

How important is culture and negotiations in the international business: Comparison analysis between Swedish and Latin American companies

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Abstract—The number of companies operating internationally is growing constantly. The world is opening up for foreign firms and new destinations in the company's business are increasing. Because of high competition the companies operating abroad are faced with a much larger task than before. When going international the challenges the company must handle are new and unfamiliar. Obstacles the firm never faced before are becoming crucial in the every day work. Culture is one of these obstacles and can affect the entire co-operation. Culture can influence the business in different ways. Language problems, pricing difficulties and culture collisions are not uncommon, especially in the beginning. The company must be able to handle these difficulties in a way that is satisfying also for the other part. Mistakes can be difficult to correct and disrespect for the foreign culture can destroy the entire operation.

Index Terms—cultural differences, international business, negotiations,

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1 INTRODUCTION

As most of you know the increasing globalization and internationalization has become of great importance recently. More and more companies start to look abroad to expand their businesses as the world becomes more and more interconnected. To manage business operations across international boundaries has become one of the largest challenges for international business today. According to Root (1994) the global economy has formed business environments that require companies to look past the traditional thinking of the home market, and start instead looking at business from an international global perspective. The method a company ventures from their home market to new geographical markets is of great importance for how well the company succeeds with their business. According to Osland et al. (2001), small and medium size firms that have taken the decision to internationalize and multinational companies that want to expand into foreign markets are both faced with the challenge of choosing the best structural arrangements.

Bennett (1995) discusses many factors that encourage companies to begin operating internationally. The most obvious are:

- Hoped for economies of scale and scope.
- Experience Curve effects resulting from increased outputs.
- The possibility of the existence of beneficial markets in foreign countries that is not available at home.

We believe that the development in communication, improvement in travel conditions, lower tariff barriers and others have conduct foreign markets to be more accessible and have provided more opportunities for Swedish companies to go international. According to Dunning (1993) go international refers to various locations that contribute to value added activities. Root (1994) said that manufacturing and service companies enter international markets for several reasons. Some go in a foreign country because markets at home are growing faster. Other companies may basically follow their home customers who are going international.

Since a high number of businesses from around the world enter the global market, firms need to be more specialize in order to sustain their competitiveness. The situation today for Swedish companies is not easy. There is a high level of competition between Swedish and foreign companies. This is one of the reasons to why firms should specialize and establish business operations abroad if they want to survive and grow. According to Slater (1968), the company must keep in mind that developing countries are very different from industrial developed countries. This fact becomes very important when it comes to entering a developing country's market because developing countries for example often do not have a well functioning infrastructure and the population is many times poor and often spend a large part of their income on food articles. The political and legal issues also become an important part when it comes to entering the market. We elected the subject of our essay because we feel that these issues are of great interest to investigate. After some investigations we discovered that South America is a continent that have evolved fast and is still attracting more and more foreign companies. These countries were chosen because several of the largest co-operations that our selected company has conducted took place in these nations.

Thereby, a more specific and interesting question to analyze can be developed. How can a Swedish company improve its international business in South America?

2 LITERATURE REVIEW

Markets all around the world has started to become more similar already in the 70's because of technological advantages and increasing international travel. Companies that offer high quality, low price and standardized products can win out over local companies that offer adapted products but for higher prices. This can be explained by the fact that people's preferences became more homogenous. (Johansson, 2000). Most international firms began their foreign business in countries

that are similar psychologically and culturally to their own home country. The *cultural distance effect* explains this fact. If the company starts doing business in a country similar to its own, previous experience becomes relevant. If the firm is successful in one foreign country, it can also make profits by doing the same thing in another, similar country. Japan, for example, started trading with the South East Asian countries before entering South America. This pattern has a reason behind. Going far away from home increases transaction costs and the chance that the home market skills will be useful are decreasing. If the company gradually enter more countries in an expanding circle away from its own market, the firm develops new resources in form of for example learning and understanding (Johansson, 2000).

2.1 International Competitiveness

Rugman (2000) states that there are three areas in which nations must stand out to gain and hold strong international trading and investment positions. The first one is that the country must maintain economic competitiveness. Second, it must influence trade regulations so that other countries open their doors for its goods and services, being willing to buy from as well as sell to the country. And the last area is that its business must develop a global orientation that allows them to operate as multinational enterprises, not just as local firms doing business overseas. Furthermore the author said that the best way for companies to achieve competitive advantage is with innovation.

2.2 Culture

“Culture is the integrated sum total of learned behavioural traits that are shared by members of a society”. (Terpstra, 1994)

2.2.1 Levels of cultures

We cannot avoid seeing that the business environment is changing in many ways. As well does the cultural environment that is one of the most challenging areas for most international marketplaces. In order to understand and influence consumers’ wants and needs, foreign companies must understand the different cultures.

Culture has been defined in many different ways, reflecting the variety of cultural phenomena that can be observed. According to Morrison (2002), cultural symbols include language, religious rituals and art who have shared meanings from the unique fingerprint of a particular society.

According to Czinkota (2007), cultural factors have an important impact on the flow of business. Each society has its own elements of culture. These elements of culture are manifested through:

- Language
 - verbal
 - nonverbal
- Religion
- Values and attitudes
- Manners and customs

- Material elements
- Aesthetics
- Education
- Social institutions

Adaptation of these elements for an international company depends on its level in the market participation –for example, licensing versus direct investment and the product or service marketed (Czinkota, 2007).

The most important issue for a foreign company is cultural analysis, which includes information that helps the company’ staff to take planning decisions. This information from the cultural analysis must be more than collecting the facts; these must also be interpreted in the proper way (Czinkota, 2007).

Home culture versus foreign culture

Tayeb (1998) says that the decision to become involved in international business depends, among others, on the size of the company’ domestic market, its production capacity and capability, and the financial and other resources that the foreign market requires. In that way, firms can be placed on an internationalisation scale ranging from domestic single nation to totally globalise.

The extent to which national culture becomes relevant to a firm can be shown in the following table. The company’ own home country culture is of high relevance, though the managers and other employees may not be aware of its influence. The relevance of other people’s culture becomes greater for a firm as it spreads its activities and products past its national boundaries to reach foreigners with different value systems and tastes (Tayeb 1998).

Character of the firm	Relevance of national culture	
	Home	Foreign
Domestic, single-nation firm with no foreign interests	High	Nil
Single-nation firm with import/export activities	High	Low to moderate
Multi-nation firm with franchising and licensing activities	High	Moderate to high
Multi-nation firm with manufacturing and/or service units abroad	High	High
Global firm with various business activities in most parts of the world	High	High

Figure 1. The Management of a Multicultural Workforce,

According to Tayeb (1998) language is one of the major issues when it comes to negotiations with trade partners from other cultures. Although it is not always indispensable to know the partner’s language, several studies shows that a link exists between successful company performance in winning new

business in foreign markets, and the ability of the company to conduct its business in the language of the customer.

