International Negotiation

-Pre-negotiation in Swedish Companies

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Acknowledgements

These past ten weeks have included all aspects of life, from the deepest pits of frustration to the highest peaks of bliss – and it all resulted in the thesis you are about to read.

We would especially like to thank Anders Ranheimer and Erik Gustafsson at Plannja AB, as well as Rolf Lindgren at Boliden Contech AB, for their commitment in providing us with data and for making us remember why we chose the topic from the beginning.

We would also like to give large credit to our supervisor Ph.D candidate Tim Foster, without whom we would have been lost.

Thanking all the people that has contributed to this thesis would take too long, so we therefore would like to generally thank those people not specifically mentioned: Thank you!

Finally, we would like to thank all our friends for bearing with us, even though we have had our ups and downs throughout these past weeks.

Luleå, May 2000

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Abstract

International negotiation is the link between international planning and implementation. The ability to negotiate successfully may very well depend on the efforts being put into preparatory activities, leading to the purpose of this research, to gain a better understanding of pre-negotiation in an international context, by exploring, describing and partly explaining the process. Personal interviews were conducted with two Swedish international companies to obtain thorough information within the area. The collected data from these two cases are discussed, compared and then finally used to draw general conclusions. The study indicates the different issues that either occur or should be considered prior to the first formal meeting in an international negotiation. The identified issues are the aspects of co-operation / conflict, trust, information gathering and personal relationships. These aspects are found to characterize pre-negotiations.
**Sammanfattning**

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1 Introduction

In this first chapter we will present the background to our field of interest. Relevant issues of the problem area will be discussed and will eventually result into our purpose and research questions, derived and stated at the end of the chapter.

1.1 Background

“As globalism burgeons, the ability to conduct successful cross-cultural negotiations cannot be overemphasised. Failure to negotiate productively will result in lost potential alliances and lost business at worst; confusion and delays at best.” (Deresky, 1996, p.183)

International marketers are more and more becoming business negotiators, constantly discussing deals across borders with a variety of people, ranging from consumers to intermediaries and even competitors. The ability to interact effectively with foreign trade partners may well depend on the adjustments made to culturally diverse backgrounds encountered during sales negotiations. (Ghauri and Usunier, 1996) In the planning cycle of international management, the negotiation stage is the link between strategic planning and implementation. (Deresky, 1996) Ghauri and Usunier (1996, p. 3) define negotiation as “a voluntary process of give and take where both parties modify their offers and expectations in order to come closer to each other”. Every sale or purchase has its negotiation aspect and every negotiation presents opportunities and dangers for both parties. Business negotiation is special due to the fact that it is a voluntary process and that the parties can, at any given moment, quit the process. (ibid) International negotiations are fast becoming a fact of life for many growing companies and operating across national cultures often magnifies negotiation problems. (Herbig and Gulbro, 1996)

The most important aspects of culture for international business negotiations are time, individual versus collective behaviour, pattern of communication and emphasis on personal relations. (Ghauri and Usunier, 1996) Stereotypically many Westerners are heavily focused on time while Latin Americans and Africans find it less important. Another difference between cultures is the degree of individualism versus collectivism. In an individualistic society members tend to be self-actualised, self-motivated and any relationships are defined by self-interest. There is a high desire for personal time, freedom and challenge. Members of a collectivistic society have a high desire for training, physical conditions and benefits. The United States has a high degree of individualism while several South American countries are typically collectivistic. (Daniels and Radebaugh, 1998)

The third potential and relevant difference is the pattern of communication in consideration of direct / indirect and explicit / implicit communication. Some languages are more contextual than others. Non-verbal communication, personal space, handshakes, ways of greeting each other, communication between males and females and signs of irritation are different aspects of communication patterns. (Ghauri and Usunier, 1996) Non-verbal behaviour may be defined as any behaviour, intentional or unintentional, beyond the words themselves that can be interpreted to have a meaning by a receiver. These behaviours vary between cultures and include facial expressions, eye contact, gestures, body movements, posture, physical appearance, space, touch, and time usage.
They either accompany verbal messages or are used independently. They may affirm and emphasise or negate and even contradict spoken messages. (Hendon, Hendon and Herbig, 1996) The fourth and final important difference presented by Ghauri and Usunier (1996) is the personality of the negotiator. In some cultures the negotiator is more important than the issue at hand or the future relationship between the parties, hence is the emphasis on personal relations different.

All different aspects of culture have a common consequence and that is that they are aggravating the essential understanding of the counterpart. (Hendon, Hendon and Herbig, 1996) Another occurring problem is that members of one culture may focus on different aspects of an agreement (e.g. legal, financial) from members of another culture (e.g. personal relationships). When one takes the seemingly simple process of negotiations into a cross-cultural context, it becomes even more complex and complications tend to grow exponentially. (Herbig and Gulbro, 1996)

In addition to the cultural aspects are there several factors that affect the process of international business negotiation. Figure 1.1 presents these multiple aspects and their interaction.

**Figure 1.1 The process of International Business Negotiations**

As presented, Ghauri and Usunier (1996) identify two groups of variables in addition to the process and its dimensions that influence international business negotiation; background and atmosphere factors. The background factors influence both the process and the atmosphere. Objectives, the first background factor, are categorized as being common, conflicting or complementary. The environment factor refers to political, social and structural issues, as well as the location of the respective party’s market. The third background factor includes third parties involvement, such as consultants, agents, and the respective government. The skills and experience of the negotiators is the fourth and final background factor.
The atmosphere variables characterise the relationship that has evolved during the process as a whole. The first factor is the perceived co-operation / conflict - that the parties have something to negotiate for and something to negotiate about. The distribution of power in the eventual relationship and expectations are the two other presented atmosphere variables.

Another issue that also has to be considered and decided before the actual face-to-face meeting is the site for the negotiations. Site selection is an important aspect of protocol because it affects psychological climate, availability and use of communications channels and the presence of time limits. (Hendon, Hendon and Herbig, 1996)

The strategic dimension involves, as shown in Figure 1.1, presentations, strategy, decision-making and need for an agent. These factors will be discussed in the problem discussion. Ghauri and Usunier (1996) further divide the process of international negotiations into three distinct stages. Pre-negotiation refers to both parties attempt to understand each other’s needs and demands. Preparation and planning are the most important parts of negotiation. On the surface, the drama and theatrics of face-to-face confrontation can easily create the impression that success lies in persuasiveness, eloquence, clever manoeuvres, and occasional histrionics. While these techniques make the process interesting (and at times even entertaining), the foundations for success are the preparation and planning that take place prior to actual negotiation. (Lewicki and Litterer, 1985)

Because most negotiation problems are caused by differences in culture, language and environment, a distinct advantage can be gained if negotiators familiarise themselves with the entire context and background of their counterparts in addition to the specific subjects to be negotiated. “The importance of careful preparation for international negotiations cannot be over-stated.” (Deresky, 1996, p. 184) The dynamism of the process can be observed at this early stage, pre-negotiation, as both parties begin to understand one another’s needs and evaluate the benefits of entering into the process of negotiations. “The most important success factor in negotiation is preparation and planning.” (Ghauri and Usunier, 1996, p. 14)
1.2 Problem discussion

The process of negotiation does not start until the first contact is established between parties in which interest in doing business with each other is shown. Using the presented division by Ghauri and Usunier (1996), the first stage of the negotiation process continues until the first formal face-to-face meeting, and involves several aspects mainly considering preparation and planning for the next stage in the process. Planning is the largest single factor in determining the success or failure of negotiations. Meetings tend to fail in direct relation with the time spent on preparing. As much information relevant to the negotiation should be assembled as practically as is possible. (Hendon, Hendon and Herbig, 1996)

Preparation is separated from planning and includes research, selecting negotiators, choosing a negotiating strategy and making various tactical choices. (ibid) Both parties have to formulate strategies for formal negotiations. This means not only careful review and assessment of all the factors affecting the deal to be negotiated, but also the preparation for the actual give-and-take of the negotiations. (Czinkota and Ronkainen, 1998)

The most critical elements in achieving negotiation objectives that a negotiator must attend, before actually sitting down to negotiate, are effective planning and preparation. In order to plan effectively, a negotiator must be able to anticipate the major events that will occur during negotiation and prepare in advance for them. There are different types of planning in negotiations but planning is in many cases perceived as boring and tedious and therefore it is easily put off in favour of “getting into the action”. (Lewicki and Litterer, 1985)

The purpose of the negotiation has to be defined early in the process, managers (and negotiators) often fail to set clear objectives. Since the area to be negotiated reflect both parties’ expectations, it is necessary to acquire commitment from both parties and define the problem, or the issues to be agreed upon, jointly. The parties should therefore truly and openly discuss each other’s objectives and expectations, in order to achieve a positive problem-solving situation. (Ghauri and Usunier, 1996)

It is important to know whether the presentation of the business proposal or deal should be carried out in a formal or informal setting, if it should be handled individually or by a team. Cultural aspects determine the appropriate style. Furthermore, there are different types of strategies. These are divided into tough, soft or intermediate strategies. However, the type of strategy to be used should be in accordance with the other party’s strategy. A strategy is a complete plan regarding problems, the solutions available and preferred choices, relative to the other party’s choices and preferences. (ibid)

Information also has to be gathered about the other party’s overall decision-making pattern. It is part of the strategy formulation to realise whether or not the own firm can handle the particular negotiation. The parties try to build up their relative power. Specialised agents and consultants are available for different geographic as well as technological areas. (ibid) The numbers of negotiators considered appropriate for a negotiation vary by culture. Sometimes referred to as the “John Wayne syndrome” Americans tend to be regularly outnumbered by their foreign counterparts. (Hendon, Hendon and Herbig, 1996)
Both advantages and disadvantages exist in negotiating by team. The advantages are having more complete preparation, several viewpoints, faster decision-making, mental support and strength in numbers. Team negotiation is the norm in most nations. Disadvantages to team negotiation are that it is very expensive, it requires the careful management of many egos and the roles and expectations of individual team members must be resolved before negotiations begin. The skills and expertise of the negotiators are characterised as background factors and are naturally decisive for the outcome of the whole process. (Hendon, Hendon and Herbig, 1996) In the past, the ability to negotiate was considered innate or instinctive, but it is now regarded as a technique, which can be learned. (Ghauri and Usunier, 1996)

International negotiation is a field of considerable interest in the global economy. There are as visualised in the above discussion a number of different aspects influencing negotiations and during the pre-negotiation phase all these different aspects have to be taken into consideration to improve the chances for a desired outcome. (ibid)

Many books have been written about how to negotiate with a person from another culture, but few empirical studies have been conducted in a business setting. Although many authors have written about the elements that are crucial to business success in international negotiations the process itself has for a long time been veiled in obscurity. (Herbig and Gulbro, 1996) Most often the material is made in the USA and from their perspective are there three popular cultures. These cultures, Japan, Russia and China are highly emphasised within the literature.

The literature use broad terms, as for example to understand the counterpart, to describe the important issues to be accomplished during the pre-negotiation stage. It would therefore be interesting to explore what actually is being done within a company during the pre-negotiation stage.

1.3 Purpose

The overall purpose with this study is:

“To gain a better understanding of pre-negotiations in an international context”

In order to reach this purpose, the following research questions will be examined:

- How can planning and preparation for international negotiations be described?

- What factors influence pre-negotiation?
1.4 Limitations

In order to complete this thesis within a given time frame, some demarcations have been found necessary. The first limitation is that we will conduct the investigation in a business setting and hence concentrate on business negotiations. The focus is on international negotiations, although the term cross-cultural negotiations is used occasionally in the used literature. In accordance with Ghauri’s and Usunier’s (1996) division and definition of the negotiation process, solely the pre-negotiation stage will be studied. All activities during and after the first formal meeting between the companies will consequently not be discussed. We will further focus on Swedish companies’ negotiation abroad, as viewed from their perspective.

1.5 Outline of the study

This chapter is intended to provide an introduction to the area of our research purpose, as stated previously in chapter 1.3.

Chapter two will provide an overview of the different theories, relevant for the research questions. It will also present the conceptual framework; the theories that data will be collected upon.

Chapter three will provide a description and discussion of the scientific methodology used in this study.

Chapter four will present the empirical data gathered.

Chapter five will provide analysis of the gathered data.

Chapter six will conclude the analysis and present implications for managers, theory and future research.
2 Literature overview

This chapter will present a literature overview, concerning previous studies within the areas of our research question. We will start with literature discussing preparation and planning and then continue with literature concerning factors that influence pre-negotiation.

2.1 Preparation and planning

The pre-negotiation stage

According to Ghauri and Usunier (1996) the process of international negotiation, and consequently pre-negotiation, begins when the first contact between parties in which interest in doing business with each other is shown. The parties involved gather as much relevant information as possible on each other, the operating environment, the involvement of third parties, influences, competitors and the infrastructure. One of the issues is to define the problem to be solved. Some negotiations occur during the pre-negotiation stage and some cautious offers are being made. Informal meetings take place as both parties are examining the other’s position. Whether the process will continue to the next stage depends on the perceived level of co-operation or conflict, of power or dependence and the expected benefits of the relationship in this stage. A fundamental characteristic of negotiations is the existence of conflict as well as co-operation in the relationship. To some extent, especially in “win-win” negotiation, the two parties have a common interest in finding a solution that is optimal and suitable with regard to the supplier’s ability and the user’s requirements. Basically, the two parties complement each other.

Conflict not only has a negative connotation, but also negatively influences the process as a whole. As conflict intensifies, perceptions become distorted and people interpret everything according to their own perspective. As a result, parties get locked into their position and the negotiation process is seriously and negatively affected. Conflicts in negotiation are almost unavoidable but the important issue is how to handle the conflict and how to understand, and let the other party perceive more co-operation than conflict. The parties should truly see how they are going to co-operate, examine whether it is realistic to expect to achieve the objectives of both sides and to identify the obstacles that have to be overcome to achieve these objectives.

The pre-negotiation stage is often more important than the formal negotiations in an international business relationship. Social, informal relationships developed between negotiators during the initial stage can be of great help. Trust and confidence gained from these relationships increase the chances of agreement. One method of establishing that kind of relations is to invite individuals from the counterpart to visit the office or country in order to develop trust. The parties need to understand the interests and fears of the other party. The prime objective with these informal meetings is to get to each other’s priorities. It is important to understand the other party’s point of view and the power of its arguments.
As information is being gathered, parties begin to develop their strategy for the face-to-face negotiation. A strategy is a complete plan regarding problems, the solutions available and preferred choices, relative to the other party’s choices and preferences. Parties try to build up their relative power. The initial strategy is dependent on the information gathered so far and the expectations. The parties should list the problems and issues, especially the conflicting issues and form strategies and choices for all possible solutions they or the other party could suggest. These should further be ranked individually as desired, expected and not acceptable. It is important to have several solutions for each problem or issue.

