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ENHANCING INTERNATIONAL BUSINESS RELATIONSHIPS: CULTURAL SENSITIVITY IN NEGOTIATIONS

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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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