Tayeb (1998) also states that there are some aspects of culture that manifest themselves in a negotiation situation. Foreign partners not only speak languages other than one's own, but also have a tendency, for cultural reasons, to think in different ways and have different priorities in the way in which they do business. For example, some people prefer to do their business meetings with foreigners in a formal way, and would be offended to be addressed by their first name; some might believe that the use of an informal style and first name would signal to the partners that they are trusted. Two partners from these different cultural backgrounds could easily misunderstand each other if they negotiate without a previous knowledge of one another's assumptions and values.

Cultural advantages can arise from different values and ways of seeing the world. To realize competitive advantage from them, it is first necessary to try to understand them.

For cultural differences to be lower these should be managed. According to Hoecklin (1994) there are four strategies for managing cultural differences:

- 1) Building a strong corporate culture internationally
- 2) Developing a common technical or professional culture worldwide
- 3) Relying on strong financial or planning systems.
- 4) Leaving each culture alone

Although the purpose of the negotiation process may be complete, the way in which the process is carried out will be to a great extent influenced by the cultural values and norms of the participants. There are differences in negotiating styles, even two nearly continents as North America and South America use very different approaches. One of the major differences is the amount of authority that the negotiator has to approve an agreement (Rugman 2000).

Tayeb (1998) says that in some cultures, the persons involved in international business deals would like to build up personal and closer relationships first and establish the fidelity and trust of their trade counterparts before doing business contracts and activities with them.

Tayeb (1998) also mentions that in other cultures, business negotiators would prefer to do contracts directly, relying deeply on the legal rights and obligations clauses included in that to safeguard their interests.

According to Rugman (2000) it is important is to have in mind some characteristics about South American negotiators. These can be the following:

- Place a high value on emotional sensitivity
- Tend to use emotional and passionate appeals rather than logic per se
- Are often influenced by special interest, which are not only expected but condoned as well
- Receive a final negotiation position from an individual who is high up in the organization
- Place strong value on face saving and preserving honour and dignity, even at the cost of profit

- Tend to be impatient with documentation and view it as an obstacle to understanding the "big picture" (Rugman 2000).

Johansson (2000) states that it is to have in mind that even if adaptation to the foreign culture is good when it comes to future negotiations and co-operations, there is a limit for how far a manager should go to try to accommodate this foreign culture. Mistrust from the other part can be created if for example a manager is trying to adapt to the foreign culture and is doing this superficially and with lack of deeper meaning. This can lead to misinterpretation and seen as false and insincerely. According to Ball et al. (1996), doing business with another culture is not an easy task and to be successful, every foreign company should be aware and follow some rules that make their business activity more compatible. They state that there are six rules of thumb for doing business in another culture. Even if these can be important when doing business in the home country, they become more crucial when going abroad. These rules consist on:

- ♦ Be prepared
- ♦ Slow down
- ♦ Establish trust
- ♦ Understand importance of language
- ♦ Respect the culture
- ♦ Understand components of culture

According to Kwinstessential (2008), some main issues can be summarized including the most important points a company doing business abroad must consider during the negotiation process. The summarized issues are concerning South American negotiation styles.

- ♦ A firm handshake accompanied with smile and appropriate greeting is normal in a business setting.
- ♦ Direct eye contact is important.
- ♦ Some women may not shake hands with man, although this is becoming less common.
- ♦ Chileans stand very close when conversing.
- ♦ Always use surnames and titles-wait to be invited to use someone's first name.
- ♦ Business cards are exchanged on the initial meeting at the very start.
- ♦ Try and have one side translated into Spanish.
- ♦ Keep cards in good condition-a tatty card will reflect badly on negotiation staff.
- ♦ Chile has a relationship driven culture so initial meetings should be used to build a relationship and established trust.
- ♦ As well, it is important to be patient as time is not of the essence in Chile-meetings will last as long as they need to last.
- ♦ Chileans are generally indirect in their communication style.
- ♦ Communication style tends to be tuned to people's feelings.

- ♦ Chileans never openly criticize anyone (Kwintessential, 2008).

2.3.1 How and why negotiate?

We are aware of the fact that every business, at one point or another will be involved in negotiating, whether it will be a simple business deal, a supplier's contract or collective bargaining. Business deal negotiation is an unavoidable fact of the business world, so it's best to be educated in this topic. Before to go deeply in this issue we need to define international business negotiations. There are many definition about this concept, but according to Weiss (1993: 270) international business negotiation is deliberate interaction of two or more parties (one of them a business entity), originating from different nations, who are attempting to define or redefine the terms of their interdependence in a business matter.

We have seen that humans negotiate with each other almost every day; with employers and employees, buyers and seller, companies with business partners etc. The negotiations can be about for example price, product or quality. This leads us to the question: why does this negotiating with parties occur in business? This question has been answered by Ghauri (2005), said that in business relationships parties negotiate because they think they can influence the process in such a way that they can get better deals than just simply accepting or rejecting what the other parties is offering. When we discussed about negotiation here one thing should be clear that this process is very complex and directly in linked with the negotiator. Everyone who participates in this process of negotiations in the international context should have some quality as a negotiator. According to Adler (1991) the qualities of an international negotiators are: listening skills, sensitivity to cultural differences, orientation towards people, willingness to use team assistance, high self-esteem, high aspiration and attractive (i.e. people-oriented) personality. A variety of conceptual models and frameworks have been proposed by researchers (Brett, 2000; Foster, 1992; Ghauri, 1996; Graham, 1987)

In the negotiation process parties negotiate with each other for the reason that this process will give both parties opportunity, solution and beneficial. Ghauri (2005) states that, there are five stages in the negotiation process:

- 1) Pre-negotiation stage
- 2) Negotiation stage
- 3) Post-negotiation stage
- 4) Strategic factors
- 5) Cultural factors

In the pre-negotiation stage, both sides attempt to understand each other's offers and needs. As well, both parties should know which type of decision-making procedures is going to be followed by the other party and which type of strategy should be used to match it. In this stage, parties gather a lot of information for each other. The negotiation stage is characterized by the face-to-face negotiation between the supplier and the consumer. Post-negotiation stage is characterized by general agreement from both sides according the language and format of the contract, and finally the signing of the contract (Ghauri,

2005). According to Johansson (2000) when a company goes abroad, negotiations with suppliers and other parties are always a part of the business and it often involves face-to-face negotiations. Every culture requires its own particular approach. Johansson (2000) also mentions some genuine rules that companies going abroad are recommended to follow:

- When negotiating with the foreign partner, knowledge about cultural background is a must. It is important to consider the ethnical background, and to not treat the part as a large homogeneous unit because of for example non-verbal behaviors can be significant. Even personalities can dominate and create cultural stereotypes. In Brazil for example, people are often seen as calm and friendly. Trust between the parties can be the decisive issue when it comes to the future of the cooperation and without genuine behavior this trust cannot be established.
- It is important not to ask the "wrong kind" of questions and that in some cultures a simple question about the person's family can be seen as an intrusion on privacy.
- A large number of cultures, especially in the East, are more likely to concentrate on the potential of a general cooperation that goes beyond the specific contract agreement. In other cultures, this is seen as a waste of time.
- Companies going abroad must think about that negotiators from different cultures can be two different types. Either type proactive A or type reactive B. The type A negotiator starts with small issues and then works up. Type B negotiators like to have the overall issues agreed on first, before moving forward to the specific issues. Type A is more dynamic and likes to take risks, for example an American manager. Type B is calmer, slow and likes to avoid risks, for example a manager in Japan.