Furthermore, Ghauri and Usunier (1996) identify a number of key points to consider while performing preparation and planning.

**Identify the contents of the deal**
The initial points to consider are issues such as implications of the deal, the interests at stake, the “fit” with organisational objectives, and possible economic, political or other restrictions between parties. These issues must be considered in terms of tangible and intangible motives. Comparison of strengths and weaknesses is quite important. In business negotiations are not only the negotiating companies affected but also the competitors who have an interest in the same business. In most cases, a party’s arguments or preferences are influenced by the offers competitors have made.

**Create alternatives**
To negotiate effectively, the marketer must gather information on the strengths and weaknesses not only of the opposite party, but also of the other related parties, such as competitors. By considering the resources and behaviour of competitors, marketers can develop their own alternatives on different issues. One way of creating alternatives is to judge each conflicting issue in the following scale: our ideal position – their ideal position. Here one should look for overlaps. If no overlap exists, one should ask how it could be created.

**Put yourself in their shoes**
For negotiations to be successful, one party must understand the other party’s position. This will help each side interpret and anticipate the other side’s reactions to arguments. The ability to look at the situation from the other’s point of view is one of the most important skills in negotiations.

**Gauge the appropriateness of the message**
The exchange of information must be adjusted for easier comprehension. Technical specifications and other material should be provided in the local language. Not only does this facilitate effective communication but it also demonstrates respect for the local language and environment.

**Build up relative power**
Negotiators can determine who has the relative power advantage by gathering information about the other party, considering each party’s position and developing different alternatives. They can try to build their own relative power by developing arguments against the elements of power and improving their own position. In the negotiation process, this kind of power may be increased by repeatedly mentioning the weak points of the other party.
The Gower Handbook: Preparation for negotiating

The relationship
Relationships may be independent, where once the business has been completed both parties go their separate ways, or dependent, where negotiation takes place between two parties who are bound together in some way. Important questions to answer about the relationship are:

- What sort of relationship do I need after the negotiation is finished?
- Are we likely to do business again?
- How important are good relations to making what is agreed work in practice?
- How much trust is there between the parties?
- In what context is this negotiation taking place?

Mandate
- What are the things I can negotiate about? What is outside the negotiation, that is, non-negotiable?
- What are the limits to my authority?
- Who sets these limits and what are my options. Should I need to deviate from them?
- Who else has an interest in the outcome of this negotiation and how aware am I of their views?

Assumptions and expectations
Sometimes negotiations go badly wrong because one or both parties make assumptions about the situation that are not valid or have unrealistic expectations:

- What assumptions am I making about my own position and that of my opponent?
- How clear am I about the difference between what I know about the situation and what I assume?
- What expectations do I have about my opponent?
- What information do I have or could I get to check the validity of my assumptions?

Reality check
Once you have done your preparation, you need to subject your plans to a reality check:

- How realistic are my desired outcomes for this negotiation?
- What do I know about similar settlements in the industry or organization?
- What does past history suggest will be a realistic and fair agreement?
- How does what I want match with what either side can reasonably deliver, for example in terms of cost, time and quality?

Assessment of negotiating power
Assessment of negotiating power is a particularly important part of the preparation process. How you assess the negotiating power of yourself and your opponent will affect your whole approach to the preparation and conduct of the negotiation.
The key to assessing your negotiating power lies in understanding your Best Alternative to a Negotiated Agreement or BATNA. The question to ask yourself is: What is the best outcome I could get if I did not negotiate with this party? What other options do I have if I did not negotiate? The more options you have and the more attractive they are compared with what you can agree through negotiation, then the greater your negotiating power. Working out your BATNA also helps you judge the acceptability of the deal on the table; if the agreement you are heading towards is worse than your BATNA, then it is time to break off negotiations.

You also need to make an assessment of your opponent’s BATNA to understand their negotiating power. What alternatives do they have to a negotiated deal with you? How attractive do these alternatives look?

**Work out your variables**
In any negotiation there will be a range of elements or variables that go to make up the issue or problem under discussion.

- What are the different variables that you have to play with?
- Which are negotiable? And which are non-negotiable?
- How important or valuable is each variable to you?
- What is your assessment of the importance or value of each variable to the other side?

**Planning**
Lewicki and Litterer (1985) states that, in order to plan effectively, a negotiator must:

*Understand the nature of the conflict.* Conflicts, like the people who have them, vary in size and seriousness, in their characteristics, and in the parties included. Sometimes, all of these aspects of a conflict are obvious. Sometimes, they are not; and, sometimes, what appears to be a serious conflict is not one at all.

*Specify goals and objectives.* This includes stating all the goals that are to be achieved in the negotiation, determining their priority, and evaluating the possible trade-offs among them. Goals may also include intangibles, such as maintaining a certain precedent or getting an agreement that is satisfactory to both sides.

*Clarify how to manage the negotiation process* with the opponent in order to attain goals. This stage involves understanding the conflict, the possible areas of co-operation, ways to establish trust, and the issues to be negotiated. To plan for the negotiation process, negotiators must:

a. *Identify the issues to negotiate.* Issues are those matters of substance that will be discussed with the opponent. Some issues are simple, such as the price to be paid for a used car. Other issues are more complex, such as the vast array of economic data used to justify a union’s wage demands. Some issues are subtle, such as the precise wording of a clause in an agreement – a matter on which both parties are in essential agreement, but which could easily erupt into conflict if care is not taken.
For example, both union and management may understand the need for, and agree to, a clause that permits reductions in the workforce in a plant; however, given the sensitivity of the matter, conflict could easily arise if the parties do not agree how it will be accomplished.

b. *Prioritise the issues.* Which ones are more or less important, more or less critical to achieve at this time?

c. *Develop a desirable package among the important issues, or better yet develop several alternative packages.* To discuss each issue separately may lead to suboptimal results; it may confuse both parties on what is really important, and it may cause the loss of attractive opportunities for solutions, because of the failure to really understand how the issues fit together.

d. *Establish an agenda.* Write a procedure for discussing those issues that are important, and the order in which they will be discussed. This is the first step in carrying out any strategy for negotiating with the other party.

*Understand the opponent.* It is necessary to attain information on the opponent’s goals – what is most important to them. There are also two other pieces of background information that will be of great importance:

a. *The opponent’s current resources and needs.* A full diagnosis of the opponent might include their financial condition, immediate and pressing problems, and information on the opponent’s operating environment (social, political, business or personal). Thus if someone is buying a car, it would help to know if the dealer is overstocked, if it is close to the end of his fiscal year, if he has a quota to meet and is pressed to make a few last quick sales. In negotiating a labour contract, management might want to know if the union leadership is in a weak political position with the rank and file. Conversely, the union might want to know whether the local management is under severe pressure to not experience any interruption of production. Such information provides insight into the other side’s unstated goals, and helps to clarify how they will interpret the behaviour.

b. *The history of the opponent’s bargaining behaviour.* How people have acted in the past is usually a good indicator of how they are likely to behave in the future. Therefore, a careful assessment of the opponent’s negotiating history will provide valuable information on how to prepare for them.
Types of planning

Lewicki and Litterer (1985) further identifies three types of planning, that are helpful in negotiation:

Strategic planning has the objective to define long-range goals, and to position oneself in order to achieve these long-range goals. In corporations, the function of strategic planning is to optimise the organisation’s future position on a designated set of specified objectives. In negotiation, strategic planning is devoted to defining a “future” state or set of objectives that the parties would like to attain, as well as the process to be pursued to secure those objectives.

Tactical planning is the process of developing short-range tactics and plans to achieve long-range objectives.

Administrative planning is the process by which both manpower and information are marshalled to make the negotiation proceed smoothly. Administrative planning includes organising the negotiating team; i.e., designating the functions team members will perform, how jobs will be co-ordinated, how information will be disseminated, when the team will caucus or recess, etc. It also involves planning how to get information about the other party’s goals, needs, and negotiating history.

These three categories of planning tend to overlap in practice. Nonetheless, the categories are useful to remember that good planning needs to consider both long-run (strategic) and short-run (tactical) objectives and plans.

The Gower Handbook: Planning guide for Negotiations

Jeffery (1998) provides a checklist, which presents a few things to consider before meeting face to face:

The Conflict Relationship
1. What kind of a conflict situation is this going to be? (i.e., does it appear possible for all parties to achieve their goals)?
2. What has been the nature of my relationship with my opponent in the past, and how will that affect the current negotiations?

Goals
3. What are my TANGIBLE goals in the negotiation?
4. What are my INTANGIBLE goals in the negotiation?
5. Which TANGIBLE goals are most important?
6. Which INTANGIBLE goals are most important?
7. What is the relative importance of the intangibles to the tangibles?
8. Given what I know about the opponent, what are the major tangible and intangible issues likely to be?

Issues
9. Given my goals, assumptions and information about the opponent, what would be the best deal I could expect from this negotiation?
10. What would be a “fair and reasonable” deal?
11. What would be a minimally acceptable deal?
12. What will be the major issues at stake in this negotiation?
13. Do I have all the information I need on each of these issues? If not, where can I get it?
14. Which issues have higher priority for me? Which have lower priority?
15. Which issues are linked together and therefore easy to package?

**Analysis of Opponent**
16. What are my opponent’s major characteristics?
17. What are my opponent’s reputation and style?
18. Is there anything I need to learn about my opponent or (his) position to make this negotiation successful?

**Competitive Advantages**
19. What are the strongest points in my arguments? What advantages do I have going for me?
20. What are the strongest points in my opponent’s arguments? What will be the advantages he has going for him?
21. What is the weakest point in my position?
22. What is the weakest point in his position?
23. At this point, do I want to modify my goals or objectives in any way?

**The Negotiating Process**
24. What kind of strategy do I want to use in this negotiation? (Primarily, what kind of tone or climate do I want to set?)
25. What do I have to get the other negotiator to do to make this strategy work?
26. If my strategy or plan does not work, what is my fall-back option?
27. What are the most important items for me in setting the agenda with my opponent, e.g., time limits, how and which items are discussed (such as procedural rules)?
2.2 Factors that influence pre-negotiation

Considerations in the Negotiation Process

Deresky (1996) list 12 variables to consider before a negotiation:

Basic conception of negotiation process: Is it a competitive process or a problem-solving approach? There are two opposing approaches to the concept of negotiation: strategic and synergistic. In the strategic model, resources are perceived as limited. The sides are competitive and bargaining is perceived as who will get the larger portion of the pie. In the synergistic model, resources are unlimited. Each party wants to co-operate so that all can have what they want. Counterparts look for alternative ways to obtain the desired results.

Negotiator selection criteria: These criteria include negotiating experience, seniority, political affiliation, gender, ethnic ties, kinship, technical knowledge and personal attributes (e.g., affability, loyalty, and trustworthiness). Each culture has preferences and biases regarding selection.

Significance of type of issues: Is it specific, such as price, or is the focus on relationships or the format of talks? Defining the issues in negotiation is critical. Generally substantive issues focus on control and use of resources (space, power, property). Relationship-based issues center around the ongoing nature of mutual or reciprocal interests. The negotiation should not hinder relationship and future negotiations. For example, Arabic negotiators place much weight on issues such as family and personal interests, while western negotiators emphasise the issues related to the negotiation itself.

Concern with protocol: What is the importance of procedures, social behaviours, and so forth in the negotiation process? Protocol is the accepted practices of social behaviour and interaction. Rules of protocol can be formal or informal; for example, Americans are generally less formal than Germans.

Complexity of Language: What degree of reliance is placed on non-verbal cues to interpret information? Complexity refers to the degree of reliance on non-verbal cues to convey and to interpret intentions and information in dialogue. These cues include distance (space), eye contact, gestures, and silence. There is high- and low-context communication. Cultures that are high context in communication (China) are fast and efficient communicators and information is in the physical context or pre-programmed in the person. Low-context communication, in contrast, is information conveyed by the words without shared meaning implied. The United States is a low-context culture.

Nature of persuasive arguments: One way or another, negotiation involves attempts to influence the other party. Counterparts can use an emotional or logical approach. Do they rely on rational arguments, an accepted tradition, or on emotion?

Role of individuals' aspirations: Are motivations based on individual, company, or community goals? The emphasis negotiators place on their individual goals and needs for recognition may also vary. In some cases, the position of a negotiator may reflect personal goals to a greater extent than corporate goals. In contrast, a negotiator may want to prove that he or she is a hard bargainer and compromise the goals of the corporation.
Bases of trust: Is trust based on past experience, intuition, or rules? Every negotiator at some point must face the critical issues of trust. One must eventually trust one’s counterparts; otherwise resolution would be impossible. Trust can be based on the written laws of a particular country or it can be based on friendship and mutual respect and esteem.

Risk-taking propensity: How much do the parties try to avoid uncertainty in trading information or making a contract? Negotiators can be perceived as either “cautious” (low risk takers), or “adventurous” (high risk takers). If a negotiator selects a solution that has lower rewards but higher probability of success, he or she is not a risk taker. If the negotiator chooses higher rewards but a lower probability of success then he or she is “adventurous” and a risk taker.

Value of time: What is each party’s attitude toward time? How fast should negotiations proceed, and what degree of flexibility is there? Each culture has a different way of perceiving and acting upon time. Monochronic cultures emphasise making agendas, being on time for appointments and generally seeing time as a quantity to be scheduled. Polychronic cultures stress the involvement of people rather than pre-set schedules. The future cannot be firm, so planning takes on little consequence.

Decision-making system: How does each team reach decisions – by individual determination, by majority opinion, or by group consensus? Broadly understood, decision-making systems can be “authoritative” or “consensual”. In authoritative decision-making, an individual makes the decision without consulting with his or her supervisors. However, senior executives may overturn the decision. In consensus decision-making, negotiators do not have the authority to make decisions unless they consult their supervisors.

Form of satisfactory agreement: Is agreement based on trust (perhaps just a handshake), the credibility of the parties, commitment, or a legally binding contract? Generally, there are two broad forms of agreement. One is the written contract that covers possible contingencies. The other is the broad oral agreement that binds the negotiating parties through the quality of their relationship.

