



Contents lists available at ScienceDirect

## Journal of Business Research



# Building cross-cultural negotiation prototypes in Latin American contexts from foreign executives' perceptions

Enrique Ogliastrì<sup>a,\*</sup>, Carlos Quintanilla<sup>b,\*\*</sup>

<sup>a</sup> INCAE Business School, Costa Rica; IE Business School, Spain

<sup>b</sup> INCAE Business School, Nicaragua

## ARTICLE INFO

## Article history:

Received 1 February 2015

Received in revised form 1 April 2015

Accepted 1 June 2015

Available online xxxx

## Keywords:

Negotiation prototypes

Latent class analysis

Costa Rica

Latin America

Cross-cultural negotiations

## ABSTRACT

This study explores international negotiation prototypes in a Latin American country (Costa Rica). Analysis of questionnaire data from 101 foreign residents doing business in Costa Rica identifies different classes of Costa Rican negotiators. The study applies latent class analysis methods. The strict use of statistical arguments uncovered the latent class structure present in the dataset. The study identifies two distinct clusters of negotiator types: a rational negotiator and an emotional one. Cultural values have substantial importance in both clusters.

© 2015 Elsevier Inc. All rights reserved.

## 1. Introduction

International negotiations form the core of globalization. Successful integrative negotiations benefit all parties, both developing and developed countries. Much recent research exists about negotiations in the United States and other developed countries; however, less research exists about the process of international negotiations in most developing nations, particularly in Latin America. What negotiation cultures prevail in the region? How do foreigners perceive and evaluate negotiation patterns when working in the region? To what extent can negotiation theories developed in economically advanced countries be used in such different cultures and environments?

The study here fills this gap and to answer these questions by focusing on the experience of foreigners working in a specific country (Costa Rica). The theory of negotiation centers on two negotiation strategies: distributive and integrative. To build theory, this paper uses a grounded theory approach, looking for the data's latent structure by using strictly statistical procedures.

### 1.1. Purpose

To explore intercultural negotiation prototypes in a Latin American country, the study identifies the latent structure of negotiator clusters as perceived by foreigners doing business in Costa Rica.

## 2. Negotiation theory

Negotiation occurs in a situation in which two or more parties have conflicting interests, but also have a zone of mutual agreement whereby differences can be resolved; the parties prefer to resolve the conflict through a mutual agreement instead of through resorting to force or a trial. The United States has two predominant negotiation types: distributive and integrative negotiation. Walton and McKersie (1965), Fisher and Ury (1981), Lewicki and Litterer (1985), Ury, Brett, and Goldberg (1988), Neale and Bazerman (1991), and Lewicki (2009) distinguish between distributive and integrative negotiation strategies. Strategic negotiations result in a process in which the parties interact and results depend on the actions of the other side, a process of intertwined engagement.

The distributive negotiation strategy treats the negotiation process as one of bargaining whereby parties win or lose. This type understands negotiation as a fixed value reality which the participating parties distribute during the negotiation. The focus on distributing a fixed value has inefficiencies, strains the negotiation relationship, and complicates creating value in the negotiation. The integrative system counters this distributive model (centered on the distribution of earnings) as one in which parties reach agreement after maximizing their potential results.

\* Correspondence to: E. Ogliastrì, INCAE Business School, La Garita, Alajuela, Costa Rica. Tel.: +506 2437 2200.

\*\* Correspondence to: C. Quintanilla, INCAE Business School, Km 15 ½ Carretera Sur, Managua, Nicaragua. Tel.: +505 2265 8141.

E-mail addresses: [enrique.ogliastrì@incae.edu](mailto:enrique.ogliastrì@incae.edu) (E. Ogliastrì), [carlos.quintanilla@incae.edu](mailto:carlos.quintanilla@incae.edu) (C. Quintanilla).

They start by creating mutual value. Once the parties create value, they must distribute that value by means of objective criteria (rather than by bargaining or haggling, a process the parties use in the distributive negotiation strategy model).

From a practitioner's perspective, the popular guide of Fisher, Ury, and Patton (1991) on negotiation strategies suggests four principles: separate the people from the problem, focus on interests (not positions), invent options for mutual gain, and insist on objective criteria. This guide suggests a rational approach, advising that negotiators leave emotions out of the process as much as possible. In later research, Fisher and Shapiro (2006) offer ways to deal with five emotional concerns. The Harvard Negotiation Project puts aside the purely rational approach and offers executive seminars about emotions in negotiations. Today, many researchers focus on emotions in negotiations and on how emotions are related to the role of cultural differences in negotiation processes (Druckman & Olekalns, 2008; Gelfand & Brett, 2004; Posthuma, 2012).

The relevant literature includes no empirical studies about negotiations in Costa Rica. However, Ogliastrì (1992, 1993, 1997, 2000) and Van Hoof, Ogliastrì, Bernal, and Garcia (2005), using qualitative methodology, offer data on negotiations in Latin America. In the GLOBE study, Ogliastrì et al. (1999) investigate Latin American cultures and using the variation coefficient find a similar culture in ten countries, including Costa Rica. These data are used to understand Latin American negotiation patterns in contrast to German culture and negotiations (Ogliastrì, 2011). Ogliastrì (2011) finds a predominant distributive negotiation pattern in Latin America and intense emotions in Latin American negotiations as perceived by the German counterparts (Ogliastrì, 2010).

