

Mañana and Manners may not be Enough! The Cultural Interface of New Zealand and Argentinean Business Negotiating Preferences

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Being one of the smaller players in Australasia, New Zealand and its exporters have no choice but to seek new trading partners in countries with often-unfamiliar cultures. This paper presents guidance for marketing managers seeking to trade with an emerging Pacific Rim trading partner for the Australasian region, Argentina. Prior research into international cultural differences was used to construct a negotiating-preference questionnaire sent to New Zealand /Argentinean business managers doing business with each other. New Zealand and Argentinean managers tended to rank and rate negotiation elements similarly, but the behaviours comprising these elements were seen differently. Argentinean evaluations were dramatically opposed to stereotypical conceptions of South American behaviour regarding the relative **importance** of social elements and the supposed **unimportance** of time. The results suggest further research and represent a strong warning against basing Australasian/South American market actions on stereotypical notions alone -regardless of how widely they may be held.

Keywords: International Marketing Management, Culture, Negotiation, Argentina, New Zealand

Introduction

It is generally accepted that for the New Zealand economy to prosper it must grow through its exports. Moreover, the competition for new markets is intense. The challenge represented by this increasing foreign trade has brought about the need for New Zealand managers to deal effectively with cultural interactions and relationships. The skill with which New Zealand marketers deal with cultural differences between themselves and their international trading partners has an obvious influence on the success or failure of their export ventures.

It is this cultural interaction between New Zealand managers and a potentially promising new market for them (Argentina) that comprises the focus of this pioneering research. Argentina represents an opportunity for New Zealand's exporters and is now "seen as an easier place to do business than Asia, with the European Union seen as a closed shop" (Export News 1996, p8).

Relationship Marketing and Cultural Sensitivity

A relationship marketing approach is one method that can help sustain the interactions required by international trade. This approach depends not only on technical or profit considerations, but also the cultural and interpersonal skills of the people who are involved with international partners. It has been said that competence in international negotiations is one of the most important and indispensable skills of international business (Root 1982). And, this ability to interact effectively with foreign partners may depend on the adjustments made to culturally diverse backgrounds encountered during negotiations (Sheth & Parvatiyar 1993; Tse, Francis & Walls 1994).

A key part of competence in international negotiations is cultural sensitivity. 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 & LaBahn 1998). Researchers adopting this view describe the various dimensions upon which people from different cultures vary and assert that managers must “understand” these differences (Cateora 1990).

These researchers note that foreign partners are often upset by a marketer 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 (Ford 1980).

In the context of international business relationships, various authors have emphasized the importance of studying cultural differences and the reasons why they exist. For example, Hofstede (1980), Adler and Graham (1989) and Kale and Barnes (1992) argue that international negotiators can increase their cultural knowledge by learning the ways in which cultures differ. Conclusions from cultural studies suggest that those parties to dyadic relationships who perceived their environment in a similar fashion perceived greater communication effectiveness and achieved greater satisfaction than those dyads in which the two parties were cognitively dissimilar.

Cultural Differences

Hofstede’s (1980) empirical studies, conducted between 1967 and 1973, represented landmark work into national cultural differences, concluding that there were five dimensions on which cultures may differ. Although potentially compromised by its focus upon employees of a single multinational corporation (IBM), Hofstede’s work has been replicated countless times (but not to our knowledge with New Zealand and Argentina).

As an example of cultural differentiation research using Hofstede’s methods, Trompenaars (1993) administered research questionnaires to 15,000 managers from 28 countries and reported similar conclusions. However, Trompenaars did not specifically investigate New Zealand or Argentina (and the differences that might exist between them). Recently, a number of other studies (for example, Barkema & Vermeulen 1997; George, Jones & Gonzalez 1998; Hennart & Larimo 1998) have continued Hofstede’s work on “national character” and its impact on international joint ventures.

The objective of the research represented by this paper was to extend and use this prior work by studying the cultural differences that might be crucial to conducting business between New Zealand and Argentina.

Method

A sampling frame of New Zealand firms (with specific people’s names and contact addresses) conducting business with Argentina, as well as Argentinean firms trading with New Zealand, was constructed. Development of this frame was greatly aided by support from the Argentinean Ambassador to New Zealand. Arguably (given the relatively small size of New Zealand/Argentina trade), this frame could probably be regarded as approximating

the population of all New Zealand and Argentinean firms conducting business with one another. Eventually, 139 New Zealand and 54 Argentinean businesses were identified.