Negotiating across cultures

Hendon, Hendon and Herbig (1996) present eight variables in the negotiating process that will lead to a better understanding of negotiating styles: purpose, issues, protocol, communications, arguments, trust, time, and decision making.

Purpose. Different groups view the purpose and process of negotiation differently. Negotiation may be seen as a conflict in which one side wins and another loses, as a competition to identify who is best, or as a collaborative process to formulate some undertaking. The winner of a negotiation in some countries is the one who gains the most concessions, regardless of the value of the concessions.

Issues. Different groups stress different aspects of the negotiations. Some groups stress the specific substantive issues directly related to the agreement, while others focus on building long-term relationships.
Protocol. Different groups have their own particular etiquette associated with the negotiating process, and their adherence to protocol varies according to its perceived importance. Protocol factors that should be considered are gift giving, entertainment, dress codes, seating arrangements, number of negotiators, and the timing of breaks. The degree of formality or informality is an important component of protocol that should be assessed as well.

Communications. Some cultures rely on verbal communications, others on non-verbal cues such as gestures and silence. The more varied the methods of communication, the more complex the negotiations and the more care must be given to understanding the message. For example, Americans tend to be verbal but the Japanese often use periods of silence and extensive non-verbal gestures in their communications.

Arguments. Various types of arguments are more (or less) effective in different cultures. Some cultures rely on facts and logical arguments, others on tradition and references to the way things were done in the past. Still others focus on intuition or emotion. Some cultures conduct negotiations based on a particular religion or philosophy.

Trust. All societies seek to establish trust with one another during negotiations. Each group may, however, establish trust on a different basis. Some groups look to experience and records; others rely on intuition and emotion. Still others are most comfortable when sanctions exist to guarantee performance.

Time. In some cultures, time is viewed as limited and precious. Punctuality, agendas, and specified time frames are important to people from those environments. Others view time as plentiful and always available; therefore, they are more likely to expect negotiations to progress slowly and for all parties to be flexible about schedules. For example, Americans view time as a scarce commodity that must not be wasted, while the Japanese view time in the long term.

Decision-making. Decisions are made differently in various groups. They may be made by individuals or by the group as a whole. Within a group, participants may defer to the person of highest status or to the most senior member. Some groups accept the decision of the majority. Other groups seek consensus among members and will not make a decision until all members have agreed.

“Starting out right: Negotiation lessons for domestic and cross-cultural business alliances”

Kelley and Spekman (1994) argue that the fundamental tenet of negotiation is to know how the other person thinks. The negotiator who arrives in a foreign country with little concern for the customs of that country is likely to harm the negotiation process before it begins. From start to finish, attention must be given to differences in perspective and style. It is only by understanding similarities and differences that reasonable expectations may be developed. Such expectations lead to higher rates of success.

Effective negotiators operate as detectives searching for clues to the values and interests of their counterparts. They avoid assumptions about partner concerns. They look for what matters to the partner rather than what should matter. Time should be taken to learn the negotiation styles of key people involved...
In cross-cultural negotiations, where much may remain unknown, it is best to ask for help in understanding the reasons for objectives that seem at odds with one’s own. This approach far surpasses the “talk tough and negotiate later” approach, which unfortunately has become popular and may actually be at the root of many alliance failures.

“Differences in cross-cultural negotiation behaviour between industrial product and consumer product firms”

Gulbro and Herbig (1995) states that the negotiation style used effectively at home can be ineffective and inappropriate when dealing with people from another cultural background; in fact its use can often result in more harm than gain. Heightened sensitivity, more attention to detail, and perhaps even changes in basic behavioural patterns are required when working in another culture.

Although not accounting for all the differences (political, legal, financial or economic environmental factors or firm-specific factors can also dramatically influence results), different countries and different cultures can produce divergent negotiating behaviours and styles that are shaped by geography, history, religion, and politics. Success at this cross-cultural negotiating table means being able to see through the eyes of the people across the table, and understanding their cultural values and assumptions. No one can usually avoid bringing along his or her cultural assumptions, images and prejudices or other attitudinal baggage into any negotiating situation. The way one succeeds in cross-cultural negotiations is by fully understanding others, using that understanding to one’s own advantage to realise what each party wants from the negotiations, and to turn the negotiations into a win-win situation for both sides.

In a cross-cultural context, the two negotiators are separated from each other not only by physical features, a totally different language and business etiquette, but also by a different way to perceive the world, to define business goals, to express thinking and feeling, to show or hide motivation and interests.

In cross-cultural negotiations, many of the rules taught and used domestically may not apply – especially when they may not be culturally acceptable to the other party.

2.3 Conceptual Framework

To be able to collect relevant data on our research questions and then compare them with the chosen theories, we have chosen a few studies that this research will rely on and in specific, which concepts that data will be collected upon. “The conceptual framework explains, either graphically or in narrative form, the main things to be studied.” (Miles and Huberman, 1994, p. 18) Since we have studied several theories within the same theoretical area, we have selected the ones that match our research questions and our purpose in the most appropriate manner.
2.3.1 Preparation and planning (Research question 1)

Ghauri and Usunier (1996), Lewicki and Litterer (1985) and Jeffrey (1998) discuss the preparation and planning for international business negotiations. The suggestions made by each author are similar to a great extent. Ghauri and Usunier (1996) explain a few general activities and aspects that increase the probability of agreement. These are:

- Co-operation / Conflict
- Informal meetings - informal relations – trust and confidence
- Information gathering

Ghauri and Usunier (1996) and Lewicki and Litterer (1985) presents a number of key points or issues to consider when preparing and planning for an international negotiation. These are more or less eclectic - there are only limited dissimilarities, but since Ghauri and Usunier’s (1996) theories merely concentrate upon business negotiations and are more recent, they will be in focus. According to these theories the five key issues of preparation and planning are to:

Identify the contents of the deal:
- To find out in what ways the deal is affecting the company, the opponent’s company and third parties. Basically to understand the different implications of the negotiation.

Create alternatives:
- Through information gathering and conflict solving alternatives can be created to ensure effective negotiating.

Put yourself in their shoes:
- A thorough understanding demands financial position, immediate and pressing problems and information about the counterpart’s operating environment (social, political, business or personal). “The ability to look at the situation from the other’s point of view is one of the most important skills in negotiations” (p. 16)

Gauge the appropriateness of the message:
- Facilitate effective communication by avoiding problems of language barriers and by understanding non-verbal communication clues.

Build up relative power:
- Determining the relative power advantage by gathering information about the other party, considering each party’s position and developing different alternatives.

Furthermore we have chosen to use the theory by Lewicki and Litterer (1985) that describes three types of planning. The theory is useful in differentiating different types of planning and consequently relevant for our first research question. The different types are:

- Strategic planning (long range goals and objectives)
- Tactical planning (short range tactics and plans)
- Administrative planning (organisational and informational issues)
2.3.2 Factors that influence pre-negotiation (Research Question 2)

Deresky (1996) present a list of twelve different variables, which was found to be suitable for our research purpose. Hendon, Hendon and Herbig (1996) have a similar list, but leaves out a few variables. We therefore focus on the list by Deresky (1996), because it is more extensive.

Basic conception of the negotiation process:
- Is it a competitive process or a problem-solving approach?

Negotiator selection criteria:
- Is the selection based on experience, status, expertise, personal attributes, or some other characteristic?

Significance of type of issues:
- Is it specific, such as price, or is the focus on relationships or the format of talks?

Concern with protocol:
- What is the importance of procedures, social behaviours, and so forth in the process?

Complexity of language:
- What degree of reliance is placed on non-verbal cues to interpret information?

Nature of persuasive arguments:
- How do the parties attempt to influence each other?

Role of individuals’ aspirations:
- Are motivations based on individual, company, or community goals?

Bases of trust:
- Is trust based on past experience, intuition, or rules?

Risk-taking propensity:
- How much do the parties try to avoid uncertainty in trading information or making a contract?

Value of time:
- What is each party’s attitude toward time?

Decision-making system:
- How does each team reach decisions – by individual determination, by majority opinion, or by group consensus?

Form of satisfactory agreements:
- Is agreement based on trust, the creditability of the parties, commitment, or a legally binding contract?
3 Methodology

In this section the methodology used to gather relevant data for the research questions will be described. The focus is on explaining the available choices during the study and on discussing how the different choices made have affected the outcome. At the end of the chapter, a schematic figure summarising all different choices is presented.

3.1 Research Purpose

The purpose of a research can be of three different categories, namely exploratory, explanatory or descriptive. (Yin, 1994) The exploratory research is most suitable when the purpose is to define and clarify the nature of the problem – to look around (Reynolds, 1971). Exploratory research methods are appropriate to use when the problem is difficult to limit and when the researcher is uncertain what models to use and what characteristics and relations that are important. Explanatory studies aim to answer questions with cause and effect relations (sometimes called causal research). Descriptive studies are appropriate when there is a clearly structured research problem, meaning that the researcher knows exactly what he or she wants to know but not the answers. It is appropriate when the prior knowledge is limited and there is a need to increase the comprehension of the problem area. (Eriksson and Wiedersheim-Paul, 1997)

Stated in chapter one, the purpose of this study is to gain a better understanding about pre-negotiations in an international context. The two research questions are: how can the planning and preparation for international negotiations be described, and what factors influence pre-negotiation. Since the research questions reflect a need to describe the general nature of a specific problem area, the study can be classified as mainly descriptive. There was initially a need to discover, explore the general nature of the problem area. We were uncertain what models to use and what characteristics and relations that was important. Consequently, the study at this stage was exploratory. To some extent, the study is also explanatory as the research questions are being answered, but the overall focus is however on describing the chosen area of investigation.

3.2 Research Approach

According to Holme and Solvang (1991) there are two general approaches of a research, qualitative and quantitative. The differences between the two are that a quantitative study is based on data in form of numbers and qualitative data is based on data in form of words. The choice of research approach depends on the defined research problem and the data needed for solving this problem. Quantitative data is formalised and structured and is characterised by a high degree of control from the researcher. In a quantitative research, data like numbers and statistical material are used and there is a larger distance between the source and the researcher than in a qualitative research. The purpose with a qualitative approach is to gain a deeper understanding of the problem studied. It is characterised by closeness between the source and the researcher, and a low degree of formalisation (ibid).
The choice of research approach should be conducted from the problem formulation that is stated for the research. (Holme and Solvang, 1991) In other words, the selection is depending on the information wanted. We are investigating several variables and trying to attain knowledge about occurrences that cannot be directly observed or measured. We are consequently using a qualitative approach, since a quantitative approach would have limited our investigation and hindered in studying the problem area as we intended to do.

### 3.3 Research Strategy

There are different ways of collecting and analysing empirical evidence. Yin (1994) discusses five different research strategies that are applied in social science, each following its own logic and each with different advantages and disadvantages. The five strategies are experiments, surveys, archival analysis, histories and case studies. The boundaries between the strategies, or the occasions when each is to be used, are not always clear and sharp. Although each strategy possesses its distinctive characteristics, there are large areas of overlap among them. Each strategy is adaptable for all three different research purposes, exploratory, descriptive and explanatory. Yin (1994) further identifies three different conditions distinguishing the strategies. These are: the form of research question, the extent of control an investigator has over actual behavioural events and the degree of focus on contemporary as opposed to historical events. Table 3.1 shows the different research strategies in relation to these three conditions.

<table>
<thead>
<tr>
<th>Research strategy</th>
<th>Form of research question</th>
<th>Requires control over behavioural events?</th>
<th>Focuses on contemporary events?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experiment</td>
<td>how, why</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Survey</td>
<td>who, what, where, how many, how much</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Archival analysis</td>
<td>who, what, where, how many, how much</td>
<td>No</td>
<td>Yes / No</td>
</tr>
<tr>
<td>History</td>
<td>how, why</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Case study</td>
<td>how, why</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Source: Yin, 1994, p. 6

With the stated purpose and research questions in this study, we do not require control over behavioural events and we will focus on a contemporary event. There are, as Table 3.1 illustrates, three possible alternatives. Experiment and history research strategies will not be discussed any further. A survey research is concerned with systematic gathering of information from respondents, generally in the form of a questionnaire. (Hawkins and
Tull, 1990) When conducting an analysis of archival information, the goal is, according to Yin (1994), to describe the incidence or prevalence of a phenomenon. Yin (1994, p. 13) further describes the case study as “an empirical inquiry that investigates a contemporary phenomenon within its real life context, especially when the boundaries between phenomenon and context are not clearly evident.”

The types of research questions posed in this research are of a “how” and “what” character. A questionnaire would not have provided us with the thorough understanding of the problem area and was therefore ruled out as an alternative. The choice was, consequently, between a case study and an archival analysis. A case study is not normally used for research question of a “what” character (Table 3.1) but the main focus for this study is of a “how” character. Yin (1994) notes that the preferred strategy when the question is “how”, there is no control over behavioural events, and contemporary events are studied, is the case study.

A case study was therefore, in accordance with Yin, found to be most suitable to approach the chosen problem area. The case study can either be a single-case study or a multiple-case study. (ibid) Eriksson and Wiedersheim-Paul (1997) state that the possibilities of comparisons between the cases are added in a multiple-case study, and that this could increase the understanding further. Due to these advantages, this research is using a strategy of a multiple-case study.
3.4 Data collection

According to Yin (1994, p. 91) the data collection process is more complex for case studies than those used in other research strategies. He further states that “a major strength of case study data collection is the opportunity to use many different sources of evidence”. The so-called triangulation, i.e. evidence from two or more sources, is adding to the research validity. There are six different sources available: documentation, archival records, interviews, direct observations, participant observations, and physical artefacts. Table 3.2 shows the strengths and weaknesses of each of the six sources of evidence.