Moreover, Usunier (1996) identifies five types of behavioral predispositions of the parties involved in business negotiations and the cultural influences present in these behavioral predispositions. The five items identified by him include concept of the self, interpersonal orientation, in-group orientation, power orientation, and willingness to take risks

3. Methodology

Pre-understanding

Pre-understanding and understanding are part of the qualitative methods research (Gummesson, 2000). We are going to explain only the pre-understanding method because this is the one that we feel is suitable with our thesis. According to Gummesson (2000), pre-understanding refers to things such as people's knowledge, insights, and experience before they

engage in a research program on a consulting assignment. There are two sections that contribute to the development of pre-understanding: first hand pre-understanding, presented through personal experiences from private life and working life and second hand pre-understanding that refers to the experience of others. The second hand pre-understanding is the indirect section that uses intermediaries such as, textbooks, research reports, articles, lectures and the experience of others (Gummesson, 2000). These statements can be summarized in a simple model.

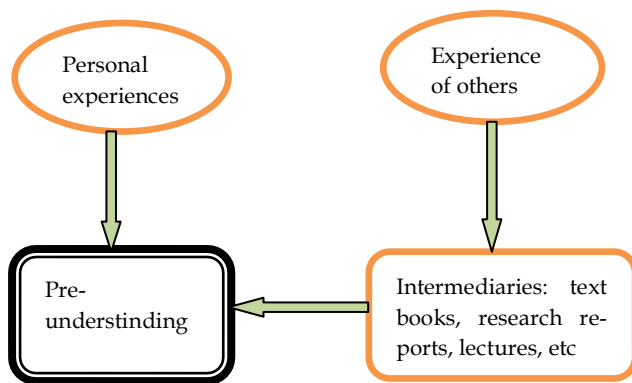


Figure.2 Gummesson, E. 2000. *Qualitative Methods in Management Research*, 3rd edition USA: Sage Publication

In our research the lack of personal experience may limit our pre-understanding of the case study. Therefore, our possibility to accept the pre-understanding is through academic ways such as books, articles, lectures which are the second hand pre-understanding.

The advantage of our research study is that we are able to use the first hand pre-understanding, the experience of others. The staff of Andritz has great experiences with cross-cultural differences and a lot of capability in the negotiation process. By interviewing these personnel, we can thereby collect first hand information in this area.

We are not going to analyze statistical data, because our case is more related to the qualitative data through interviews with the managers of Andritz in Växjö. Because of this, our paper does not use quantitative data. We are instead using qualitative data, by collecting information through interviews as our

by using for example multiple choice questions. Because of this we could even observe the interviewed persons behaviour and they were able to add personal opinions and experiences to our questions. We could at the end summarize this information in text and tables. This method also leads to a more accurate and up-dated information about our investigated field.

3.1 Data collection

The collected data can be divided into two different types: primary and secondary data. Primary data is information that the researcher himself has collected in, through for example interviews and observations. Secondary data is material that has been collected in earlier by someone else than the researcher. In this case, the data comes from for example literature, articles and different types of registers (Andersen, 1998). To collect primary data there are three different strategies to use, such as observation, interviews and questionnaires. The aim of the primary data is to get a ground for further analysis and also for data that fit with our study (Befring, 1992). At the beginning we started to collect and present general information about the company and the three different countries we have choose for our research. This showed the need to investigate into the international business activities that Andritz has had. Further since we get good response from Vice president Project Execution John Eriksson, we got the opportunity to meet others managers. As we described earlier, we could thereby conduct our interviews with the Andritz staff. Our interviews were based mostly on free conversations, with the purpose to get a general understanding of the research topic and the interviewee. Since we prepared the questions in advance, according to Denscombe (2000) this kind of interview is called semi-structured interview. The questions are flexible and give space for more questions. We had not fixed- answers or multiple choice questions, which means that the interviewed persons got the opportunity to self formulate the answers and give some ideas and standpoints.

4. EMPIRICAL ANALYSIS

During our interviews with the personnel at Andritz, we used the own constructed questions that we have developed after analyzing our theoretical information. We wanted to see what comments the staff at Andritz had on this model. The comments are included throughout the whole text in this chapter. We have even included the important points that Kwintessential (2008) mentions in the theoretical part. These points were included during the interviews so that the Andritz staff could give more specific and detailed examples and more easily include own experiences and thoughts.

This chapter is thereby a summarizing result from the answers received from the three managers at Andritz.

4.1 Culture

According to Olaf Büttner, people in Chile are much more open, relaxed and indirect, then in Sweden. They are much more concerned about building up a relationship and like to meet also during their free time, after the negotiations. When

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primary data collecting method. We use semi- structured and structured interviews where we did not restricted the answers

it comes to cultural differences, Büttner mentioned that even if people in Chile and Brazil have a friendlier attitude, they are still formal and serious when doing business. People in Brazil are very spontaneous, informal and very quick minded. Chile is not quite the same; people are more reserved and formal there, even though they are still very friendly. This is also the case in Uruguay, which is still a quite reserved and isolated country. Sweden is a little bit like Brazil, but Brazil on the other hand is more spontaneous and quick.

Neither Olaf Büttner nor Hans Hjelm believes that culture is a main issue, but feels that it does affect the foreign negotiations and businesses. They think that underlying issues in culture, like language, attitudes and values are issues that affect the negotiation process. Even here, it becomes important to learn about the foreign country's manners before negotiating with a foreign culture and to be prepared for what to expect so misunderstandings and mistakes can be avoided.

Andritz do not have any specific training when it comes to culture. Hjelm thinks that educating the personal about culture before sending them abroad would help the business and negotiations. Before travelling to a new country, people at Andritz often talk with them who already been in that country so that they can learn from others experiences.

Culture can affect the negotiation process in different ways. Some that Büttner mentioned are time and contract language issues and that people have manners and attitudes that are different from what we are used to. Hjelm thinks that culture is an important issue throughout the whole negotiation process and especially important in the beginning. The first impression you make on someone can be hard to change later on, especially in some cultures.

The negative cultural difference that Andritz experienced was that people in Brazil did not take time very seriously and are used to coming late. Because of this, they always need to be pushed so that deliveries do not become extremely delayed. Suppliers many times promise more that they can keep and later on, when the delivery is delayed, they do not take this seriously. Delays in Brazil and Uruguay are seen as completely accepted and Andritz had to give penalties at several occasions. Suppliers simply did not respect the time schedule and did not understand the resources that Andritz wasted because of these delays. After the penalties, things got better.