Cognitive frameworks about negotiations distinguish three types of negotiators. Pinkley (1990) concludes that negotiators may use one of three frameworks: relational-task, emotional-intellectual, and compromise-win. Pinkley and Northcraft (1994) find that these cognitive frameworks affect not only the content of the agreements, but also the outcomes of the negotiations. Chen and Miller (2011) analyze the relational perspective as a business mindset, having managerial implications for different cultures. Latin American cultural values, according to the GLOBE study, differ from the other cultural clusters around the world (House, Hanges, Javidan, Dorfman, & Gupta, 2004; Ogliastrì et al., 1999). From previous research, Latin American cultures seem to fit into the relational, emotional and win side of each negotiator type (Ogliastrì, 2000).

### 3. Research

The present study uses a grounded theory approach on qualitative/quantitative data (Glaser & Strauss, 1964) with a questionnaire consisting of 20 sets of open-ended questions about negotiation cultures. Culture is a complex reality and as such results in a multidimensional concept. Culture belongs to a group of people, rather than to a single individual. Culture includes customs, behaviors, values, priorities, processes and ways of thinking/rationalizing which are shared and considered acceptable or normal by a group of people. A negotiation culture deals with solving differences and trying to get the best results in a situation of conflict or difference of interests between two or more parties, which is shared by a group of people with similar backgrounds. A negotiating culture is similar to but not identical to a national culture. Family relationships and education are keys in propagating a culture. The questionnaire, developed by Ogliastrì and Salcedo (2008) for their study of Peruvian negotiations and based on Ogliastrì (1997), has as its foundation, the framework developed by Weiss and Stripp (1985).

A total of 101 foreigners who live and work in Costa Rica responded to a written questionnaire in which they commented on their counterparts' (Costa Rican negotiators') behavior. The written questionnaire consisted of 20 sets of open-ended questions regarding Costa Rican negotiation culture. Several questions inquired about each of the following

issues: negotiation culture, in general; perceptions of the other party; time perspective; trust base; risk taking; selection of negotiators; decision-making; formality; informal negotiations; pre-negotiations; opening; arguments; emotionality; power tactics; discussion level; time during negotiation; type of agreement; commitment and fulfillment; flexibility; and interpersonal relationships. Appendix A shows a summary of the framework and questions.

Answers provided data about practices Costa Ricans normally use when negotiating with foreigners. To collect data, all students in INCAE's MBA and Executive MBA negotiation courses interviewed a foreigner living and doing business in their students' country of origin. A total of 101 students were Costa Rican in the groups. The foreigners agreed to share their experiences of the Costa Rican negotiation culture. Regarding the 101 interviews in the dataset, 83% were in Spanish (the rest in English), 76% of interviewees were male, and respondents represented a variety of industries, nationalities, and years of working in Costa Rica.

A codebook captured interviewees' responses as a quantitative database. Each question had a numerical code, most with a three-answer option: yes, no, or no data. Appendix B presents an example from the codebook: questions concerning the way Costa Ricans usually open negotiations. The Appendix includes an example of issue number 11 in the questionnaire, consisting of five questions and the corresponding five coding variables. The final, complete codebook included 50 variables for each interview.

Three MBA students (who had received A grades in the negotiation course) worked on the study as full-time graduate research assistants to code the 101 interviews during a 2-month break in the middle of their 2-year MBA program. Prior to initiating the research, they received training on how to code the interviews. Once they completed the coding, the authors calculated the inter-rater reliability coefficient (Fleiss kappa  $K = 0.65$ , meaning substantial agreement); the section on data analysis presents the calculation procedures for the reliability coefficient.

In summary, this paper presents the results of data coming from an open-ended questionnaire about negotiation culture, with 101 written responses collected in a codebook including 50 variables and a calculated inter-rater reliability coefficient. All statistical analysis uses Latent Gold 4.5.

#### 3.1. Latent class analysis

From a strictly statistical viewpoint, the research seeks to uncover in the dataset a latent structure that points to the existence of well-defined groups of observations. The groups that emerge can then be compared to the groups that the theory of negotiation suggests. Do traditional theories of negotiation developed to describe the experiences of the United States and Europe also describe the groups of negotiators in Latin America, and more concretely, in Costa Rica? Or, do new wrinkles and twists exist in the search for new theories—theories that emphasize the role of emotions?

To be meaningful, the clustering process must result in distinct groups; in other words, groups must answer questions in the survey differently. Latent class analysis (LCA hereafter), the model applied in this paper, acts as a special case within a more general class of models, known as latent variable models (Bartholomew, Knott, & Moustaki, 2011). The most distinctive feature of these models is that researchers cannot directly observe some of a model's variables either because researchers have difficulty measuring them, because the variables include unmeasurable constructs, or simply because researchers do not measure them at all. These *latent* variables, nonetheless, form a critical part of the model and strongly influence the behavior of individuals. Consider, for instance, the effect of variables, like wealth, political stance, and life styles, all of which serve as examples of latent variables. The data show that group membership labels do not appear through observation; therefore, they act as latent variables. Although this set of variables cannot be observed, the researcher does have access to

Download English Version:

<https://daneshyari.com/en/article/10492821>

Download Persian Version:

<https://daneshyari.com/article/10492821>

[Daneshyari.com](https://daneshyari.com)