<table>
<thead>
<tr>
<th>Source of evidence</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Documentation</strong></td>
<td>- Stable: can be reviewed repeatedly</td>
<td>- Retrievability: can be low</td>
</tr>
<tr>
<td></td>
<td>- Unobtrusive: not created as a result of the case</td>
<td>- Biased selectivity: if collection is incomplete</td>
</tr>
<tr>
<td></td>
<td>- Exact: contains exact names, references, and details of an event</td>
<td>- Reporting bias: reflects (unknown) bias of author</td>
</tr>
<tr>
<td></td>
<td>- Broad coverage: long span of time, many events, and many settings</td>
<td>- Access: may be deliberately blocked</td>
</tr>
<tr>
<td><strong>Archival records</strong></td>
<td>- (same as above for documentation)</td>
<td>- (same as above for documentation)</td>
</tr>
<tr>
<td></td>
<td>- Precise and quantitative</td>
<td>- Accessibility due to private reasons</td>
</tr>
<tr>
<td><strong>Interviews</strong></td>
<td>- Targeted: focuses directly on case study topic</td>
<td>- Bias due to poorly constructed questionnaire</td>
</tr>
<tr>
<td></td>
<td>- Insightful: provides perceived causal inferences</td>
<td>- Response bias</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Inaccuracies due to poor recall</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Reflexivity: interviewee gives what interviewer wants to hear</td>
</tr>
<tr>
<td><strong>Direct observations</strong></td>
<td>- Reality: covers events in real time</td>
<td>- Time consuming</td>
</tr>
<tr>
<td></td>
<td>- Contextual: covers context of event</td>
<td>- Selectivity: unless broad coverage</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Reflexivity: event may proceed differently because it is being observed</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Cost: hours needed by human observers</td>
</tr>
<tr>
<td><strong>Participant observation</strong></td>
<td>- (same as for direct observations)</td>
<td>- (same as for direct observations)</td>
</tr>
<tr>
<td></td>
<td>- Insightful into interpersonal behaviour and motives</td>
<td>- Bias due to investigator’s manipulation of events</td>
</tr>
<tr>
<td><strong>Physical artefacts</strong></td>
<td>- Insightful into cultural features</td>
<td>- Selectivity</td>
</tr>
<tr>
<td></td>
<td>- Insightful into technical operations</td>
<td>- Availability</td>
</tr>
</tbody>
</table>
Methodology

Source: Yin, 1994, p. 80

We have used both primary and secondary data collected from both interviews and documentation, allowing for multiple sources of evidence. Documentation was mainly used to find information about the investigated companies different characteristics. Archival records have the same strengths as documentation, but are also precise and quantitative and these characteristics are not needed in this research. Direct observations or participant observation were never an option since they would be extremely time-consuming and expensive.

The documentation used is company presentations in the form of company material and brochures as well as the companies’ own web sites. Additional information has also been collected from different databases about the companies to give us a more holistic view, to increase the understanding of their activities.

According to Yin (1994) one of the most important sources of case study information is the interview. There are different types of interviews: open-ended interviews, focused interviews, and formalised surveys. The most common is the open-ended interview. The researcher then has the opportunity to ask respondents for the facts of a matter as well as for respondents’ opinions about events. It is possible to ask the respondent about his or her insight into certain occurrences and may use such propositions as the basis for further inquiry. The focused interview can still be of an open-ended nature but the respondent is interviewed for a shorter period of time and the researcher is more likely to be following a certain set of questions derived from the case study protocol. The purpose of such an interview may be to confirm facts that the researcher already think have been established and not ask about other topics of a broader, open-ended nature. The formal survey involves structured questions that are designed as part of a case study. (Yin, 1994)

We chose to do a focused interview to generate specific responses within the frame of the research questions, since there was a need to keep the interviews short. We further used questions of an open-ended character to preserve the interview flexibility. The interviews were in accordance with Holme and Solvang’s (1997) suggestion structured after an interview guide (Appendix). The interview guide involves the issues presented in the conceptual framework (Chapter 2.3). It was constructed to give us, as researchers, a fundament during the meetings. The given answers sometimes gave us the opportunity to ask more specific questions that added, contributed or deepened the questions posed in the interview guide.

Eriksson and Wiedersheim-Paul (1997) discuss two types of interviews: personal and telephone interviews. The personal interview was found preferable in comparison to telephone interviews due to the fact that social interaction and probing are facilitated. All interviews were performed in a conversational manner in Swedish, the mother tongue of both the respondents and us. All relevant information gathered is presented in chapter 4.

3.5 Sample selection

According to Holme and Solvang (1997), qualitative samples should include units of information that increase the information value and provide a basis for deeper understanding of the studied area. This can be achieved in different ways. First, the sample should have the largest possible variation-width. Second, the respondent should
be expected to possess a lot of information within the studied area. Finally, the respondent should have willingness to participate in the study and the ability to express themselves about the topic (ibid).

Johansson Lindfors (1993) argues that selective sampling is used in qualitative case studies and that it involves purposive sampling. Purposive sampling implicates that the information units should be selected based on theoretical purpose and relevance. This implies that it must be assumed that the phenomenon or problem exists within the sample of information units. The sample is dependent on the purpose of the study rather than on whether the sample is representative or not (ibid).

We had two main criterions: proximity (to us) and international operations. The proximity to the sample was found important, as we wanted to conduct personal interviews. Limited resources of time and money called for a local sample. The second main criterion was that the company had to be operational internationally. To further fulfil our purpose, to gain a better understanding of pre-negotiations in an international context, a few less important criterions, or considerations, was used in the selection of the companies. To guarantee a variety in the sample, we did not want the companies to be similar to a greater extent than the fulfilment of the two main criterions. More explicitly, we did not want the two cases to be operational in the same line of business. We further wanted companies that had been conducting international business for some time.

### 3.5.1 Selection of companies and individuals

The purpose of and selection criterions of this study evolved gradually and during that process was also a number of interesting companies considered. We were familiar with some while friends and teachers brought others to our attention. Several were investigated further by usage of the Internet. The two selected companies were finally Boliden Contech AB and Plannja AB. These companies fulfilled all criterions and were thought to complement each other. Both companies were explained our area of interest and felt that they could contribute with their knowledge within the area.

According to Holme and Solvang (1991) the selection of the respondent is crucial. If the wrong persons are being interviewed, the research may turn out to be invalid or worthless. Interviews were conducted with Anders Ranheimer, International Sales Manager, and Erik Gustafsson, Business Developer, both at Plannja AB. Mr. Ranheimer told us during the first contact that he had been involved in international negotiations for several years, mainly in selling. He recommended us to interview Mr. Gustafsson who, according to Mr. Ranheimer as well possessed knowledge within the area. Mr. Gustafsson had recently been involved in a larger negotiation, concerning the purchase and establishment of a subsidiary in Poland. The two respondents within Plannja were assumed to complement each other. At Boliden Contech, an interview was conducted with Rolf Lindgren, Vice President and former Marketing Manager. As we initially took contact with Contech we were directed to Mr. Lindgren, who was considered to be the most knowledgeable within the area of interest. Since the chosen respondents at each company were perceived to be the most appropriate persons both by their companies and themselves, we believe that the best possible selections were made.
3.6 Data Analysis

Miles and Huberman (1994, p. 91) state that most analysis in qualitative research is done with words. They identify two types of analysis, within case displays and cross case displays. A display is “a visual format that presents information systematically, so the user can draw valid conclusions and take needed action” In the within case analysis, collected data will be compared with previous theory in order to identify differences and similarities. The aim of doing a cross case analysis is to be able to compare the single cases with each other and to increase generalisability. The cross case analysis makes it possible to see if the collected data in the separate cases is for example diverse, typical, effective and / or ineffective. Miles and Huberman further present matrices as tools to visualise the collected data in order to make it easier to compare and analyse them.

Miles and Huberman (1994, p. 10) defines data analysis “as consisting of three concurrent flows of activity: data reduction, data display and a conclusion drawing / verification part.” Upon first collecting data during a “data collection period” the authors further explain these three stages of qualitative data analysis as follows:

Data reduction is the process of analysing that helps to sharpen, sort, focus, discard and organise the data that allows for conclusions to be drawn and verified. Data reduction should not be considered to be separate from analysis, but as part of it. The data can also be reduced and transformed through such means as selection, summary, paraphrasing, or through being subsumed in a larger pattern.

Data display is the second major activity. This means taking the reduced data and displaying it in an organised compressed way so that conclusions can be more easily drawn. The authors explain that “humans are not powerful processors of large amounts of information” and that “extended text can overload humans’ information processing capabilities” (op. cit., p. 11)

Conclusion drawing / Verification part is the stage where the researcher begin to decide what things mean. They do this by noting regularities, patterns, explanations, possible configurations, causal flows, and propositions.

In our analysis we have used Miles and Huberman’s (1994) different stages to facilitate the understanding of the collected data. Two case studies have been performed and both a within case analysis and a cross case analysis have been done. In the within case analysis will the collected data be processed and reduced for each research question, similar in character to the activities described in Miles and Huberman’s (1994) first stage. The cross case analysis is focused on the comparison between the cases hence what similarities and differences that have been observed. Our cross case analysis is what the authors describe as data display. The final analytical activity that we have gone through is the conclusion drawing, presented in chapter 6. The research questions posed in the first chapter will then be answered.
3.7 Quality criteria – Validity and Reliability

The quality of the research design is crucial for how valid and reliable the results of the process are. Validity and reliability are two defined concepts within science to determine the accuracy of the results. Validity is concerned with whether or no the method used really measures what it is supposed to measure. It is important that definitions used are compatible with existing definitions and that these are measurable. (Eriksson and Wiedersheim-Paul, 1997)

Validity and reliability are of greater concern for quantitative research. Qualitative research focuses on understanding and that theory and empirical evidence interacts. Nevertheless, the accuracy and quality of the information gathered is important. When using a qualitative approach is there a higher possibility that the researcher’s presence will affect the information. Since the respondent is aware of being investigated, the answers tend to be as normal as possible. (Holme and Solvang, 1991)

Yin (1994) claims that the case study researcher must maximise four aspects of quality of the design: construct validity, internal validity, external validity and reliability. Construct validity establishes correct operational measures for the concepts being studied. Internal validity establishes a causal relationship, where certain conditions are shown to lead to other conditions, as distinguished from false relationships. External validity establishes the domain to which a study’s findings can be generalised. Reliability demonstrates that the operations of a study, such as the data collection procedures, can be repeated with the same results. Yin further states that internal validity is a concern for causal for explanatory case studies, and not for descriptive or explorative studies. Our study is partly explanatory but mainly descriptive and due to that will not the internal validity be discussed further. Table 3.3 displays the relevant and recommended case study tactics and the phase in which the tactics is to be used for each quality aspect.

<table>
<thead>
<tr>
<th>Tests</th>
<th>Case study tactic</th>
<th>Phase of research in which tactic occurs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construct validity</td>
<td>- use multiple sources of evidence</td>
<td>Data collection</td>
</tr>
<tr>
<td></td>
<td>- establish chain of evidence</td>
<td>Data collection</td>
</tr>
<tr>
<td></td>
<td>- have key informants review draft case study report</td>
<td>Composition</td>
</tr>
<tr>
<td>External validity</td>
<td>- use replication logic in multiple-case studies</td>
<td>Research design</td>
</tr>
<tr>
<td>Reliability</td>
<td>- use case study protocol</td>
<td>Data collection</td>
</tr>
<tr>
<td></td>
<td>- develop case study database</td>
<td>Data collection</td>
</tr>
</tbody>
</table>

Source: COSMOS Corporation as referred in Yin (1994), p. 33
Validity

Validity is, according to Yin (1994), the quality of a method to measure what it intended to do. Eriksson and Wiedersheim-Paul (1997) state that the most important requirement of a measuring tool is its validity, since it will reflect the accuracy of the findings. The construct validity is according to Yin especially problematic in case study research. People who have been critical of case studies often point to the fact that a case study investigator fails to develop a sufficient operational set of measures and that subjective judgement is used to collect the data.

Table 3.3, on the previous page, presents three different tactics that are available to increase construct validity. The first is to use multiple sources of evidence. Yin (1994) states that one of the major advantages with case study is that it enables the researcher to use several sources. If the same questions are asked to different sources of evidence and if the sources all point to the same answer the researchers have successfully triangulated their data. The use of multiple sources, triangulation, adds to the validity of a research. Although only two cases and three interviews were completed, efforts have been made to obtain this beneficial quality effect. The validation is also positively affected by the fact that the respondents possessed a genuine knowledge within our area of interest, especially in the case with solely one interview. In our literary study we have gathered information from several different researchers and authors who have a more or less similar view on the area. The second tactic presented by Yin is to establish chain of evidence. We have been trying to keep the research questions in focus throughout the whole thesis to obtain a natural description of everything that we have done. The backbone of the construct validity (and the information gathering) is our interview guide (Appendix). Naturally we have been trying to develop an appropriate interview guide in consideration to our research questions, purpose and conceptual framework. The interviews were conducted in Swedish, which has both improving and deteriorating effects on the validity of this study. Misunderstandings caused by language implications were less likely to occur during the interviews but demanded translation from the literature. The third tactic, to have key informants review draft case study report, was not done at all.

The external validity deals with the problem of knowing whether a case study’s findings are generalisable beyond the immediate case study. (Yin, 1994) We have only gathered information from two different sources (three respondents) and generalisations to a wider population are troublesome to make. However, our purpose was never to do so.
Reliability

Reliability signifies that the measurement instrument shall produce authentic, reliable and stable results. (Eriksson and Wiedersheim-Paul, 1997) If another investigator later followed exactly the same case study all over again, he should arrive at the same findings and conclusions. To attain high reliability, errors and biases should be minimised. The method and approach in the research should be independent of the researcher and the investigated objects or respondents. (Yin, 1994) The goal with reliability is to minimise the errors and biases in a study. (Yin, 1989)

When we initially contacted Plannja and Contech, we had to ensure that the respondents possessed the necessary knowledge to answer our questions. Our main area of interest was explained and as we expressed our need to get in touch with right person, we were at some occasions redirected within the given companies. One of the respondents found at some occasions the specific areas of interest troublesome to discuss but what this was caused by is not known. It deteriorated however the reliability slightly. The fact that only one source of evidence was used in one of the cases can also have had a deteriorating effect, in spite of our endeavour to find the most suitable respondents.

The interviews were conducted with both of us present, and a tape recorder was used as well. No information loss occurred during the interviews and the recordings also gave us the opportunity to re-listen and re-interpret the comments by the respondents, so that the chances of presenting low-quality data would diminish.
3.8 Summary

Figure 3.1 summarises the different methodological alternatives and the chosen methodology in this research.