That culture affected negotiations in a negative way, John Ericsson never really experienced. Small issues can be that in some countries people for example talk very loudly and strong and this can be translated into a misunderstanding about their emotions. It is not always easy to know if they are angry or not. Language can affect the business in different ways. In Brazil for example, there is a higher risk for being deceived if people do not speak the local language. The problem with not understanding their jokes can also be a large disadvantage. But, if Sweden is the customer, people are more understanding and translators can easily be used. To speak the local language is always an advantage and a sign for respect.

4.2 Negotiations

When we asked Andritz about different characteristics when

doing business in South America, the company believes that a handshake and a smile are important issues when doing business, especially when the two parts meet for the first time.

When negotiating face-to-face, the negotiation process is almost done in the same way as in Sweden. The only difference in Brazil and Uruguay is that this process can take a much longer time than Andritz in Sweden is used to. Andritz believes that culture is present throughout the whole negotiation process and especially in the beginning. The first meeting seems to be more important in foreign countries and mistakes can be more difficult to correct. The first impression is something that stays with you. This may not be the case for other countries, they can have a more wait and see attitude, but can be a very important matter for Swedish negotiators.

When it comes to translating and writing contracts in foreign languages, Chile and Uruguay are not difficult countries. In Chile and Uruguay, the contract is written in English, while in Brazil the official language is Portuguese and the contract is then translated in to English. In Brazil there is a law that states that the contract must be written in the home country's language and this contract comes before the translated one. Chileans are rather good in English, but this is not the case in Brazil. A translator often must be involved so that both parties can be sure about understanding each other and to minimize the risks for misunderstandings. The contract that is written in the language of the country where business is being done and this document is the original contract. When Andritz is the customer, the contract is most often written in English. Some foreign companies (the larger ones) have more resources to do investigations about the contract than a small company has. Translating a contract is also time demanding and sometimes difficult because of many different points. Brazil often has complicated contracts that are built on facts and not on trust. People are trying to put every possible outcome in to the contract, which makes the translating an even more difficult task. When Andritz started to do business in Uruguay; the customer demanded that a lawyer checked the entire contract before signing, this because it was the first time they did business with Andritz. In Brazil this process goes much faster, they simply read the papers quickly and then sign them.

4.3 Analysis

Cultural influences on business in Brazil, Chile and Uruguay

According to Rugman (2000), before going abroad a company must do three things. The first is to obtain economic competitiveness, the second is to be able to influence trade regulations and the third is to develop global orientation so they can operate as a multinational enterprise. Before Andritz entered the South American market, they had to be market leaders in their field, which they managed for several years ago. Today, Andritz only have one competitor when it comes to selling this kind of equipment. Andritz did not need to think about influencing the trade regulations in Brazil and Chile because these countries already were an open and attractive area for business and welcomed foreign companies and investors. This was a little bit different in Uruguay where foreign businesses

are still being seen as something new and the country is still pretty reserved. Andritz has the global orientation it needs to be able to operate internationally and has today businesses in many different countries worldwide.

4.3.1 Culture

Culture can, according to both Morrison (2002) and Czinkota (2007), be divided into different categories like language, manners and behaviour, education and social institutions. These categories can play an important roll when it comes to international business and can thereby even affect the negotiation process. Brooks (2008) take this even further by saying that culture even includes artefacts, values and underlying assumptions. These groups include for example people’s feelings and thought, which also can be categorized under manners and behaviour.

According to Andritz, when preparing for negotiation the company must think in the other side of culture, such as on the elements of another culture. The managers of Andritz consider this to be one of the reasons why culture is a main issue that affects international business. From the elements of culture, language is the most important issue that can affect international business. Hjelm told us that Andritz has had main language barriers in Brazil during the process of negotiation. But on the other side, the experience of Andritz managers showed that the negotiation process is very hard. As well, Brazil is another country in Latin America that testifies difficulties in negotiating processes. The reasons can be high taxes and transportation costs. Sometimes the row material can even be cheaper in Europe than in Brazil.

When we asked Andritz which parts of culture they felt affected international business, they answered as illustrated in the following table. The elements in the table are taken from Czinkota (2007), and show the different elements of culture that can affect the business negotiations. The X in the table shows which elements people at Andritz felt were important when it comes to international business and the effect of culture.

	M:1	M:2	M:3
LANGUAGE - Verbal - Nonverbal	X	X	X
RELIGION			
VALUES AND ATTITUDES	X	X	X
MANNERS AND CUSTOMS	X	X	X
MATERIAL ELEMENTS- TECHNOLOGY			X
AESTHETICS			

EDUCATION	X		X
SOCIAL INSTITUTIONS			

Figure 3. Authors model: Elements of culture that affect international business

All three persons at Andritz felt that culture, and especially language, values and attitudes and manners are issues that influences international business both in negative and positive ways. When it comes to the negative influence, they mentioned that language sometimes can be an obstacle and difficulty. According to Tayeb (1998), language is one of the main issues when it comes to negotiating with foreign business parties. He mentions that knowing the foreign language can lead to more successful negotiations. The Andritz personal, who agree that language affects the negotiation process and the design of the contract, supports this statement. Not speaking the foreign language can lead to need of a translator and a more time demanding co-operation. On the other hand, to talk the foreign language can be a decisive competitive advantage. Language can also affect the process of building a relationship with the foreign company. It can be difficult to understand jokes and sometimes it is hard to know if people who generally talk loudly and hard are angry or not. Andritz also mentions that language problems can even make it easier for the other party to lie more. Manners and values are issues that are very different depending on which country we are in. Every country has its own beliefs and ways of doing things. This is not a new statement, but it is one that companies many times can easily forget about when going abroad. The challenges thereby can be even more difficult to handle. This is where knowledge about culture gets important. If people are aware of these facts, and are prepared for them, the culture crock becomes less noticeable.

Issues as education, technology, aesthetics and social institutions are not so important according to Andritz and they believe that these do not affect the business in a noticeable way.

Tayeb (1998) also states that many cultures people like to build up a relationship and establish trust before they engage in the business contracts and other activities. This statement can be linked to one of the positive influences of culture. According to Andritz, people in South America are more relaxed and friendly then in for example Sweden. They are more concentrated on building a relationship and on separating business and pleasure. “Even if the negotiation is tough, there are no hard feelings after the meetings”, says John Ericsson. This is something that can be recommended for Swedish companies to think more about.

When it comes to legal rights and clauses, Tayeb (1998) mentions that in some cultures, business negotiators rely deeply on these legal issues to be able to safeguard their own interests. According to Andritz, this is mostly the Swedish way of doing business. People are more direct and more concerned about prices and contract, than in building relationships. Uru-

guay can be another example of this. When Andritz was doing business in this country, the writing of the contract was a time consuming issue. A lawyer had to read the document before signing and the process was extremely peculiar. If this was because it was the first time Uruguay co-operated with Andritz, we cannot know for sure.