A questionnaire was developed through a multi-stage process. It derived questions from Hofstede's (1980), Trompenaars' (1993) and a number of other researchers' cultural differences instruments. The questions, and questioning methods, were as follows:

- Respondents' perceptions of how trust is built in business relationships (five point Likert scale of agreement)
- Role of culture in an international marketing context via the allocation of relative importance to four main factors: profit, political environment, availability of technology and cultural differences (constant sum approach)
- Relative importance of cultural sensitivity in negotiations against three other major factors: communication, dependability and customer orientation (constant sum approach)
- Level of importance attributed to specific elements of interpersonal communication: friendliness, congeniality, punctuality and time management during negotiations (five point scale of importance). Classification questions regarding respondent firm demographics (adapted from Cooper and Kleinschmidt, 1985) were included as well. Every effort was made to ensure translation of the English and Spanish research instruments into ideas and terms that have equivalent meaning and relevance in both Argentina and New Zealand because, as noted by Fisher (1980), subjective meanings of specific words may vary.

After a pre-test, the research instrument was administered through a multi-step process employing an introductory letter informing a questionnaire was coming, a mailing of the questionnaire with appropriate cover letters, a reminder, and a follow up questionnaire.

From the 139 New Zealand firms surveyed, 65 usable responses were obtained (47% response). And, out of the 54 Argentinean firms surveyed, 15 questionnaires were completed and returned (28% response). Of those who returned the questionnaire, 39% were termed "Managers" followed closely by "Directors" who accounted for another 45%.

Results and Discussion

Relationship Quality and Importance

For both the New Zealanders and the Argentineans, the state of their relationship with their foreign counterpart was reported as being remarkably similar...with 93% of New Zealanders and 87% of Argentineans describing it as either "Very" or "Quite" good (the top two positions on a five point scale). These results are not statistically significantly different and indeed so similar for each party (that is, New Zealanders and Argentineans) that they do not require tabular information to show the obvious. The "financial" importance of the relationship to each party (measured by the proportion of annual sales revenue generated by their New Zealand-Argentine trade) was also similar for both parties with 71% of New Zealanders declaring their sales to Argentina as less than 10% of their total - and 73% of Argentineans stating theirs as 10%.

Profitability

However, New Zealand firms seemed to see their relationship with Argentina as more profitable (only 21% thought it was not very profitable) than Argentines saw their New Zealand relationship (54% thought it not very profitable) as per Table 1. This difference is statistically significant ($\chi^2 = 22.68$, $p < .001$). This large discrepancy between the firms' outlooks in each country may be due in part to non-response bias (with only 28% of Argentinean potential respondents returning a questionnaire) but the inter-country differences seem dramatic enough for there to be a real difference in perceived profitability. Why Argentines in this sample are less enamoured with New Zealand as a profitable destination for their export business requires some further research.

Table 1. Perceived profitability of the relationship

Perceived profitability	New Zealand (n=65)	Argentina (n=15)
	%	%
Not at all profitable (1)	10	0
Not very profitable (2)	11	54
Slightly profitable (3)	23	46
Quite profitable (4)	48	0
Very profitable (5)	8	0
Chi squared	$\chi^2 = 22.68$, $df=4$, $p < 0.001$	

The Role of Culture in Initial Discussions

Respondents were asked to evaluate the importance of their counterpart's culture in their preparation for initial meetings. The results, which were derived from a four-point scale of importance, are portrayed in Table 2.

Table 2. Importance of culture

Importance of culture	New Zealand (n=65)	Argentina (n=15)
	%	%
Very important	23	33
Important	46	47
Not very important	29	13
Not at all important	2	7
Chi squared	$\chi^2 = 2.07$, $df=3$, $p > 0.60$	

While it might appear that Argentines hold culture to be a little more important than their New Zealand counterparts, in fact there is no statistically significant difference in this sentiment. About 70% of respondents view prior investigation of culture as important but notably 30% do not. Those who did investigate each other's culture prior to the initial meetings tended to use informal sources of information – colleagues, "friends of friends," fellow exporters, etc – suggesting that cultural stereotypes could be reinforced. Already it has become evident from Table 2I that "culture," while important, may not be quite as pervasive in the context of this research as claimed by the literature on "national character" (see, for example, Hofstede 1980; Kale & Barnes 1992; Barkema & Vermeulen 1998; George et al 1998).

To investigate the role of culture in an international marketing context, respondents were asked to think back to the times when they were in the initial stages of forming any international joint ventures. Four factors were given to them that the literature (for example, Moorman, Desphande & Zaltman 1993; Harich & LaBahn 1998) has deemed as important in such negotiations, namely Profit (*return on the venture*), Political Environment (*perception of country's political and economic stability*), Availability of Technology (*having compatible technology*) and Cultural Differences (*understanding differences, cultural norms, appropriate etiquette*). In order to establish both rank order and relative distance between these factors, a constant sum approach was used. Respondents were requested to allocate 100 points across these four factors. The results are shown in Table 3.