Figure 3.1: Summary of methodology

This study is mainly descriptive, but also partly explanatory and exploratory, with a qualitative research approach, as shown in figure 3.1. The research strategy is to perform case studies. Data has been collected by means of personal, focused, interviews and documentation. The chosen companies are presented and finally, the data is analysed by performing within-case analysis and cross-case analysis.
4 Empirical Data

In this chapter we will present some company facts and the collected empirical findings from each case study. Each case will be presented separately, beginning with Plannja AB and then followed by Boliden Contech AB.

4.1 Case Study 1

Company facts:

Name: Plannja AB  
Year of establishment: 1967  
Respondent(s): Anders Ranheimer, International sales manager and Erik Gustafsson, Business-development  
Annual Turnover 1999: SEK 1000 M  
Number of employees: 390  
Member of a group: Yes. Member of the SSAB Group

Plannja is a member of The SSAB Group. The parent company, SSAB is listed on the A-list of the Stockholm Stock Exchange since 1994. SSAB is the main supplier of raw material to Plannja that in turn produces building products, made of steel and aluminium sheet, by coating, roll forming and pressing processes. The product range includes for example a wide supply of roof sheeting, cladding and decking profiles, metal tiles, composite wall panels, facade cassettes and rain water goods.

Sales in Sweden, Denmark, Norway, Germany and Great Britain is conducted through the subsidiaries: Plannja AB, Plannja Síba AB, Plannja AS Denmark, Plannja AS Norway, Plannja GmbH and Plannja Ltd. Sales in other countries are conducted through retailers/agents and through Plannja’s own export organisation.

Plannja’s international negotiations usually are with a potential customer who wants to order their products. The value of the negotiation fluctuates, depending on the customer, but is normally concerning a purchase for a few (SEK) millions. Negotiations occasionally involve the establishment of an agent or a subsidiary and are at those occasions concerning a higher, direct, monetary value.

Personal interviews were performed at the head office of Plannja in Luleå in order to obtain the primary data. Two respondents were interviewed: Anders Ranheimer, International sales manager, and Erik Gustafsson, Business-development. Mr Ranheimer has been working with international negotiations for approximately 20 years, to a wide extent in the Middle East. Mr Gustafsson has been working with international negotiations for 4 years, but has also previously worked in the purchasing department with negotiations. He has recently been involved in a large negotiation in Poland, regarding the purchase and establishment of a subsidiary. The empirical data presented here is by majority derived from the interviews, but also from documentation.
4.1.1 How can preparation and planning for international negotiations be described?

Mr Ranheimer stated that the time allocated for preparation and planning amounted to approximately 15% of the total time of a negotiation. However, the 15% only consist of preparations unique to an international negotiation. In total, 30-50% of the total time of a negotiation is allocated in the pre-negotiation stage. Mr Gustafsson could not provide an answer, due to the fact that it varies to a great extent. He did however state that the time allocated for preparation should be greater than the other two stages.

Mr. Ranheimer stated that co-operation is a very important ingredient in pre-negotiation: "Without that, you won’t get far”. According to Mr. Ranheimer, improving the degree of co-operation is the purpose of a negotiation. Mr. Gustafsson was a little less specific, but nonetheless agreed that co-operation is beneficial in the pre-negotiation stage. Both respondents further stated that different activities with big customers were undertaken each summer, to improve the degree of co-operation, but more in the sense of customer care than as a way of creating trust prior to a negotiation. Both respondents agreed that conflicts exist in the pre-negotiation stage. Mr. Ranheimer stated that one often perceive possible sources for future conflicts in the pre-negotiation stage, like differences in what is perceived as the way things should be or are. Other sources of conflict are things of a practical nature, like the date of the negotiation. According to Mr. Ranheimer, these conflicts in the pre-negotiation stage often leads to more time being put into preparation in order to solve these conflicts prior to the negotiation, thus facilitating it. Mr. Gustafsson stated that conflicts that exist in the pre-negotiation stage is, for example, if a customer has technical demands that Plannja is unable to provide, or conflicts regarding the timeframe for payment.

Informal meetings are rarely occurring, according to Mr. Ranheimer, with the possible exception of really extensive negotiations, when informal meetings occasionally could occur. He did state, however, that it is valuable to get to know the counterpart’s negotiator prior to the negotiation. Mr. Gustafsson stated that informal meetings do not occur at all. Both respondents further argued that informal relations vary in importance. In the Arabic countries, for example, a lot of time is spent on informal relations, while it is almost without importance at all in western countries. This is something one has to prepare for, in order to avoid misunderstandings and mistakes.

Another, according to both respondents, important issue is trust. The foundation for this trust is laid in the pre-negotiation stage, by both sides, by standing for what you say. This initial trust is then transferred into the negotiation later on. Mr. Gustafsson also stated that trust is an important part of the pre-negotiation stage, and according to him, being prudent, honest, and keeping your promises, just like in every other situation creates the trust. He stated “it is important to feel like you are two friends doing business, and forgetting about the companies for the duration of the negotiation”.

According to Mr. Ranheimer, Plannja makes an assessment on how the negotiation at hand may affect the counterpart’s long-term strategies and current situation. This is accomplished by using information gathered by the Swedish Trade Council. Mr. Gustafsson stated that consideration as to how a negotiation may affect the counterpart only is done to the extent possible. As to how different negotiation alternatives may affect the counterpart, both respondents agreed that no consideration is given. How third parties may be affected by a deal is not considered to any extent. The only indication was
that Mr. Gustafsson stated that “sometimes a counterpart may already be selling a competitor’s products, and then one has to consider this”.

Mr. Ranheimer stated that prior to a negotiation with a possible agent, time is spent on analysing the local field of competitors. The information gathered about the competitors is mostly the price-levels of their products. Furthermore, Mr. Gustafsson stated that, in order to follow the market-based pricing policy, Plannja analyses the competitor’s price level, thus having to obtain a sound understanding of the particular market before the negotiation. In markets very far away, however, Plannja does not have the resources to obtain this kind of information, price is then set by expense coverage.

At Plannja, the President and the Board of directors define the objectives and the long-range strategies. These goals are then delegated down to individuals or functions within the organisation for achievement with the funds allocated. These individuals or functions then set smaller goals, in order to reach the overall goals of the corporation. The negotiator himself, who most often is responsible for the pre-negotiation stage, often sets the individual goals of a negotiation. Sometimes, though, when preparing for a very extensive negotiation, like purchasing a subsidiary, the President and Board of directors are involved in setting the goals of that specific negotiation. When multiple goals exist within a single negotiation, there is no explicit grading of the relative importance of the goals. The negotiators do the administrative and tactical planning prior to a negotiation themselves. Mr. Ranheimer further stated that it is important to remember preparatory issues such as Visa, vaccinations, possible preventive medicines, and the actual booking and scheduling of the journey.

The respondents stated that there are different ways to obtain information prior to a negotiation. As an example, he mentioned Poland, where Plannja recently purchased a subsidiary. Plannja started selling to smaller customers, in order to obtain information on the market in general. “The need for information is less when preparing for a smaller negotiation, one only studies the history of the country, and a little about the culture”. In this way, Plannja successively obtained information about Poland. Information that is considered important by both respondents is: the competition in the market, what the counterpart’s business represents, its history and financial situation, price-ranges of competitor’s products, who you are going to negotiate with, as a person if possible, and general information about the country that the counterpart is operating in. Plannja uses the Swedish Trade Council or private consultants when gathering this kind of information in the pre-negotiation stage. Information as to what the counterpart wants with the negotiation is collected by contact with the counterpart.

In the pre-negotiation stage, all communication with the counterpart is handled through fax, telephone or e-mail, though e-mail is still used very sparsely. 95% of the time, communication is done in English. If English not is an option, translators are used, for example in France and Poland. Translators are, however, not a preferable solution; Mr. Ranheimer stated that it is very gruesome in the long run to not be able to communicate with the counterpart. Language is according to him the reason for Plannja’s bad performance in France. Mr. Gustafsson stated that translators often are recruited from within the counterpart’s company, and therefore adds his or her own opinions when translating, thus complicating the negotiations.

Both respondents argued that creation and/or identification of relative negotiating advantages towards the counterpart is not done at all: “We never think in those terms”.
4.1.2 What factors influence pre-negotiation?

Plannja always beholds a negotiation as a "win-win" situation. Both respondents felt that you have lost a little if you are not able to achieve this. Without a perceived “win-win” situation, no long-term co-operation can be achieved, hence generating a loss for Plannja, and the trouble of finding a new partner for the counterpart.

According to Mr. Ranheimer, one tries to see every negotiation as equally important, but confesses that a negotiation with a possible future agent on a large market is more important than a negotiation about a single purchase. Hence, more effort is spent in the pre-negotiation stage when the negotiation is seen as important. Both respondents further argued that negotiations with customers that are probable to purchase products on a regular basis are seen as more important than one-time customers, and more attention is given to them.

Mr. Ranheimer stated that there are certain criteria as to which person to send, depending on the characteristics of the counterpart. As an example, Arabs require decision-makers for successful negotiations. The Japanese and the Russians require a fairly large team of negotiators. Sometimes, product specialists are part of the team, if their knowledge seems to be required in the negotiations. Plannja does not, however, have individuals specialised on certain cultures, due to their “thin” organisational structure. Both respondents felt that language is a deciding factor when selecting whom to send to an international negotiation, but knowledge of the English language is most cases sufficient. The people sent are the ones that have negotiation as their job.

When it comes to non-verbal communication, Mr. Gustafsson did not identify it as something that is considered in the pre-negotiation stage. Mr. Ranheimer, however, stated that it is valuable to know to which degree it is used and maybe learn a little of the basics, but not a disaster if you do not. In general, he thought that the whole issue of non-verbal communication is overrated: “The counterpart knows that we are not trying to insult them, but realises that we just do not know their ways”. The same arguments were used concerning protocol. Both respondents further stated that business people today are more or less doing business in the same way and that protocol is an issue to which little or no concern is given.

According to Mr. Ranheimer, the use of emotional and/or rational methods of persuasion depends on whom you are negotiating with. During pre-negotiation, it is important to gather information on what persuasion-method that is most appropriate in the specific country that one will negotiate within, “Arabs, for example, are very emotional, and think it is an important part of negotiation”.

The degree of individualism of the counterpart is not considered in the pre-negotiation stage. Mr. Gustafsson stated “This particular factor has never posed any problems for us”. There is, however a difference in the importance of trust, depending on the counterpart. In Arab countries, trust is valued to a much greater extent than in western countries. As previously described is trust created through standing for what you say, being polite and to overall behave in a reassuring manner.

Neither of the respondents perceived any differences as to how different counterparts handled risk. There are however perceived differences about the perception of time.
between different cultures, but the only thing Plannja does is accept that these differences exist.

As for decision-making systems, Plannja has had problems when the counterpart has been strongly hierarchical, because the individual sent to do the negotiation on behalf of the counterpart has been chosen on grounds of rank, rather than competence. This means more time being spent on explaining than usual, thus disturbing the negotiations. This is taken into account in the pre-negotiation stage when the counterpart’s negotiator is identified in advance. Plannja actively tries to adapt to the negotiating style of the counterpart. Information may be gathered, if possible, but Plannja mostly works off routine.

Mr. Gustafsson was sure that adaptation of agreements to the counterpart’s preferences has been done, but was unable to provide an example. Both respondents however stated the need for a written contract.

About cultural influence in the pre-negotiation process, Mr. Ranheimer stated that “one can get very far with common sense, regardless of culture, religion, political system, or geographic location”. He did, however, point out some exceptions, from his experiences in negotiating with Arabs. Furthermore, he stated that it could be valuable to learn some of the basics of the culture where you will negotiate but, in general, the counterpart will not take offence if you make a mistake since they understand that you as a foreigner does not know everything.

According to Mr. Gustafsson business culture is affecting the pre-negotiation stage and the process as a whole to a great extent. He further specifically identified timeframes for payment as a cause of problems and hence an influencing factor. Moreover, he stated that culture as an influencing factor on international negotiations is largely overvalued.

4.2 Case Study 2.

Company facts:

Name: Boliden Contech AB  
Year of establishment: 1980  
Respondent(s): Rolf Lindgren, Vice President (former Market Manager)  
Annual Turnover 1999: SEK 200 M  
Number of employees: 130  
Member of a group: Yes. Subsidiary to Boliden Limited

Boliden Contech markets and sells technology developed within Boliden Limited for efficient industrial processes in the mining, metallurgical and sulphuric acid areas. The technology is sold in the form of licenses, consulting services, equipment delivery and turn-key plants. The main products are technologies for non-ferrous mines and smelters, precious metals plants, mercury removal systems, fluid bed roasting, gas and wastewater cleaning.

Sales are conducted through own sales offices in, among others, Beijing, Germany, Moscow, and Chile, agents are used in Italy and Mexico.
Contech’s international negotiations vary to a great extent, sometimes is the negotiation concerning the selling of a previously developed product and sometimes concerning the construction of a major production facility, with a value up to one billion (SEK). The later negotiation process takes approximately three years, from the first contact to the signed contract. Normally contact is established and Contech develops an initial offer, which is precise, specific and consequently relatively costly. When signed, one of these major deals can occupy the entire company during almost a year.

We performed a personal interview with Rolf Lindgren, recently appointed Vice President of Contech (former Market Manager), at Contech’s office in Skellefteå. He has been working with international negotiations for approximately 10 years. Most data presented here is derived from this interview, but for the gathering of fundamental company facts documentation has been used as well.

4.2.1 How can preparation and planning for international negotiations be described?

Mr. Lindgren stated that *time allocated* on preparation and planning approximately is 90% of the total time used in the negotiation.

According to Mr. Lindgren, *co-operation* in the pre-negotiation stage is very important. He further described the, for Contech beneficial way of going through the technical staff of the counterpart to create a favourable position. He argued that by getting the technical staff to feel that Contech will provide just what they want it is easier to convince the decision-makers later on. The technical staff is rarely decision-makers, but they certainly have an influence.

*Conflicts* always exist in the pre-negotiation stage, according to Mr. Lindgren. Technical conflicts are common, for example about specifications on the equipment. Other conflicts may be preferred suppliers. For example, Contech always utilises a measuring system from the Swedish company ABB, but the counterpart wants to use a measuring system from the French company Telemetrix, thus generating an extra cost for Contech, who would have to integrate the new system. In those cases, Contech tries to direct the counterpart towards their solution.