Hofstede (2001) talks about cultural differences when it comes to gender. This issue is even included as one of the important points that Kwinstessential (2008) mentions that companies must consider while doing business in South America. Some cultures are more concentrated on this subject than others and can even be very masculine in the business world. According to Andritz, in South America this is not the case. They never experienced any problems when it comes to female workers and never felt disrespect. In other countries this sometimes is not the case. But the overall impression is that a female is accepted in most of the countries and many times a female in the group can make the negotiation more relaxed and collected.

4.3.2 Points to consider when doing business in South America

When it comes to doing business in South America, there are several things to consider during the negotiation process. Because these points affect the outcome of the negotiation with the foreign company, we consider them to be important and therefore included them in the interviews with Andritz. These points even include many of the elements that culture as a whole can affect. These answers can also be helpful when describing points that are different in different cultures. By pointing out specific and smaller issues and answering them, we can show how these small issues can have a crucial importance and can affect the business if not handled properly.

According to Kwinstessential (2008), the negotiators in South America have several specific characteristics. We have analyzed them on the basis of the experience the negotiators in Sweden, in this case the managers at Andritz, have had when they were doing business in Chile, Brazil and Uruguay.

- ♦ **A firm handshake accompanied with smile and appropriate greeting is normal in a business setting.**

When it comes to handshake and smile when doing business, Ericsson believes that these manners are the same in all of the visited countries, just like in Sweden. The same is the case with direct eye contact. In Chile the negotiators shake hands in every meeting. A handshake can become a friendly tap on the shoulder after years of relationship in South America. In Sweden the handshake is most important at the first meeting but during the next meeting the negotiators are used to greet each other without shaking hands.

- ♦ **Direct eye contact is important.**

When people talk to each other, it is a general rule that they are looking in to each other's eyes. This is also valid for Sweden and just as it is here at home, if somebody you talk to is looking at the ground and avoiding your eye contact, it can be seen as disrespectful or as a sign that the person is lying or avoiding confrontation. Direct eye contact, especially during negotiations, is important. These issues can be seen as equally

important in Sweden as in Chile. The issue of eye contact and a smile is just like in Sweden. It is a normal manner to look at the person you talk to and by this showing respect.

- ♦ **Some women may not shake hands with man, although this is becoming less common.**

That a woman did not want to shake hands with a man, the managers at Andritz never experienced, on the other hand maybe because it had not been so many women negotiators or sellers with they have met. But they know that this is not the case in Sweden.

Hjelm mentioned that this can be the case in for example Spain, where men more likely talk with men and the women thereby can easily end up in the background. Some times it can be important to have a woman on your side so that the negotiations can be more feminine.

- ♦ **Chileans stand very close when conversing.**

In Brazil it is more common with standing close and even to tap each other on the shoulder. But this is also an individual manner, some people do it some people do not. The fact that persons stand very close while conversing and always uses surnames is a typical foreign manner. It is something one does not focus on in Sweden. People in South America are more open to express them selves than Swedish people.

- ♦ **Always use surnames and titles-wait to be invited to use someone's first name.**

Chile and Uruguay are more formal than Brazil when it comes to using surnames. In Brazil, just like in Sweden, it is very common that people almost directly use each other's first names. To use surnames is typically not Swedish. In Chile, it can take a much longer time before people allow others to use their first name, then in Sweden. The Swedish negotiators who do business in South America are prepared and can adapt to use surnames. According to Hjelm, the manner to use the surnames of the others is a natural thing, just like in Sweden. Later on, when a relationship has been built up, it is normal to ask if it is accepted to use the person's first name. This is especially important in Uruguay.

- ♦ **Business cards are exchanged on the initial meeting at the very start.**

The issue of business cards is the same in all of the mentioned countries, just like in Sweden.

Hans believes that business cards are an important part of the business. These must always be exchanged at the first meeting so that everybody knows the names of the others. The cards should not be put away in a pocket, but should be placed on the table beside you, so you quickly can learn and use the names while negotiating. To know the others position is also an important issue, so you know how and to whom you should talk. If people in the other party do not have business cards, it is important to take notes of their names. To not know the name of the others can be seen as disrespectful. In Sweden this is more relaxed.

- ♦ **Try and have one side translated into Spanish.**

When Andritz is doing business in Brazil they used to have a translator or a negotiator who speaks the language since the negotiators in Brazil cannot speak English. If Andritz is the customer, the supplier arranges translator if it is needed.

When it comes to Andritz' own customers, English is almost always an accepted language. People in Brazil do not talk very good English and a translator is almost always necessary. This is not the case in Uruguay, where people are good at talking English. This makes the business and co-operation easier.

- ♦ **Keep cards in good condition-a tatty card will reflect badly on negotiation staff.**

Since this is a very important issue when doing business in Sweden, Andritz always renew their business cards.

- ♦ **Chile has a relationship driven culture so initial meetings should be used to build a relationship and established trust.**

John Ericsson experienced Chile as a more relationship concentrated country than Sweden. In Sweden people may be going out for a business lunch and after this they go straight to business. Abroad, this is not the case. People more often lunch together, even can eat dinner together and seeing each other more even outside the negotiation process. Hjelm mentioned that especially in Uruguay and Brazil, trust is something that must be earned. This makes the relationship more deeply and strong. This is a difficult issue in Sweden. Swedish negotiators are not depended on a relationship to do business. In Chile the negotiators have several small meetings to build trust before going business.

- ♦ **As well, it is important to be patient as time is not of the essence in Chile-meetings will last as long as they need to last.**

The meetings can take much longer time, because people in Chile are not really concerned about time issues. They are much less stressed and have more patience than in Sweden. The negotiators in South America are very relaxed, takes long breaks, lunch etc. This can lead to additional meetings and longer negotiations. In Sweden, people are more straightforward and honest, they do not go around issues, instead, they go straight to business and to different demands that they have. Swedish people are very stressful and take time seriously. It is important for Swedish negotiators to decide the time the negotiation will take and follow the schedule. In all of the mentioned countries where John has been, time does not seem to be a big issue. To look at your watch during a meeting is seen as disrespectful and the ability to read others and find out if they are interested becomes an important task.

- ♦ **Chileans are generally indirect in their communication style.**

That people are more generally indirect in their communication and "goes around" issues is true for the whole South America. Sweden is more straightforward without "wasting" time.

Swedish negotiators are honest and say things as they are. This is something that affects the communication when doing business in South America since the negotiators abroad takes more time to say what is wrong, if there is a problem, etc. This issue leads also to extended meetings and sometimes even to extra meetings that require staying extra days in the country. It's a matter of know how to handle the negotiators in South America.

- ♦ **Communication style tends to be tuned to people's feelings.**

People in Chile are more open with their feelings than Swedish people are. In general, Swedish negotiators do not ask personal questions or shows their feelings due to personnel integrity. They often think it's a lack of respect by asking the colleague about their private live.

- ♦ **Chileans never openly criticize anyone.**

That people criticize each other in the presents of others is less likely to happen. Instead, criticizing issues and occurrences is more general, especially in Sweden. People do not criticize each other during negotiations. The other party, on the other hand, can be criticised during larger meetings.

