

## **How to Achieve Robust Negotiations With Latin Americans.**

According to Dr. Habib Chamoun-Nicolas – Part II, RESULTS

Every individual has a unique negotiating style. This style is a product of childhood upbringing, family environment, professional and business experience, culture and other life experiences.

Allow me to offer you one further caution before continuing with our discussion on negotiations. A small percentage of people are, by their nature, opposed to constructive negotiations. They are easy to spot when they are openly critical to you. Sometimes their influence can be neutralized through recognition of the organization's chain-of-command structure. What can be devastating to your negotiations is when they are covert. When covert, they give the appearance of being friendly and helpful when in reality they are working behind the scenes to sabotage negotiations. These people, whether covert or not, must be removed from impacting the negotiations. Otherwise, you are totally wasting your time and energy.

Over the last 10 years, negotiation as a methodological practice, has received greater attention as business has become more complicated, increasingly global, more competitive and better informed.

A recent investigation carried out by Dr. Habib Chamoun-Nicolas sought to provide a better understanding about the way Mexicans and Latin Americans negotiate. The investigation utilized a survey of some 600 local professionals of different genders, industrial sectors, age groups and regions. The study is based on the negotiating model developed by Dr. Jeswald Salacuse, professor at Tufts University of Diplomacy, and reported in *Making Global Deals* and the Program on Negotiation at Harvard. Following are some of the study's most notable findings and recommendations on how to negotiate in Mexico and Latin America.

First let us introduce a summary of the ten factors that affect the negotiation style spotlighting the findings. To have a more in-depth description of the factors see *Making Global Deals* by Dr. Jeswald Salacuse.

### **Agreements: general or specific?**

A specific agreement refers to a detailed listing of all aspects related to the deal. General contracts do not usually cover all the specifics and are intentionally left open in order to continue the relationship.

**Among Mexican and Latin American respondents**, female executives (70%), lawyers (90%) and bureaucrats (90%) said they prefer to be specific when negotiating. On the other hand, directors of small and medium-sized firms (70%) said they prefer to negotiate in general terms.

Dr. Salacuse's research results shows that Mexicans participating in the survey had a tendency for more specific agreements (83%) than the Americans did (78%) (see Salacuse, J. *Ten Ways that Culture Affects Negotiating Style: Some Survey Results*. *Negotiation Journal* July 1998).

### **Building An Agreement: Bottom Up or Top Down?**

This refers to the form the agreement is built. Whether the agreement process starts from agreeing to specific terms and then builds to a general contract (bottom-up) or whether it starts from general terms and proceeds to specific ones (top-down).

Amongst our study group, female executives (59%), lawyers (65%), and bureaucrats (75%) said they prefer to build agreements bottom-up. On the other hand, directors of small and medium-sized firms (70%) prefer negotiating from general terms into specifics.

Dr. Salacuse's research results show that both Mexicans (67%) and Americans (53%) had a tendency to build agreements from bottom-up (Salacuse, 1998).

### **Team management: leadership or consensus?**

In some groups, management can make negotiation decisions on their own. In other organizations, decisions are made only after consulting team players. While female executives and lawyers show a

slight preference for decision by one head (55%), the survey found that most prefer to reach decisions through consensus.

Research results shows that Mexicans participating in the survey had a tendency to conduct the negotiation with one leader (91%), considerably more so than Americans (63%)(Salacuse, 1998)

Even though Mexicans are perceived as one leader conducting the negotiation most of the Mexicans have a tendency to consult their families, friends, co-workers before going to a final decision making process.

**Risk tolerance: high or low?** Some negotiators are likely to run greater risks when doing business, exposing themselves to higher degrees of uncertainty. By comparison, those inclined to low-risk business styles avoid complications that could arise before closing any deal.

In our survey, female executives and directors of small and medium-sized businesses demonstrated a 72 % capacity to take risks. The lowest risk takers were bureaucrats, at just 48%.

Dr. Salacuse reported that Americans showed a tendency to take risks (78%), while Mexicans, on the other hand, were evenly divided between risk takers and conservative negotiators. Mexican women registered higher percentages of risk taking than male from the same culture (i.e., Mexican male (44%), Mexican women (67%)). (Salacuse, 1998)

### **Contract versus Relationship**

Are negotiations commonly conducted with the aim of signing a one-time contract, or establishing a long-term relationship?

Not surprisingly, lawyers focus the most on individual contracts, with over 70% of those interviewed favoring this option.

Bureaucrats rang in at 60%, while 43% of those of scientific or technological professions favored this negotiating style. By comparison, just 32% of female executives preferred one-time contract negotiating and placed more importance on long-term relationships.

Traditionally, Latin American culture favors long-term relationships over specific

contracts. Now urban and more economically dynamic areas in Mexico give contracts greater importance over relationships due to their exposure to foreign cultures, global corporations and the implicit risks of investing higher levels of resources. However, there are still many parts of Mexico and Latin America where a firm handshake means more than a written contract.