Mr. Lindgren further stated that *informal meetings* occur to a great extent, especially outside of Europe. Contech usually visits customers, outside of Europe, very early in order to investigate if this customer has the any idea if this deal is going to pay off. Usually, Contech make own calculations on the counterpart’s profitability, to see if the counterpart will have the ability to pay them later on. Between 10 and 20 informal meetings usually take place prior to the actual negotiation. *Informal relations* can, in certain countries, be very important for the success of the negotiation, according to Mr. Lindgren. Especially within Europe is the importance of informal relations of less significance.

The importance of *trust* is also very different, depending on the country you are negotiating with, according to Mr. Lindgren. In Norway, for example, standard bidding procedure is always used, while in India or China, trust is everything; “Sometimes you get surprises, but you get very far with common sense”. Furthermore, Mr. Lindgren
stated that Contech’s foreign offices are of great help in getting information about the importance of trust within the particular market.

As for how a negotiation may affect the counterpart, Contech makes thorough investigations in the pre-negotiation stage, in order to discover this. “The dilemma in our business is that what we build has a certain effect on the environment”, said Mr. Lindgren, as to how they consider how third parties are affected by a particular negotiation. Contech always leaves the environmental issues to the counterpart, but is aware of the regulations on different markets, thus preparing how to handle the issues or demands from the counterpart. Mr. Lindgren further explained that Contech is aware of how their different proposals will affect the counterpart, throughout the entire process.

Most often, Contech works with reference plants, which the counterpart visits in order to see the different proposed alternatives in action.

The relative advantages of the competitors always surface during negotiations, according to Mr. Lindgren, and when that happens, Contech is always prepared. Contech is constantly aware of their relatively few competitors. Mr. Lindgren further stated: “It never pays off to conceal what you know about the competition, because the counterpart will always be told the competitors strengths relative to us”.

As to the goals of the negotiations, they are very well defined, according to Mr. Lindgren. All costs, including travels, renting equipment, housing of building crew, and so on, are considered during the pre-negotiation and covered in the final offer. Different divisions within the company has then worked with their particular cost analysis for use in the final proposal.

The most important information gathered in the pre-negotiation stage is according to Mr. Lindgren information about the solidity of the counterpart, due to the extremely high cost of the product. The second most important information is profitability. Contech investigates the profitability for the counterpart in purchasing their particular product. If the investment is not profitable within three to five years, Contech contacts the counterpart, and tells them what their calculations show. Mr. Lindgren further believe the gathering of information to be an important part of the pre-negotiation stage, since “it is better to lose maybe half a million in preparatory expenses early, than a lot more money later”. An important source for information is industry journals, and regular newspapers. When gathering information about their counterpart, The Swedish Trade Council is not an option for Contech, according to Mr. Lindgren: “Personally, I know more about, for example, mining companies in China than the Swedish Trade Council”. The Swedish Trade Council is considered too expensive and not qualitative enough.

Mr. Lindgren stated that, in the absolute beginning, Contech usually writes to the counterpart, followed by a visit and a general presentation. Contech also has foreign employees, who make regular tours to the possible clients in their region to check things out. English is used approximately 80% of the time, according to Mr. Lindgren. Language can be a problem, though. If English is not an option, translators are used, but this is a major problem for Contech since the translators often have been given a course in conversational English only. Hence, the translator is not able to translate technical terms. Therefore, if translation is needed, Contech prefers to use local technical staff, even if he or she is worse in conversational English; often, the English capabilities are quite low in the markets where Contech operates, for example in South America.
As to how Contech creates, or improves, their negotiation advantages, Mr. Lindgren stated that the specially designed parts of the product, that Contech has designed themselves are important because the counterpart has no way of examining the actual values. Hence, Contech can allocate a large portion of the profit on these types of parts. A typical approach, according to Mr. Lindgren, is that the counterpart examines Contech’s margins on products bought from suppliers. The counterpart then assumes that Contech has the same margins on their own parts, even though the margin is often considerably higher.

The Board of directors within Contech handles long-range planning. The salesperson that makes the initial contact with the counterpart will, until the end of the negotiations, handle all tactical and administrative planning. He will schedule all meetings and decide on whom to participate in individual meetings: technicians, marketers, and so on. When Contech and their counterpart begins the actual negotiation, all issues regarding the deal have already been decided on and approved by top management. Contech presents a final offer, including everything that Contech will deliver, and often in third world countries, what the counterpart will have to deliver, due to the fact that: “Often, they (companies in the third world) have not realised that they will have to construct buildings and so on”.

4.2.2 What factors influence pre-negotiation?

Mr. Lindgren stated that the entire concept of their business is that both parties gain of it. Therefore, every negotiation is considered as a “win-win” situation. In the pre-negotiation stage, Contech analyses the situation, in order to find out if a mutual gain is possible. If not, Contech will withdraw. Contech has to create good references for future use, and therefore only enters negotiations with a counterpart that has the possibility to profit of a purchase.

As for who to send to a negotiation, Contech has divided its sales force by product areas, so the salesperson that has met with the client earlier is taken for granted. Other than that, the legal advisor is of eminent importance, in order to obtain contracts of adequate legal weight. When the value of the deal is high, the presence of top managers is also necessary. Mr. Lindgren further stated that the significance of the issue naturally is influencing the process as a whole. He further explained that there are often several issues that the counterpart perceives differently, as to their importance. Issues like working conditions or ergonomics may be perceived of different importance and it is important not to hold the own opinions too strong.

According to Mr. Lindgren, you have to study the protocol of the counterpart a little, in order to avoid mistakes and to be able to talk about things other than business in an adequate manner. In general, Mr. Lindgren finds it important to gather information on issues not related to the negotiation, to be able to small talk with the counterpart during dinners and such, according to Mr. Lindgren: “You have to be able to talk about things other than business”. Other than that, common sense solves most problems with protocol. Little effort is however put into learning the amount of non-verbal communication utilised by the counterpart. According to Mr. Lindgren, you learn along the way: “It is valuable if you know a little before meeting, but not a disaster if you do not”. In general, the individuals you will encounter have all studied in Western countries, and are well aware of our way of communicating, according to Mr. Lindgren.
In Contech’s case, only rational *methods of persuasion* are used, according to Mr. Lindgren, because “nobody dares risking these amounts of money”. He added however that the farther away from Europe you get, the more importance is placed on *personal relations and trust*.

Mr. Lindgren was further unable to answer how the degree of *individualism* in the counterpart’s culture affects the pre-negotiation stage.

The amount of *risk* that the counterpart is willing to take varies a lot, according to Mr. Lindgren. For example, it has occurred that Russian counterparts do not question anything at all; they just accept Contech’s proposals. In contrast, Chinese counterparts have the habit of going through the proposals meticulously. Contech does not include these experiences in the pre-negotiation stage, but rather handles this issue as negotiations move along. Concerning the *value of time* is neither any activity completed. Mr. Lindgren is aware of differences in perception of time but the differences do not influence the pre-negotiation stage.

Mr. Lindgren further stated that it is important to identify the *decision-makers* early in the process, to be able to negotiate effectively. Contech works off experience in finding the particular individual. Normally, Contech asserts most of their influence on the technicians, and lets them influence the decision-makers. There is a big difference between different countries, as to the *type of agreement preferred*, according to Mr. Lindgren. The legal advisor always sees to that the contract is legally binding. “In God we trust, all others pay cash” is the motto. Consideration as to how to formulate the contract is given depending on the counterpart. For example, contracts with Russian counterparts are formulated so Contech will receive more money in advance than for example with a counterpart in the United States. As to how the actual agreements are reached, Mr. Lindgren stated that depending on the culture of the counterpart, this varies a lot. As an example, he stated that Chinese counterparts are very formalised, and had very strict routines for formulating agreements, while Russian executives sometimes just want to know where to sign the contracts, without questioning anything.

According to Mr. Lindgren, every deal has a time span of 30 to 40 years. More or less, the pre-negotiation stage is similar for every negotiation. There is a moderate amount of studies of different cultures within Contech, but mostly they learn during the process. The initial salesman mediates his experiences from the informal meetings to the rest of the crew. Later, when a larger delegation is sent, there is always a lecture on *cultural differences*. Cultural differences are always considered as Contech gradually learns more in the duration of the pre-negotiation stage. Mr. Lindgren further explained that due to the fact that Contech has extensive international experience, most cultural differences are covered by the experience of the workforce, with additional details mediated through the informal meetings.

According to Mr. Lindgren there are more issues that influence the pre-negotiation stage for Contech. Environmental laws and regulations, as well as customs, tariffs and quotas affect the pre-negotiation stage. Another factor that influences the pre-negotiation stage is the skill level of the counterpart’s operators. Contech sometimes educates the counterpart’s operators in how to use the equipment and how to perform maintenance. Especially Russians were identified as in need of this kind of training. The whole thing is based on the fact that if the counterpart uses the equipment in an incorrect manner, and it
Empirical data

breaks, Contech will, in all cases, be blamed and Contech always has to have impressing references, according to Mr. Lindgren.

From past experience, Mr. Lindgren knows that political risk drastically may reduce the solidity of a seemingly solid company. Since a lot of Contech’s customers are operating in third world countries, the risk of civil war or any form of social unrest is an important issue to gather information about. In this specific matter, the Swedish Trade Council is of some help in gathering information about the country.
5 Data Analysis

In this chapter, we will, as described in the methodology chapter, compare our empirical data against our conceptual framework, as well as across the two cases. Patterns, as well as discrepancies from the theories used, will be sought.

According to Yin (1994), the most common analytical strategy is to first collect data based on research questions taken from previous studies, and then compare and analyse the findings with these previous studies. Miles and Huberman (1994) provide three different “flows of activities” in analysing the gathered data. These are data reduction, data display and conclusion drawing.

Our data presented in the previous chapter will first be reduced to each research question and compared with the selected theories in our conceptual framework. This is done separately for each case in the within-case analysis. The reduced data from each case will then be compared and displayed in the cross-case analysis and finally, conclusions will be drawn in the chapter six.

5.1 How can preparation and planning for international negotiations be described?

5.1.1 Within-case analysis of Plannja AB (Case Study 1)

Ghauri and Usunier (1996) present the pre-negotiation stage and lift out some activities and aspects that increase the chances of agreement. They state that a fundamental characteristic of negotiations is the existence of conflict as well as co-operation in the relationship. Plannja agreed, in accordance with the literature, that co-operation is a very important ingredient in pre-negotiation, and throughout the relationship. They further explained that different activities were undertaken to withhold and improve that sense of co-operation between the companies. Plannja also agreed that there are conflicts in the pre-negotiation stage.

Plannja argued, in contradiction to Ghauri and Usunier (1996), that no informal meetings take place. However, Mr. Ranheimer stated if there is an unusually extensive negotiation it may occur. Informal relationships are, as described by Ghauri and Usunier (1996), found to be of great help, due to the value of knowing the counterpart’s negotiator prior to the negotiation. Mr. Ranheimer further said that the importance of personal relationships vary between countries.

Trust and confidence gained from these informal relationships increase the chance of agreement (Ghauri and Usunier, 1996). Mr. Gustafsson stated that “it is important to feel like you are two friends doing business, and forgetting about the companies for the duration of the negotiation.”

In accordance with Ghauri and Usunier (1996), Plannja stressed the information gathering and said that information was gathered to the extent possible. The areas considered important by Plannja, correlates to a wide extent to those described in the literature. The counterpart’s business, history and financial situation, competition on the market, the price level of competitor’s products, who will do the counterpart’s
negotiation, as a person if possible, and general information about operating environment and the country are areas that Plannja find important. If the counterpart is a distributor and already is selling a competitor’s product, which sometimes is the case, Plannja has to consider how the competitor will be affected as a third party. Third parties involvement is not considered to a greater extent than that.

Ghauri and Usunier (1996) furthermore discusses a few key issues to consider, when doing preparation and planning. The first is to identify the contents of the deal. The information gathered by Plannja about relevant issues are collected from the counterpart itself and through annual accounts as described by Ghauri and Usunier (1996). Plannja also mentioned the additional use of the Swedish Trade Council or private consultants as information sources about big issues, for example about the operating environment, and such sources are not found in the literature. For the other suggested considerations, Ghauri and Usunier (1996), to properly identify the contents of the deal, no correlation was found. Plannja argues that much of the deal’s content is understood without being examined or searched for.

“To negotiate effectively the negotiator must gather information on the strengths and weaknesses not only of the opposite party, but also of the other related parties, such as competitors”. (Ghauri and Usunier, 1996, p.15) Plannja stated that time sometimes is spent on analysing the local field of competitors. The information gathered is focused on the price-level and the understanding of the particular market. At far-flung markets, Plannja does not possess the resources to obtain this information and price is then set by expense coverage. However no or little consideration is given to how the different negotiation alternatives will affect the counterpart, and the consideration of competitors does not help to create alternatives on different issues, as described by Ghauri and Usunier (1996).

Ghauri and Usunier (1996) explains that a way to create alternatives is to overlap conflicts. Plannja agreed, in accordance with Ghauri and Usunier (1996), that conflict often lead to more time being put into preparation in order to solve these conflicts and thus creating alternatives for the counterpart.

Ghauri and Usunier (1996) further explains that, apart from gathering information and asking questions to check the other’s position, each party also has to recognise the needs of the other. In accordance with the Ghauri and Usunier (1996), Plannja makes an assessment, if possible, on how the negotiation at hand may affect the counterpart’s current situation and long-term strategy. As to view the situation from their perspective and show the other party that he or she is well understood Plannja conducts no specific activity.

As for gauging the appropriateness of the message, all communication with the counterpart is handled through fax, telephone or e-mail at Plannja. By using local language is not only communication improved but it also demonstrates respect for the counterpart’s language and environment (Ghauri and Usunier, 1996). Plannja stated that the local language of the counterparts very seldom is used. They estimate English to be used at 95% of the occasions. A further deviation from theory is that Plannja argued that usage of translators is non-preferable. Non-verbal communication does not impose a problem for Plannja since no informal meetings take place, even though Plannja stated that the fact that it may cause problems later on in the negotiation has to be recognised.
Plannja is unable to recognise the development of relative power as an issue in the preparation and planning, in contradiction to Ghauri and Usunier (1996), who state that the relative power is determined through the information gathering, by considering each party’s position and developing different alternatives. No match within Plannja was found, though.

In accordance with Lewicki and Litterer (1985) Plannja visualises three different types of planning. Strategic, long-range planning within Plannja is completed by the board of directors. Tactical, short-range planning prior to negotiations is handled by the negotiator. However, Mr. Ranheimer states, if the stakes are higher may the responsibility and decision-making shift towards managers or the President of the board. The negotiators, further handle the administrative planning themselves, and are responsible for all activities during the pre-negotiation stage.