4.3.4 Negotiations

According to Ghauri (2005), people negotiate so that they can reach a better deal than what they would have without negotiation. Through this process different subjects are discussed and better solutions can be reached. This process consists of five different stages. Three of these stages can be analyzed by the answers Andritz gave us.

The first stage is the pre-negotiation stage, where the parties involved gather information about each other and prepare for the co-operation. This is where education and knowledge about the foreign culture becomes important. According to Andritz, culture especially affects the negotiation in the beginning. It is important to make a good first impression and to show the other part respect and appreciation. Making mistakes in the beginning can be difficult to correct later on and thereby affects the entire operation.

The second stage according to Ghauri (2005) is the actual negotiation stage. Here, the parties sit face-to-face and discuss different issues to be able to come up with a final solution that is beneficial to them both. Even during this stage, according to Andritz, it is important to keep the respect and honour the other part. Face-to-face negotiations demand a different type of knowledge about the culture. Business cards for example need to be exchanged and kept on the table so that the other part can be called by appropriate name. To know the persons title and position can be important when it comes to whom and what to talk about.

The post-negotiation stage includes for example the signing of the contract. When the companies come to this stage, they already agreed on all the issues and are now collecting them in a legal document. Here, language and different political issues, for example laws when it comes to which language is the original contract language, can become important. Andritz mentioned that translators many times are necessary and the contract' original language sometimes can lead to smaller misunderstandings and additional need for translators.

The last two stages Ghauri (2005) mentions include cultural and strategic factors. Here, the gathered knowledge about culture can be mentioned. The more experiences the company gathers, the more it will learn about the foreign country and

can obtain advantages in future co-operations.

The negotiation process is much dependent on the persons who are sitting at the meeting. According to Rugman (2000) there are some characteristics about South American negotiators that are important to have in mind. These are for example, that they are using emotional appeals and not logic, they regard trust and honour as very important issues and they are more sensitive that we may be used to. The contracts are build on facts and try to include as many different scenarios as possible.

These statements can be recognised in the answers we received from Andritz personnel. In Brazil for example, contracts are more built on facts than on trust issues. People are trying to put every possible outcome in the contract and thereby make it complicated and difficult to understand. In Uruguay, before getting the contract signed, Andritz had to wait until a lawyer checked and corrected it. Andritz even agrees with the statement about people's sensitivity and says that the communication style of people in South America is more tuned to their feelings. That people do not criticise each other on meetings is an issue that has to do with dignity and honour.

Tayeb (1998) states that people in different culture take their believes and manners to the negotiation table. If the culture is more relaxed and relationship concentrated, it can more easily use somebody's first name after the relationship started to build, for example. This manner can also show trust and believe in the other part. Andritz explained that this is not the case in Sweden, where people are stricter and less relaxed. It takes longer time a Swedish negotiator then a South American, to use somebody's first name. To do it too early can be seen as disrespectful. In South American cultures this is different. After a relationship is built, people become more familiar and close to one and other. Tayeb (1998) also mentions that cultural misunderstandings can easily destroy the negotiation process. Some negotiators are more formal and want to have everything written down in the contract. Others are more informal. This situation can lead to misunderstanding and frustration if the negotiator is not informed and prepared for the other party's negotiation style. Andritz recognises this situation. Negotiations can take much longer time in South America than in Sweden. Even such a "small" issue can lead to frustration and make it impossible to plan forward. A simple issue, like looking at your watch can be interpreted as a disrespectful manner.

According to Johansson (2000) the face-to-face negotiations in international business are always a part of the process and every culture require its own kind of approach. Andritz agrees with this statement by saying that Swedish companies must be prepared and informed about the foreign country's cultural aspects. This is needed because in some cultures for example, the first impression can be hard to change and mistakes hard to correct. In some countries people are stricter when it comes to respect and personal space. We cannot assume that our culture can be applied everywhere in the world.

Johansson (2000) has collected some general rules that compa-

nies going abroad are recommended to follow. The first rule Johansson mentions is that knowledge about the foreign culture and people's characteristics is an extremely important issue. Johansson's other rules concern different types of negotiator styles, understanding of the culture's respect for family and trying to have the long-term relationship building in mind.

Andritz informed us about respect and attitudes when it comes to South American cultures. We can not force our own culture on people and assume that they are fine with it. When a Swedish company is entering another country for negotiations it is extremely important that this country's culture is respected. We must be open for these cultural differences and do our best to adapt to them. When it comes to people in Brazil, Andritz says that they really are friendly and kind and much more relaxed than people in Sweden. This can sometimes be seen as a negative cultural issue, because people and suppliers many times do not respect the time issues and resources can be wasted because of this. The negotiations can take much more time than we are used to, and therefore it is difficult and sometimes impossible to plan ahead.

Culture, once again becomes an important issue when it comes to respect for the other part's family and privacy. Andritz means that it is a good idea to prepare the personal before sending them abroad. It is valuable if they have an insight into the new culture, so disrespect and misunderstandings can be avoided or at least minimized.

Andritz mentioned to us that people in South America often wants to build a long-term relationship and even buys service agreements from Andritz. Sometimes it is maybe important to go beyond the contract, which can imply more patience when it comes to delays and time issues. But, there is always a limit that must be held. According to Andritz, when it comes to negotiations, South American countries are much more calm and relaxed then we are used to. They take things slow and in for example Brazil, the contract is seen as a document that covers all possible outcomes so that the risks become minimal. This is more of a Type B negotiator style, according to Johansson's classification.

Rugman and Collinson (2008) write that because every culture, even if they are near to each other when we look at their geography, is different from one and other. This can be noticed even in the negotiation process and is something that must be held in mind. Andritz agree with this, and says that even if Chile and Brazil for example are not far from each other, people's behavior can be very different. This can be compared with for example Sweden and Norway.

5.CONCLUSION

Our results show that culture affects both the negotiation process and the price negotiation, sometimes to a crucial level. Failing to negotiate correctly because of cultural issues that the company do not consider as important, can lead to an overall failure in doing business. Thereby, these three issues seem to

be connected with each other. When a company is going abroad, culture must always be considered as an important issue that affects the entire co-operation in the foreign country. The *most important issue* is to be prepared for the different culture and all that comes with it. If people are open and respectful for the country's way of living and thinking, without forcing its own beliefs on people, co-operations have a good chance to be successful. To give information to personal before sending them abroad can be a good investment that a larger number of companies should consider. We believe that this is a crucial issue and must be handled in a correct way. Because culture and all the differences that culture includes, being prepared and to know what to expect makes it possible to minimize the risk for misunderstandings and conflicts. As we can see in the model on the next page, whenever a conflict cannot be solved and cannot lead to agreement, the co-operation will be difficult to continue. Smaller mistakes, of course, can be managed but if the mistake continue or grow, they can be very difficult to correct. Mistakes can come from for example sending the wrong kind of personal abroad which in the worse case scenario can lead to failures that cannot be corrected. Some cultures are very strict when it comes to mistakes and cultural reverences. Trying to cope with mistakes can be a much more difficult assignment then being properly prepared and do the right things from the very start. The companies should also have a follow-up system, which helps them to analyze both mistakes and successes. This is also a good way to learn from its own failures and try to correct them so that they do not influence international business in the future. We can even see in the model that if all the underlying factors in culture are handled correctly, successful collaborations are the outcome. The companies and the countries are learning from each other and can in the future do business with each other much more easily.