Table 3. Culture in context of other important factors

	New Zealand (n=65) mean	Argentina (n=15) mean	Test t	Significance (two tailed)
Profit	41	38	0.59	0.56
Political environment	26	14	2.39	0.02
Availability of technology	20	37	-2.50	0.02
Cultural differences	13	11	0.40	0.69

Not unexpectedly, the forecasted profitability of the business venture that the two parties are engaged in assumes the most importance to everyone. Culture, in relative terms, is less important to both parties. Interestingly, the availability of compatible technology is perceived as important by Argentineans but less so by New Zealanders whereas the converse is true for political stability. Nevertheless, even though cultural differences are deemed as rather important (see Table 2), when they are pitted against some of the other realities of international business, it seems they are ranked somewhat lower.

Relative Importance of Negotiator Dimensions

Four dimensions (adapted from Harich & LaBahn 1998) were used to examine the importance of various elements of a relationship to both parties. These were Communication, Dependability, Customer Orientation, and Cultural Sensitivity.

In order to establish both rank order and relative distance between these dimensions, a constant sum approach was again used. Respondents were asked to allocate 100 points across these dimensions in terms of how important each was to developing trust within a business relationship. The results of this constant sum approach and *t* tests of significance between the average proportions (for each dimension) for New Zealand and Argentinean respondents are shown in Table 4.

Table 4. Rankings and ratings of negotiator dimensions

Negotiator Dimensions	New Zealand (n=65)	Argentina (n=15)	Test	Significance (two tailed)
	mean	mean	<i>t</i>	
Communication	33	42	-2.31	0.02
Dependability	33	20	2.68	0.01
Customer Orientation	21	26	-1.44	0.16
Cultural Sensitivity	13	12	0.46	0.65

Results here provide support for differentiating between respondents on the two dimensions of Communication and Dependability. Although both sides thought Communication was the most important factor, those from Argentina rated it especially so, while New Zealanders thought Dependability was more important than their Argentinean counterparts. Both parties rated Cultural Sensitivity lowest in importance relative to the other negotiator dimensions.

Key Differences Produced by Communication Issues

The specific attributes of the most important of the variables in Table 4, Communication, produced Table 5. It shows those elements of communication for which differences (as recorded on a five point Likert scale...5 equals *very important*; 1 equals *not at all important*) between New Zealand and Argentinean managers are statistically significant.

Table 5. Relative importance of communication issues

Communication Variables	New Zealand (n=65)	Argentina (n=15)	Test	Significance (two tailed)
	mean	Mean	<i>t</i>	
Friendliness of a counterpart important in negotiations	3.77	3.27	2.32	0.02
Congeniality	2.07	2.13	-0.19	0.85
Important to keep to time in negotiations	3.26	3.80	-1.92	0.06
Punctual for negotiation meetings	2.89	1.73	3.02	0.01

It is somewhat surprising (given anecdotal support for the contrary) that the friendliness of a counterpart is more important to New Zealand managers than to those from Argentina - and that keeping to time considerations is more important to Argentineans than New Zealanders.

Limitations

Although the above findings are interesting and potentially helpful for international business relationships, their usefulness is constrained by the nature of the sampling frame, the relatively small number of respondents (particularly those from Argentina) and the sizeable non-response from Argentina. Clearly, the sampling frame was derived from only one source and comprised only of those who were *already* engaged in business. Although this could be a source of bias, it is very difficult to find any lists of key personnel doing business with overseas counterparts—and so may be the best that can be done. Beyond that, there is no reason to suspect that the source of this list (the Ambassador for Argentina) had any reason to bias it by choice of respondents.

Still, whether the select group of people already doing business is different from those who are not is anybody's guess. Beyond this difficulty, the Argentinean response rate was very disappointing, and a potentially bigger source of bias. Although the Argentinean Ambassador reviewed the list of respondents, and has stated that he believes they were "typical", there is just no way to determine this without further research.

Recommendations

Any New Zealand business wishing to operate with an Argentinean counterpart can learn one clear lesson from this research. Namely, "*Be wary about accepting anecdotal stereotypes*". Even taking into account the biases from the small samples and low response rates in this research, it appears that these stereotypes are likely to be misleading—even in areas where they are accepted (at least in New Zealand) as cultural "givens".

Interestingly, this (admittedly small-scale) research does suggest that cultural differences between trading partners might be over-stated in the international marketing literature. Taken on their own, cultural differences are important. Yet, when taken in the context of other business factors like envisaged profitability, assessments of political and economic stability and the availability of compatible technology between partners, cultural differences assume a somewhat diminished importance.

While it is understood that Argentina is not yet a very big part of New Zealand exports, there seems no logical reason for this to continue to be the case. And, it does appear that there is much for both New Zealand (in particular) and all Australasian marketers (in general) to learn about potential customers in Argentina. Future researchers might do well to replicate this research with a much larger sample, perhaps extended to firms in Argentina not now doing business with New Zealand—as well as other potential South American trading partners. And the possibilities for further research along the same lines in other Latin American countries are endless.

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