5.1.2 Within-case analysis of Boliden Contech AB (Case Study 2)

Ghauri and Usunier (1996) states that a fundamental characteristic in the negotiation process is the existence of conflict as well as co-operation. This matches perfectly with the case of Contech, who argued that conflicts are inevitable and that co-operation is a necessity; much effort is put into solving conflicts and improving the co-operation.

Contech participates in a fairly large number of informal meetings, in accordance with Ghauri and Usunier (1996). An addition to theory, however, is that Contech mostly participate in informal meetings with counterparts situated outside of Europe.

Also in accordance with Ghauri and Usunier (1996), Contech stated that informal relations could be necessary for successful negotiations. However, Contech also somewhat diminishes this particular factor, by stating that this is true only in certain countries and situations, because informal relationships are perceived as more important outside of Europe, and that the importance of trust varies, depending on which country you negotiate with.

When gathering information, Contech focuses on the solidity of the counterpart and the profitability of the deal, from the counterpart’s perspective. Information is also gathered about the counterpart’s operating environment. This does not correlate well with Ghauri and Usunier (1996), because in the case of Contech, the majority of the information gathered is used to analyse the feasibility of the deal, rather than to create negotiation alternatives.

In accordance with Ghauri and Usunier (1996), Contech identifies the contents of the deal. Knowledge is obtained on how the counterpart is affected by the negotiation and by different proposals and how third parties are affected. However, if there are any problems with how third parties are affected, environmental issues, Contech leaves all the responsibility to the counterpart. Hence, Contech knows how third parties are affected by the deal, but does not devise any countermeasures. The goals of a negotiation are very well defined, by all parts involved in the negotiation within Contech.

According to Ghauri and Usunier (1996), the negotiator must gather information on strengths and weaknesses of competitors, in order to be able to negotiate effectively and to create alternatives. This correlates perfectly to Contech, who always prepares by
analysing the competition prior to a negotiation. There is, however, a divergence towards theory. Instead of looking for overlapping conflicts, in order to create alternatives, Contech always direct, or tries to direct, the counterpart towards a preferable solution.

Contech obtains a perfect understanding of the opponent’s point of view, in terms of financial position, pressing problems and so forth. This matches Ghauri and Usunier (1996) perfectly, who states that the ability to look at the situation from the other’s point of view is one of the most important skills in negotiation.

As for gauging the appropriateness of the message, Contech utilises the English language 80% of the time, and experience problems, both for them and for the counterpart, when interpreters must be used. In contrast, Ghauri and Usunier (1996) states that all material should be provided in the local language of the counterpart, in order to facilitate effective communication and to show respect for the local language.

Ghauri and Usunier (1996) argue that relative power is built by evaluating the counterpart’s relative power advantages, and to repeatedly point out weaknesses in the counterpart’s proposals. In divergence, Contech builds their relative power solely by utilising the fact that the counterpart is not able to examine the actual values of parts designed by Contech, thus not being able to correctly gauge the actual value of the deal Contech is proposing.

In accordance with Lewicki and Litterer (1985) Contech performs strategic planning, consisting of long-range strategies, tactical planning, consisting of short-range tactics, and administrative planning, consisting mostly of planning and arranging practical issues. Top level management makes the strategic planning, while the initial salesperson, which will be in charge of the physical negotiating, handles all administrative planning. The tactical planning involves all parts of the company that will be involved at some point in the negotiations.
Data analysis

5.1.3 Cross-case analysis (Research Question 1)

We will here compare our two cases against each other as to how they responded to our first research question. The data will be displayed in accordance with Miles and Huberman (1994). In order to do this, we have devised a matrix, table 5.1, where the empirical findings regarding our first research question will be presented in a manner that will give a comprehensible overview of similarities and deviations between Plannja and Contech.

Table 5.1: Cross-case analysis of Research Question 1

<table>
<thead>
<tr>
<th>Research Question 1</th>
<th>Plannja AB</th>
<th>Boliden Contech AB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time span of the negotiation process</td>
<td>A couple of weeks – 6 months</td>
<td>~3 years</td>
</tr>
<tr>
<td>Time allocated in the pre-negotiation stage</td>
<td>30-50%</td>
<td>~90%</td>
</tr>
<tr>
<td>Co-operation</td>
<td>Very important</td>
<td>Very important</td>
</tr>
<tr>
<td>Conflict</td>
<td>Exists in the pre-negotiation stage, and lengthens the time span of it.</td>
<td>Exists, and are solved by directing the counterpart towards a preferable solution.</td>
</tr>
<tr>
<td>Informal meetings</td>
<td>No informal meetings.</td>
<td>Many informal meetings.</td>
</tr>
<tr>
<td>Informal relationships</td>
<td>Is of great help, but varies in importance</td>
<td>Sometimes helpful, but vary in importance</td>
</tr>
<tr>
<td>Information gathering</td>
<td>Buys and gathers to the extent possible</td>
<td>Gathers all information themselves, very thoroughly</td>
</tr>
<tr>
<td>Are the contents of the deal identified?</td>
<td>If possible</td>
<td>Always</td>
</tr>
<tr>
<td>Create alternatives</td>
<td>Price-level analysis of the competitors. Conflict overlapping</td>
<td>Total analysis of the competition</td>
</tr>
<tr>
<td>Put yourself in their shoes</td>
<td>How the negotiation in general affect, yes. How proposals affect, no. Financial information etc. only in exceptional cases.</td>
<td>Yes. A total understanding is obtained in the pre-negotiation stage</td>
</tr>
<tr>
<td>Gauge the appropriateness of the message</td>
<td>English 95% of the time. Problematic and inefficient to use translators</td>
<td>English 80% of the time. Problematic and inefficient to use translators</td>
</tr>
<tr>
<td>How is relative power built?</td>
<td>Not an issue</td>
<td>Relative power is built by the counterpart’s inability to gauge the value of certain parts.</td>
</tr>
<tr>
<td>Strategic Planning (long-range)</td>
<td>Is done by top management</td>
<td>Is done by top management</td>
</tr>
<tr>
<td>Tactical Planning (short-range)</td>
<td>Is done by the negotiator personally</td>
<td>Involves all concerned parts of the company</td>
</tr>
<tr>
<td>Administrative Planning</td>
<td>Is done by the negotiator personally</td>
<td>Is done by the negotiator personally</td>
</tr>
</tbody>
</table>

Source: Author’s own work

As visualised in table 5.1, there are significant differences between the two cases, concerning the time span of the entire process, and the relative amount of time being put into the pre-negotiation stage. Co-operation and conflict exists in both cases, and both companies feel that co-operation is very important. Informal meetings produced a considerable divergence between the two cases, while both Plannja and Contech see informal relations as helpful. Both companies gather extensive amounts of information, but Contech performs the entire gathering themselves, while Plannja partly buys their information. Identifying the contents of the deal, creating alternatives, and putting
yourself in their shoes are done by both Plannja and Contech, but Contech performs all these issues with a greater depth than Plannja.

English is used to a great extent by both companies, and no facilitating of the message is done as far as language is concerned. Contech builds relative power, but not by Plannja. Both companies do all three types of planning. The only divergence is that tactical planning involves more people at Contech.

5.2 Factors that influence pre-negotiation

5.2.1 Within-case analysis of Plannja AB (Case Study 1)

Deresky (1996) present twelve variables that influence the negotiation process. The first variable, basic conception of the negotiation process states that there are two opposing approaches to the concept of negotiation. In contradiction to theory, Plannja never view a negotiation as a competitive process. Long-term agreements and co-operation are always desirable.

In correlation with Deresky (1996), Plannja considers certain negotiator selection criteria when determining whom to send to different countries, but the different choices are limited since the company’s organisation is rather thin. The negotiator decisive characteristics for Plannja are experience, expertise, technical knowledge and decision-making power.

Every negotiation is seen to be equally important at Plannja but, as Deresky (1996) states, the perceived value of the deal certainly affects the pre-negotiation stage. The efforts during this stage increase when the negotiation is seen as important. There are also occasionally differences in Plannja’s and the counterpart’s view of significant issues. These dissimilarities lead to conflicts. Plannja argues that the concern with protocol is overrated; there are different ways to learn how to behave in a foreign country, but business is done in more or less the same manner across the world. Hence, the correlation with Deresky (1996) is low, since the protocol is a variable that does not influence the process, according to Plannja.

As with protocol, Plannja considers the complexity of language as an overrated issue. Somewhat in accordance with Deresky (1996), Mr. Ranheimer adds that it sometimes is valuable to learn the basics. The overall influence of non-verbal communication is however low and Plannja does not view it as an important factor to consider in the pre-negotiation stage, in contradiction to Deresky (1996).

The nature of persuasive arguments should, according to Deresky (1996), be adapted to the counterpart. Plannja find it important to gather information about what method of persuasion to use and are consequently in accordance with theory. Deresky (1996) further discuss the role of individuals aspirations as a variable to consider but this is not at all done by Plannja, who merely note the potential for differences without conducting further activities. Plannja further stated that the importance of trust vary between countries. Deresky (1996) argues that trust is a necessity in negotiations and that correlates with the empirical findings of Plannja. Trust is, according to both respondents established on a personal level and that is one of the trust-establishing ways described by Deresky (1996).
Deresky (1996) further discusses the *risk-taking propensity* as an aspect, but Plannja does not at all consider this variable, neither have actual differences been visualised to any of the respondents. The differences in perceived *value of time*, as described by Deresky (1996), do neither cause specific consideration. Plannja is aware of the difference’s existence but nothing more than accepting the difference is done. Plannja actively tries to adapt to the negotiating style of the counterpart, but sometimes experience problems due to that the counterpart’s negotiator is selected by rank, rather than competence. In accordance to Deresky (1996), the decision-making process of the counterpart therefore always is an issue during the pre-negotiation stage.

The final variable that Deresky (1996) describes is the *form of satisfactory agreement*. There are two different forms of agreement: written contract and oral agreement. Plannja states that adaptations to the counterpart have been made on occasions but that a contract always is written. The correlation with theory is weak, since both respondents stated the explicit need for a written contract – at all occasions.

Besides the factors presented by Deresky (1996), Plannja stated that organisational culture have a greater influence on the pre-negotiation stage than factors derived from traditional culture. This is something that is not discussed by Deresky (1996).

### 5.2.2 Within-case analysis of Boliden Contech AB (Case Study 2)

Contech’s *basic conception of the negotiation process* is that it is always a problem-solving, synergistic process, or else there will be no negotiations. This somewhat contradicts Deresky (1996), who states that there a competitive approach to negotiations.

Contech does not consider the counterpart’s preferences or biases as *negotiator selection criteria*, as stated by Deresky (1996). The salesperson that initially made contact with the counterpart is always responsible for the following negotiation process.

As for the *significance of types of issues*, there is a difference in the pre-negotiation stage, depending on the monetary value of the deal, in accordance with Deresky (1996). Also, Contech knows that there are differences in what is considered as important issues between different cultures, but makes no other pre-emptive measures than avoiding problematic issues, if possible, during negotiations.

In accordance with Deresky (1996), Contech studies the *protocol* and social behaviour of the counterpart. This is, however, only done on a very basic level, to be able to socialise with the counterpart.

Contech takes no care in learning the degree of *non-verbal language* that exists within the counterpart’s culture, thus deviating from Deresky (1996).

For Contech, no variations exist in the *nature of persuasive arguments*. Only rational methods of persuasion are used, thus deviating from Deresky (1996), who argues that a rational or emotional approach can be used. However, emotional methods of persuasion are sometimes used by Contech’s counterparts when negotiating with certain cultures, but this does not influence Contech’s choice of method.
Contech was unable to provide an answer as to what degree individualism influences the pre-negotiation stage, as defined by Deresky (1996). Contech builds trust on a personal level, by using common sense and acting in a correct manner, in accordance with Deresky (1996).

In accordance with Deresky (1996), Contech is aware of differences in risk-taking propensity, but it does not imply any pre-emptive measures in the pre-negotiation stage. The very same reasoning is implied concerning the value of time. Contech is however influenced in their pre-negotiation stage by the decision-making system of the counterpart, in accordance with Deresky (1996), because the decision-maker must be identified as early as possible to ensure efficiency.

The form of satisfactory agreements is always a legally binding contract, in the case of Contech, and consideration is given when formulating the contract to the credibility of the counterpart, in accordance with Deresky (1996).
5.2.3 Cross-case Analysis (Research question 2)

Table 5.2 presents our empirical data on our second research question, and compares our two cases to each other, in accordance with Miles and Huberman (1994).

Table 5.2 Cross-case analysis of Research Question 2

<table>
<thead>
<tr>
<th>Research Question 2</th>
<th>Plannja AB</th>
<th>Boliden Contech AB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic conception of the negotiation process</td>
<td>Always synergistic/problem-solving</td>
<td>Always synergistic/problem-solving</td>
</tr>
<tr>
<td>Negotiator selection criteria</td>
<td>Experience, expertise, technical knowledge &amp; decision-making power</td>
<td>Salesperson who initially made contact selects the necessary team members</td>
</tr>
<tr>
<td>Significance of types of issues</td>
<td>Influencing factor</td>
<td>Influencing factor</td>
</tr>
<tr>
<td>Concern with protocol</td>
<td>Aware, but not an influencing factor</td>
<td>Aware, but not an influencing factor</td>
</tr>
<tr>
<td>Complexity of language</td>
<td>Aware, but not an influencing factor</td>
<td>Aware, but not an influencing factor</td>
</tr>
<tr>
<td>Nature of persuasive arguments</td>
<td>Adapts to the preferences of the counterpart</td>
<td>Always rational</td>
</tr>
<tr>
<td>Role of individuals’ aspirations</td>
<td>Aware, but not an influencing factor</td>
<td>Aware, but not an influencing factor</td>
</tr>
<tr>
<td>Bases of trust</td>
<td>Built on a personal level</td>
<td>Built on a personal level</td>
</tr>
<tr>
<td>Risk-taking propensity</td>
<td>Not aware of any differences</td>
<td>Aware, but not an influencing factor</td>
</tr>
<tr>
<td>Value of time</td>
<td>Aware, but not an influencing factor</td>
<td>Aware, but not an influencing factor</td>
</tr>
<tr>
<td>Decision-making system</td>
<td>Preparatory actions are undertaken</td>
<td>Preparatory actions are undertaken</td>
</tr>
<tr>
<td>Form of satisfactory agreements</td>
<td>Sometimes a certain adaptation, but always a written contract</td>
<td>Always a legally binding contract</td>
</tr>
</tbody>
</table>

Source: Author’s own work

As visualised in table 5.2, there are many similarities between the two cases. Both Plannja and Contech find significance of types of issues, bases of trust, and decision-making system to be factors influencing the pre-negotiation stage, and prepares for them in a similar manner. Furthermore, a factor was identified as influencing, but differences existed in the manner of which the companies prepared for it; negotiator selection criteria.