6. RECOMMENDATION

Today, every company that like to do business internationally must understand beliefs and values that underlie their own country's business and management practices, avoid cultural mistakes and understand the organizational and national culture of others.

People with different cultural backgrounds often do not share the same basic assumptions and this has an influence on international business negotiations on several levels. For example, the trust between parties, attitudes toward each other during negotiations and tactics and flexibility while negotiating can be affected.

When the company is preparing for negotiation, it must think in the other side of culture, such as on the elements of another country's culture. This is one of the reasons why culture is a main issue that affects international business. From the elements of culture, language is one of the most important issues that can affect international business

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Appendix

Interview with Olaf Büttner

1. Do you believe that culture is one of the main issues that affect international business?

Yes, I think culture affects, but if there is a main issue I'm not sure but definitely affect the business, because you really have to know how the culture in the different countries. We don't have some education on culture; instead we ask others that have experience. We don't have that kind of training. You talk to colleagues that have been there before.

2. What are the main obstacles you believe Andritz has to overcome when it comes to doing business abroad?

I think that we must be more open to the culture issue of each country, and must be more aware of it, that there are culture differences that can in some way affect the business. Otherwise I think Andritz have succeeded very much in doing business abroad. But I think to overcome well it's important to be more open minded.

3. How does culture affect the negotiation process?

Of course affect in terms of how long is the negotiation, the time for example. Language is important, both verbal and non verbal is important, it's how you expressed your self, how do you translate you thoughts on words, etc.

4. When it comes to pricing negotiations, are there many differences between the international market and the home market? What are these differences?

I don't remember if there was a big difference on price in Chile, because in Chile we have Andritz office that has taken care of the purchasing. We were the only division who send people like my over to help and to watch over the negotiations. So I was involved with some supplier but not so many.

5. How can language affect the negotiation process with a foreign company? What are the main issues to have in consideration?

Brazil for example is more difficult, it's always discussions of prices, Brazil is very expensive to buy from, but it's always discussions. I think that is, even you have the discussion here, the negotiation in Sweden it's seems to be most strict way here to come to a right price faster than you do in South America. Here is not so more bargaining, in South America is much talk.

6. Did you notice many cultural differences in the country you visited? (When it comes to face-to-face negotiations)

It it's, I think compare to Sweden if we talk about South America, is more that friendly attitude, it's still formal by calling you for surname. In Sweden we can have formal people but maybe not friendly at all.

7. Did you ever feel that culture affected business negatively?

Yes, in specially Brazil that I know, when we have some deliveries that have been delayed and that a little bit the kind of problem, always, "mañana", is that I feel, they don't take seriously the time, feels that you must push them all the time to really make the delivery on time. In Uruguay we don't have use many companies, but they were also delayed, but it's not the same situation, I can not said that it was for the same issue we have in Brazil. It seems some times more that in Sweden in general we consider the deliveries times and in South America they promise more than they can give. We have to be aware of this; I'm not said you should mistrust them or not trust them, but be aware. That maybe every think they said is not 100% expected to be like they said.

8. What kinds of positive differences did you noticed? Something that companies operating on the home market also should apply?

Maybe to be more open, positive attitude when you meet other people. I think this have help us in negotiations, you become more open to know more cultures, more open minded, you know that people acting differently and you are more prepared than others.

9. Other overall recommendations?

For making business in other countries, in general I will said like I have pointed before, to be more prepare, to at least to be prepared that people are not necessary the same as you are in Sweden, people act different in other countries. I think in Brazil they are open for the Swedish culture, in some points they learn from us. To not talk around the subject, we said that we must make a structure, and go through the point because we can not sit the all day without making any decisions, is not possible. But I think they learn, of course.

10. Do you believe that it is important to educate the personal (about culture) before sending them abroad?

Yes, that is what I said before; I mean it not will be bad to at least have some wise words on the road to what people really should think about if there is any thing to think

about. But maybe not to educate the people with some week's courses, but to prepare them.

11. At what point during the negotiation process does culture become important?

I think is all the time, of course the beginning is very important, when you meet the person for the first time; you make a picture of what this person like, the first impression. Depending of the culture background it's maybe not so important for other, but in Sweden it is important the first impression. Like I said before, Swedish people are straighter forward, and in South America they are naturally not so very interested in the first impressions since they have more meetings.

12. When it comes to pricing and contracts, how can culture affect this area of business?

We have talk about this before.

About the conclusion model: If there is some problem or something goes wrong, we have a feed-back system, so everything in the internal or external area we putting in there in the system and we analyze why and how many it cost. In general, we have always meetings after the projects. What it's important is to focus on the projects that didn't went as expected and there we have a good feed-back system for that. We take all this kind of feed-back seriously.

8.2 Interview with John Ericsson

1. Do you believe that culture is one of the main issues that affect international business?

Yes, it must be one of the main issues that effect international business. However I think that business is always, in the first place is mean from the both sides to get something done, to get the business done, and that in Andritz is about money, maybe that is the main issue.

2. What are the main obstacles you believe Andritz has to overcome when it comes to doing business abroad?

I think when it comes to purchasing, to understand what the local suppliers need in order to minimize the risk allowance, cause there can we get the best price and of course in order to understand that, you have to understand the behaviour and the culture around.

3. How does culture affect the negotiation process?

(In the table)

4. When it comes to pricing negotiations, are there many differences between the international market and the home market? What are these differences?

I always work in the international market; I almost never work here in Sweden. I can't really make the comparison. But when it comes to price, I can said that there is a big differences, in Brazil there is a big bargaining, you can reduce the price considerable so you have to have a considerable margin. In Chile also, but not to the same extend, and in Uruguay we negotiated with the finish customer basically, so this is also when we negotiated with suppliers. So it takes more time to decide the final price in Brazil.

5. How can language affect the negotiation process with a foreign company? What are the main issues to have in consideration?

Well, if we talk with our supplier in Brazil, and we talk the language, you understand when the other part maybe lies, invent something, so if you don't understand the language, all this things get wrong. You can understand when they make a joke; sometimes people make jokes without showing with the body language. It is easier to understand if you understand the culture and language. When I do business in Brazil, I do it in Portuguese but in the other countries in English. Sometimes they don't speak English so we must have a translator, is different from case to case. So it is very subtle effect of speaking the same language. English is the second language for us and also for them, and if you speak English better and faster than they do, automatically you have better position in the negotiation, they tend to be more nervous.