Dr. Salacuse's work suggests Mexicans favor contracts (42%) less than Americans (54%)(Salacuse, 1998)

### **Negotiating attitude: zero-sum?**

In a win-win scenario, both sides attempt to reach objectives for a mutually beneficial accord. A zero-sum (win-lose) situation demands that one of the two parties compromise significant aspects for the sake of making the agreement.

The investigations showed that more than 80% of the Mexicans and a 65% Latin Americans have a win-win attitude when it comes to negotiating. The remaining sees negotiation as zero-sum.

This is often the case with bureaucrats, 55% of them approaching negotiations as a win-lose situation.

The study also detected that in some cases losing a negotiation is not important, providing that the other party doesn't win.

According to Dr. Salacuse, 50% of Mexicans favor win-win (50%), versus 71% of Americans (Salacuse, 1998)

### **Attitude: formal or informal?**

A formal negotiator will address other participants by their professional titles and avoid dealing on a close or personal level. The informal negotiator seeks a friendlier and more personal relationship and attempts to create a casual and more comfortable environment.

Fifty five percent of Mexican professionals in science and technology showed preference for informal negotiations, opposed to 43% of female executives. The negotiating culture tends to be more informal among small and medium-sized businesses. Sixty two percent of bureaucrats favored formality.

Dr. Salacuse's research results shows that Mexicans participating in the survey tendency to conduct informal negotiations (58%) and the Americans (83%)(Salacuse, 1998)

#### **Communication: direct or indirect?**

Direct communication makes use of straightforward and simple phrases to describe a situation. Indirect communication assumes that the other party has a significantly high level of education and/or understanding, which enables the use of insinuations, hints, and veiled remarks to express an opinion or a decision.

Some 89.5% of female executives preferred direct dealing, as did 80% of bureaucrats and 75% of those in scientific or technological professions. Only 30% of those with administrative functions preferred a direct style.

Dr. Salacuse reported that Mexicans participating in the survey had a tendency to prefer direct communication (100%) and the Americans (95%) (Salacuse, 1998). It is important to notice that the organizational culture of the participants as well as their international experience may have influenced their responses to the survey.

#### **Time sensitivity: high or low?**

High sensitivity reflects a strong interest in punctuality and formality. Low sensitivity indicates greater flexibility in schedules and less punctuality in appointments.

The study indicated that those most sensitive to time were those in science-related professions, at 82%, followed by female executives, at 75%. Seventy percent of lawyers were sensitive to time. Only 56% of bureaucrats were highly sensitive to punctuality.

Time sensitivity was found to vary substantially depending on geographic region in Mexico and Ecuador. For example, Mexico City, Guadalajara, Monterrey and Quito prove to be far more time sensitive than areas such as Merida, Veracruz and Guayaquil.

Dr. Salacuse's research results showed that Mexicans participating in the survey had a low sensitivity to time (33%);

similar to Americans (15%)(Salacuse, 1998).

#### **Emotional display: high or low**

Some negotiators may hide or play down emotions, while others do not hesitate to demonstrate emotions while negotiating.

Some 86% of female executives demonstrated high sensitivity to emotions. On the other hand, just 30% of directors of small and medium-sized firms were emotionally sensitive.

Dr. Salacuse reports that Mexicans participating in the survey had a tendency toward high emotional sensitivity (83%), slightly higher than Americans (74%)(Salacuse, 1998) .

#### **Mexican survey profiles: Young male executives and professionals**

These have tough negotiating and decision-making styles based on logical foundations. They are easier to convince with data that provides evidence of tangible medium and long-term benefits for their organization. They seek win-win situations, are more focused on contracts than relationships and are more likely to favor negotiating in general terms over specific.

#### **Young female executives and professionals**

These make decisions slowly and cautiously and need to have all the angles covered before reaching an agreement. Their negotiating style focuses more on the specific than on generalities. They pay close attention to detail, and while contracts are important, the relationship is more so.

#### **Executives older than 50 without a university degree**

These are tough negotiators who are more interested in the relationship than in the contract. They make decisions based on impulses, and latter justify them logically.

#### **Different geographic areas**

In Central and Southern Mexico relationships are considered more important than contracts, and businesspeople are more indirect in their negotiating style. In Northern Mexico,

businesspeople tend to favor contracts and a more direct negotiating style.

Among the research findings, tendencies were noticed that explain some of the enigmas about the Latin American style of negotiation.

Next month's article will provide some more findings when negotiating with Latin-Americans and suggestions for what non-Latin American should do to obtain better deals for the parties when negotiating with Latin Americans.

Note: This article material is based upon the principles outline in the following books:  
Desarrollo de Negocios 3era edición, 2003 Dr. Habib Chamoun-Nicolás  
Trato Hecho-guía para una negociación sin fallas-Dr. Habib Chamoun-Nicolás  
Deal- guidelines for a flawless negotiation ©2004 By Dr. Habib Chamoun-Nicolas