The factors nature of persuasive arguments and form of satisfactory agreements influence only Plannja’s pre-negotiation stage, but not Contech’s, since they always do the same. Finally, there are also a number of factors that both companies stated does not influence the pre-negotiation stage. These factors are the basic conception of the negotiation process, concern with protocol, complexity of language, role of individuals’ aspirations, and risk-taking propensity.
6 Conclusions and Implications

In this chapter, following the steps outlined by Miles and Huberman (1994), we will answer our research questions, by drawing conclusions based on our empirical findings. We will also try to draw conclusions on why some of the responses differed between the two cases. At the end of the chapter, we will present possible implications of this study.

6.1 How can preparation and planning for international negotiations be described?

Our research shows that the preparation and planning for an international negotiation involves certain issues. Regardless of industry, size of the company, or the extensity of the negotiation, there are some fundamental ingredients in the pre-negotiation stage. Our two cases differ a lot in terms of time spent in the pre-negotiation stage, resources available, and in the general price-level of the product. We have found several issues where general assumptions can be made.

According to our findings the first two variables, co-operation and conflict, always exists during the pre-negotiation stage. These two variables characterise preparation and planning well. The number of informal meetings seems to be in relation with the time span and total value of the negotiation. For smaller negotiations, companies may not perceive the extra cost of informal meetings as necessary, or even possible.

Informal relationships seem to be helpful, especially in non-Western countries. We feel that this difference in the importance of informal relationships have to do with an increased standardisation in negotiating procedure in the Western world, due to the increased number of multinational companies situated in the same geographic area.

The aspect of gathering information is considered important. Differences in how thorough the information is can possibly be explained by differences in allocated resources and, of course, the value of the product offered. According to our findings, companies that are engaged in negotiations with high monetary stakes are generally more concerned with finding out details, since they also could lose a lot.

As for identifying the contents of the deal, companies with high stakes in the negotiation seem to perform it better than other companies. This is probably because, as previously mentioned, they risk losing a lot of money if they do not do it thoroughly. Companies that negotiate with smaller stakes may see the cost of identifying the contents of the deal as unnecessary expenses, thus putting a limited effort into it. It is, however, a key issue, and it needs to be done, according to our findings. The same can be concluded about the issue of putting yourself in their shoes, understanding the counterpart. Companies with high stakes in a negotiation do this to a greater extent than companies with small stakes. It is, however, a key issue that needs to be done. Conclusively, the thoroughness of these two issues is probably related to the stakes of the negotiation.

Our two cases had different responses as to how they created alternatives. This is probably based on differences in the complexity of the product, and the number of competitors on the market between our two cases. Conflict overlapping seems to be used mostly by companies that have the possibility of changing their negotiation proposals.
without assimilating much cost. Hence, the issue of creating alternatives seems to be appropriate in describing preparation and planning in general, but could not be said to be a key issue.

Our research deviated from the issue of gauging the appropriateness of the message. Companies perceive translators as problematic and inefficient, in direct contradiction to theory. Indications have led us to believe that this is a result of the English language evolving towards being a global business language. We therefore feel that gauging the appropriateness of the message is not an issue when describing preparation and planning.

When it comes to relative power, our findings indicated that companies seek long-term, synergistic, relationships with their counterparts, thus finding the use of relative power as inappropriate, although relative power may be in a more defensive manner than suggested by theory. Hence, relative power is not very helpful in describing planning and preparation.

Our findings showed that companies perform all types of planning, strategic, tactical and administrative, suggested by theory. Indications have shown, however, that the tactical planning is done more thoroughly and in-depth in companies that negotiate with high stakes. Hence, the three types of planning are useful in describing the planning and preparation prior to an international negotiation.

Finally, we have drawn certain specific conclusions that our study found are generally a part of every pre-negotiation stage, regardless of the magnitude of the negotiation:

- Co-operation and conflict are fundamental factors that exist in every pre-negotiation stage.

- Informal relations can be very beneficial, especially outside of the Western world.

- Information gathering is an important part of the pre-negotiation stage, and especially information about the counterpart and its operating environment.

6.2 What factors influence pre-negotiation?

Through the comparisons made in the analysis, we are able to draw a few conclusions about factors that influence the pre-negotiation stage. According to our findings, it is important to identify the counterpart’s decision-maker as early as possible, thus making the decision-making system of the counterpart an influencing factor in the pre-negotiation stage. Certain systems could pose difficulties in finding the decision-maker; through an early understanding of the counterpart’s decision-making system, efficiency is increased throughout the process. Another, second factor that was found to influence the pre-negotiation is the factor bases of trust. Our findings indicate that trust is built on a personal level and is perceived to be a fundamental factor, outside of the Western world.

Our research further indicates that the significance of types of issues also is an influencing factor in the pre-negotiation stage. The issue for the negotiation is reflected in the amount of activities during the pre-negotiation stage. An issue considered important within a company attains more extensive prior work than another less important issue. Furthermore, differences in what is considered as important issues by a company and
their counterpart has to be considered in the pre-negotiation stage; certain issues can be very sensitive, and the best solution is to identify these subjects, in order to avoid problems caused by them.

Furthermore, this research indicates influences by a number of factors, but these only seem to be important in certain situations.

According to our findings companies always perceive negotiation as a synergistic situation. In theory, there is also the possibility of a competitive approach to negotiation. However, our research indicates that a competitive approach is not an option. Hence, no general conclusions can be made whether the basic conception of the negotiation process is an influencing factor or not, but the findings give rise to the assumption that modern international business is focusing more and more on organisational relationships.

The nature of persuasive arguments may influence the pre-negotiation stage of a company, but not always. A reason for this may be that vast amounts of money make the parties involved focus on rational arguments, negotiations of less value are more likely to be based on emotional persuasion criterion, at certain occasions. Different countries have different preferences as to how to negotiate and to whom that handles the negotiations. As with the nature of persuasive arguments have the companies, involved in negotiations of less value, the opportunity to adjust the negotiator to different cultural specific preferences. The negotiation of higher value is demanding a somewhat fixed set of personnel. The criteria for selecting negotiators are probably greater in companies with a large number of employees within negotiation.

Companies involved in negotiations with larger time spans are also more likely to be influenced by other, from culture separated factors, in their pre-negotiation stage. These factors often impose a greater influence than cultural factors and are specific for each product, company, industry and/or area.

To conclude what our findings indicate, the following factors does not seem to assert an influence the pre-negotiation stage:

Our findings indicate that protocol is not an issue that influences the pre-negotiation stage, although companies are aware that there are differences. As for complexity of language, non-verbal communication, the same conduct is undertaken; companies are aware that there might be differences, but none of them give this any concern in the pre-negotiation stage. Furthermore, the role of individuals’ aspirations is not an influencing factor according to our findings; companies might have experienced differences, but this issue is not considered at all in the pre-negotiation stage. A company’s pre-negotiation stage does not seem to be influenced by the risk-taking propensity of the counterpart. Hence, companies take no preparatory actions. No adaptation is made to the counterpart’s preferences for form of satisfactory agreements. Hence, we draw the conclusion that this is not a factor the influences the pre-negotiation stage. Finally, the value of time does not influence the pre-negotiation stage, according to our findings; companies are aware that differences exist, but no preparatory measures are taken.

Finally, we have drawn some specific conclusions as to what factors influence the pre-negotiation stage:
Trust is built on a personal level, and is more important in less developed countries.

Decision-making systems need to be analysed, so that the decision-maker is identified as early as possible.

The significance of types of issues is important to identify, so effective and efficient pre-negotiation is accomplished.

**6.3 Implications**

Based on our conclusions, we will now present a few implications for managers, theory, and for future research.

**6.3.1 Implications for Managers**

When facing an international negotiation, preparation and planning is of the utmost importance. The hard part is not to realise what should be done, but to actually do it. A lot of different considerations about pre-negotiation activities have been presented throughout this thesis, and the majority of them have beneficial effects on the negotiation.

Conflict is inevitable, and should be expected and prepared for. Co-operation is fundamental, and efforts should be made to maintain and improve it as early as possible. Informal relationships are always something beneficial to future relations, although to a lesser degree in Western countries. Trust is also important and should be maintained and improved throughout the negotiation process. Gathering information about the counterpart and their operating environment is essential for the success of a negotiation.

In general, the pre-negotiation stage is about understanding and developing possibilities for mutual benefits.

**6.3.2 Implications for Theory**

When writing our thesis, we have described the planning and preparation for an international negotiation, as well as factors that influence the pre-negotiation stage. To discover the different aspects, we initially explored the chosen problem area. Furthermore, in this chapter, we have begun to explain how to implement the aspects that we have described.

During our interviews, indications were that, in reality, the process of international negotiations is not as static, with distinct stages, as described by current literature. In the future, information technology will probably lead to even less time being spent in formal, face-to-face negotiation, and making the current stage models lose much of their applicability.

Our thesis indicates that the cultural influence on pre-negotiation is overestimated. An international business culture seems to be replacing the traditional culture associated with individual countries; cultural differences still exist, but seem to be of less importance today.
6.3.3 Implications for Future Research

During our research, a number of interesting areas within international business that are worthy of future research have surfaced. These areas are to:

- Further investigate Hendon, Hendon and Herbig’s (1996) hypothesis, presented in chapter 1, that preparatory measures can be related to the negotiation outcome.
- Further investigate the evolution of a global business culture.
- Further investigate English as a global business language.
- Perform our research in a specific industry.
- Further investigate whether modern international business is focusing more and more on organisational relationships.
- Perform research on the remaining parts of the negotiation process.
- Further investigate differences in the decision-making systems.
List of References


List of References

www.boliden.se

www.plannja.se

Interviews

Anders Ranheimer, International sales Manager, Plannja AB, 11-05-00

Erik Gustafsson, Business Developer, Plannja AB, 16-05-00

Rolf Lindgren, Vice President, Boliden Contech AB, 17-05-00
Appendix – Interview Guide

Interview Guide

Demographics

1. Position within the company?

2. Years of experience with international negotiations?

3. Out of 100%, how much time is put into the pre-negotiation stage?

Research Question 1

4. How can the planning & preparation prior to an international negotiation be described?

5. How important is co-operation in the pre-negotiation stage?
   - Why?

6. How do you improve co-operation in the pre-negotiation stage?

7. How frequent are conflicts in the pre-negotiation stage?
   - Why?
   - How do you solve these conflicts?

8. How frequent are informal meetings in the pre-negotiation stage?
   - Why?

9. How important are informal relationships?
   - Why?

10. How important is trust in the pre-negotiation stage?
    - Why?
    - How do you create it?

11. Describe in what ways a negotiated deal affects your company?

12. To what extent do you consider how the negotiated deal may affect the counterpart?
    - Why?

13. To what extent do you consider how the negotiated deal may affect third parties?
    - Why?

14. To what extent are you knowledgeable about how the counterpart may be affected by your different proposals?
    - Why?

15. To what degree are your proposals affected by competitors?
    - Why?
16. How do you define the goals of a negotiation?
   - Is this done in the pre-negotiation stage?
   - Who does this?
   - Why?

17. In what manner and to what extent are efforts placed in learning the counterpart’s point of view, in the pre-negotiation stage?
   - Why?

18. What kind of information about the counterpart is considered relevant in the pre-negotiation stage?
   - Why?
   - How much time is put into gathering information?
   - What are your sources of data?

19. In what ways do you communicate with the counterpart during the pre-negotiation stage?
   - How do you solve eventual language incapability?

20. To what degree is language a problem in the pre-negotiation stage?
   - Why?
   - How do you solve these problems? (Translators, etc.)

21. How do you create/build relative power in the pre-negotiation stage?
   - Why?
   - How important is this for the negotiation?

22. How does the long-range planning look like in the pre-negotiation stage?
   - Who does it?
   - How does it affect the pre-negotiation stage?
   - Why?

23. How does the short-range (tactical) planning look like in the pre-negotiation stage?
   - Who does it?
   - How does it affect the pre-negotiation stage?
   - Why?

24. How does the administrative planning look like in the pre-negotiation stage?
   - Who does it?
   - How does it affect the pre-negotiation stage?
   - Why?

25. Is there anything you would like to add to how the pre-negotiation stage can be described?
Research Question 2

26. What factors influence the pre-negotiation stage?

27. What cultural differences do you consider in the pre-negotiation stage?
   - Why?

28. How important is it that you learn the protocol of the counterpart?
   - Why?

29. What criteria are specific for selecting an international negotiator?
   - Why?

30. In what ways have you experienced differences in how you create trust in different cultures?

31. Do you consider the degree of non-verbal communication that may be used by the counterpart in the pre-negotiation stage?
   - Why?

32. Have you experienced any differences in how your counterparts perceive time?
   - In what ways?
   - How does this affect the pre-negotiation stage?

33. How is the pre-negotiation stage affected by the degree of individualism of the counterpart?
   - Why?

34. Have you perceived any differences in the decision-making system of your counterparts?
   - In what ways?
   - How does this affect the pre-negotiation stage?
   - Why?

35. Have you experienced any differences in your counterparts risk taking propensity?
   - How does this affect the pre-negotiation stage?
   - Why?

36. To what extent do you adapt your agreements according to the preferences of the counterpart?
   - Why?

37. How does the type of deal at hand affect the pre-negotiation stage?
   - Why?

38. How do you perceive negotiation? (“win-win” or competitive)
   - What decides the type of situation it will be?
   - Do you know in advance what type of situation it will be?
39. Describe any differences you have experienced between you and your counterparts regarding what is considered important issues?
   - Do these differences affect the pre-negotiation stage?

40. Do you adapt the use of rational vs. emotional methods of persuasion depending on the counterpart?
   - Why?
   - How?
   - When?

41. Is there anything you would like to add to factors that influence the pre-negotiation stage?