICK ONE BOX FOR EACH FACTOR**

	1	2	3	4	5	6		
Is punctual in delivery dates	<input type="checkbox"/>	Does not adhere to punctuality in delivery dates.	52					
Sincerity	<input type="checkbox"/>	Insincere	54					
Expertise	<input type="checkbox"/>	Non-expert	55					
Integrity (honourable)	<input type="checkbox"/>	Lacks integrity	56					
Dependability	<input type="checkbox"/>	Unreliable	57					
Competent for the project	<input type="checkbox"/>	Not competent for the project	58					
Tact	<input type="checkbox"/>	Tactless	60					
Knowledgeable about the project details.	<input type="checkbox"/>	Lacks knowledge about project details.	61					
Promises to do something by a certain time, they do	<input type="checkbox"/>	Does not keep to such arrangements						
Up-to-date technical and pricing information is available	<input type="checkbox"/>	Is not available						
Documentation is error free	<input type="checkbox"/>	Is not error free						
Considerate of my status	<input type="checkbox"/>	Not considerate of my status.	63					
Has excellent knowledge of my national culture	<input type="checkbox"/>	Poor knowledge of my national culture.	64					
Prefers formal contracts	<input type="checkbox"/>	Does not rely on formal contracts	65					
Prefers interpersonal trust	<input type="checkbox"/>	Does not prefer interpersonal trust	66					
Emphasises our personal relationship	<input type="checkbox"/>	Does not emphasise our personal relationship	67					
Considerate in using formal titles (Dr, Mr, Mrs)	<input type="checkbox"/>	Inconsiderate in using formal titles	68					

**PLEASE TICK ONE BOX FOR EACH FACTOR**

	1	2	3	4	5	6		
Attends social functions	<input type="checkbox"/>	Does not attend social functions	69					
Socially competent	<input type="checkbox"/>	Not socially competent	70					
Avoids conflict	<input type="checkbox"/>	Does not avoid conflict	71					

**GENERAL QUESTIONS**

These questions are a chance for you to elaborate on previous answers and, contribute some of your own ideas.

4. What do you get out of the small talk in negotiations. 75

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5. Are there any other elements that are important to you in developing trust. 76

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6. Do you and your counterpart socialise outside of the negotiation setting.

Please tick the appropriate answer.

Always

Sometimes

Never

Depends (please clarify)

80

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7. How did you find out about your counterpart's organisation?

Please tick appropriate answer.

a. Introduced by someone know to me or the organisation

b. Unsolicited

c. Government agency

d. Other (please clarify)

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8. In what areas do you personally think that your counterpart can improve on in the negotiation process?

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9. How important did you consider investigating Argentinian/New Zealand culture prior to you initial meeting with your Argentinian/New Zealand partner.

Please tick the appropriate answer

Very important

Important

Not very important

Not important

Can't choose

10. What type of cross-cultural research was used prior to the initial meeting.

- a. Word of mouth
  - b. Literature review
  - c. Government Agencies?
  - d. Other (please specify)
- 
- 
- 

11. In general, how would you describe your relationship with your Argentinian/New Zealand partner?  
**Please tick the appropriate answer.**

- |                          |                          |                          |                          |                          |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Very good                | Quite good               | Quite bad                | Very bad                 | Can't choose             |
| <input type="checkbox"/> |

### Point Allocation Questions

**Direction:** I would like to know how important each of the following variables are to you. Please allocate a total of 100 points among the features according to how important each feature is to you - the more important a feature is to you, the more points you should allocate to it. Please ensure that the points you allocate to the features add up to 100.

12. Please distribute 100 points according to the importance of the following when forming joint-ventures.

- \_\_\_\_\_ Political environment
- \_\_\_\_\_ Profit
- \_\_\_\_\_ Cultural differences
- \_\_\_\_\_ Availability of technology
- \_\_\_\_\_ Any others? please specify \_\_\_\_\_

13. Please distribute 100 points according to the importance of the following.

- \_\_\_\_\_ Communication
- \_\_\_\_\_ Customer orientation
- \_\_\_\_\_ Cultural sensitivity
- \_\_\_\_\_ Dependability

**Company Characteristics**

So that we can be sure that we have a good cross section of companies in our survey, would you please answer the following about your company. All responses will be treated in the **STRICTEST CONFIDENCE**.

**14. How long has your organisation conducted business with Argentina/New Zealand.  
Please tick the appropriate answer.**

- 1. less than 2 years
- 2. 2 to 5 years
- 3. 6 to 10 years
- 4. 11 to 15 years
- 5. 16 to 20 years
- 6. Over 20 years

**15. How long have you personally been involved with Argentinians/New Zealander's.**

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16. Which one of these categories best describes the percentage of your firm's sales earned from Argentina/  
New Zealand?

**Please tick appropriate answer.**

1 (less than 10%)

2 (10% to 24%)

3 (25% to 49%)

4 (50% to 74%)

5 (75% to 100%)

17. How many weeks have been spent by yourself visiting Argentina/New Zealand in the last  
two years?

**Please tick appropriate answer.**

1 (less than 2 weeks)

2 (2 to 5 weeks)

3 (6 to 10 weeks)

4 (11 to 15 weeks)

5 (16 to 20 weeks)

6 (over 20 weeks)

7 (not applicable - please explain in the space below)

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18. Do you speak Spanish or English or both?  
Please tick appropriate answer.

- English
- Spanish
- Both

19. What industry does your organisation operate in?

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20. What is your position with your company

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21. How many employees in your organisation?  
Please tick appropriate answer.

- 1 less than 100
- 2 100-250
- 3 more than 250

22. How profitable are the firm's products in the Argentine/New Zealand market compared to your domestic market  
Please tick appropriate answer.

Not at all profitable	Not very profitable	Slightly profitable	Quite profitable	Very profitable
<input type="checkbox"/>				

If you have any other comments you wish to add, on any of the topics raised in this questionnaire, I would welcome them. Please write them in the space provided below:

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I am very grateful for your help. Please return your questionnaire in the stamped addressed envelope provided.

Thank you

## **APPENDIX E**

### **Reminder letter**

Dear

Approximately three weeks ago you should have received a research questionnaire regarding business negotiations between Argentina and New Zealand.

The large number of questionnaires returned so far is very encouraging. If you have already completed and forwarded the questionnaire, please accept my sincere thanks for your cooperation and support. If you have not had an opportunity to complete it would you please set aside a few minutes to assist in the request.

This research project represents the most extensive ever undertaken regarding New Zealand firms and their views toward negotiation practices in overseas markets. The results should not only be of interest to executives such as yourself, but organisations who may consider this market in the future. Your participation is extremely vital to the accuracy and usefulness of the study's findings.

If you require another copy of the questionnaire you can contact me at the above address or via e-mail [M.L.Armstrong@massey.ac.nz](mailto:M.L.Armstrong@massey.ac.nz). Once the study is completed, I would be pleased to share the results with you. Therefore, please indicate your desire to receive a summary of the report's findings on the first page of the questionnaire.

Thank you again for your time.

Yours sincerely

Mark Armstrong.

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