6. Did you notice many cultural differences in the country you visited? (When it comes to face-to-face negotiations)

He has answer this in the points to consider when doing business in South America

7. Did you ever feel that culture affected business negatively?

I can't remember something specific. Of course sometimes it makes you stop and think what they really mean, are they angry about something, or there is something we must change, and then you must ask for some time out. For example in Chile there was a customer that was angry and we couldn't understand why he was upset about, he didn't felt treat as a customer and we didn't understand that.

8. What kinds of positive differences did you noticed? Something that companies operating on the home market also should apply?

In general I think it will be more joking, friendlier atmosphere, and it seems that both sides want to create this atmosphere. You keep business and relationship separately. People tell you that money is money and outside, even if you have a tuff negotiation, you can go to a lunch and have a beer, and this is good, I miss that sometimes here in Sweden.

9. Other overall recommendations?

Well, of course to listen well and to help to create this friendly and positive atmosphere even if you have a tuff negotiation. To be positive and to respect other people's culture, how they want to be privacy, not trying to force Swedish or European beliefs or ideas down their thoughts.

10. Do you believe that it is important to educate the personal (about culture) before sending them abroad?

Yes, why not, or at least to give each person that is going to a certain area an attitude that he or she has to adapt to the local way and also to be interested in the local way. I think is not easy to educate somebody. You have to experience, learn when you are there.

11. At what point during the negotiation process does culture becomes important?

All through the process, especially at the beginning. When you meet the people, the first time meeting. When you go to another country is the first meeting that cost, if something goes wrong it will be more difficult to repair later on.

12. When it comes to pricing and contracts, how can culture affect this area of business? (pulp and paper)

In pricing you have to know what is acceptable as negotiation margin in each country and what is consider as not serious. In Sweden if you dump the price you are not considering as a serious business man, they may not even accept your price. In Brazil you should start high but is not the same in Chile. I think in Chile is almost the same than in Sweden, but in Brazil you can go down step by step and even 1% is accepted. There is less bargaining in Chile and in Uruguay is something in the middle.

About the contracts, for suppliers we have negotiated with contracts in English since we are the customers and we use English contracts and is almost the customer that choose the model, terms and conditions of the contract. The suppliers can comment on the contract but in general they comment very little. I think because they don't have the resources to get lawyer to look at the conditions we

have set up. I don't think the contracts are different than the contracts here in Sweden. In the other hand, when we are the supplier, the contracts in Chile are always in English, in Uruguay in English and in Brazil are used to be always in Portuguese but we have an English translation but the Brazilian version was the prevailing one. I think the law in Brazil that you have to have the prevailing contract in the local language. I think this take more time and in Brazil the contracts are more complicated. For every year they get more complicated and the contracts are less build on trust than in other Latin-Americans countries, they have traditions of inflation periods in Brazil to have compensation for all different kinds of cost increases which is not the same at all in Chile.

8.3 Interview with Hans Hjelm

1. Do you believe that culture is one of the main issues that affect international business?

I think is important to know the culture if you are going to make business in that country. I think is an issue that you need to think about the culture, not just in South America, but round the world also.

2. What are the main obsticals you believe Andritz has to overcome when it comes to doing business abroad?

I think is the language, since Andritz is a global company and we want to do business, we must think about this, to have the people that know the language.

3. How does culture affect the negotiation process? (table)

4. When it comes to pricing negotiations, are there many differences between the international market and the home market? What are these differences?

In Uruguay the price negotiations was very hard to negotiated, it was very hard to get down because they said, "this is our price, we don't give price up here and we try to give you already the correct price." So you have only few percent compare to Brazil there they give us a very high price, we couldn't buy that, it is double the price than in Sweden. In Brazil if they want an order, it is difficult to negotiate because the price level in Brazil is extremely high. Because they have import taxes and all the material they are imported from Europe is very high, we only purchase for my project because of the transportation. We couldn't be getting cheaper prices in the same range in Europe than in Brazil. But then we are gaining 8 weeks transportation time because it takes us from Europe 8 weeks by boat.

5. How can language affect the negotiation process with a foreign company? What are the main issues to have in consideration?

We use English in all our negotiations and text. Sometimes the English in the text is difficult for me, so if they don't understand English it is even worse. But for me, for example in Uruguay, the company that we purchased, he sends all the text to his lawyer. And the text comes back with notes, in Brazil they just read through very quickly and sign the contract, so in the reality I don't think they understood what they were sign. They just read the contract very briefly and just sign because they wanted to have the order.

6. Did you notice many cultural differences in the country you visited? (When it comes to face-to-face negotiations)

I think is, I will said that it takes long time when we start but when we come to the finally negotiation it's the same like in Sweden, but coming takes longer time.

7. Did you ever feel that culture affected business negatively?

I mean even if we have like in Uruguay and in Brazil, even if we have agreed on delivery times it takes a couple of weeks, but in Sweden it is also comes more and more that the companies in Sweden don't keep their delivery times, but I think in Uruguay and Brazil is even worse. And this means that we need to spend more time, more handling time in that country to change the schedule in order for us to not have problems later in the process. So I think they have different "culture" about the delivery time, if we said that we must have it on Friday, they delivery on Wednesday the week after. They don't take the time so important, but now we give them penalties, if they don't delivery on time, they have to pay penalties because we have cost on side because they are late. But I think after those penalties, they now realize that time cost and must respect the delivery time. Then if they have problem, maybe in the workshop that make the delivery time late, it is not a problem to inform us when, how many days the delivery will be late so we know that.

In Uruguay I have had problems, I must say 5 times to them to take the delivery time seriously and focus on that. In Uruguay a problem is that if they have a problem, they don't talk about that, in Sweden we say, we have a problem and together se if we can solve then.

8. What kinds of positive differences did you noticed? Something that companies operating on thee home market also should apply?

I will say, I don't and honestly I don't think there is something we can learn from them because Uruguay is a very small country, and it is very new for them to have this kind of manufacturing and business.

9. Other overall recommendations?

You need to have extra time.

10. Do you believe that it is important to educate the personal (about culture) before sending them abroad?

I think is important to educate the personal about other cultures. We tried to educate if we see that this is a good company. For my project I think is important that the people understand the culture. If we do purchase in Uruguay, them we send Olla since he has already been there and understand the culture. We don't send anybody new since we have people that have the experience. And even if we must send someone we tried to inform what he/she has to do, what they have to expect.

11. At what point during the negotiation process does culture becomes important?

For me is always the first impression. Normally we are two people when we go out. If we have already do business with the country, then during the process is important. The first meeting is not so important since we know each other already. I think if it is the first time you meet the people is important to know and understand the culture. For example how to answer the person, how to behave.

12. When it comes to pricing and contracts, how can culture affect this area of business?

In Uruguay we have always in English, some times for example in Spain the contract is in Spanish but then we translate it into English.

Abrevations:

- M:1** - Manager number one (Olaf Butner)
- M:2** - Manager number two (Hans Hjelm)
- M:3** - Manager number three (Johne Ericson)