

Negotiating in Latin America.
A qualitative study of Costa Rica.

ABSTRACT

This study examines the validity of negotiation theories developed in the United States within a Latin American context. The study examines the relevancy of two negotiation strategies: distributive and integrative. Questionnaire data were used for identifying different classes of negotiators reported by 104 foreign residents doing business in Costa Rica. Latent class analysis was used for the data analysis. The results show a pattern of negotiation similar to the one prevalent in negotiation theory. Cultural values and emotions are also found to be significant.

Structured Abstract:

Purpose (mandatory): To test the universality of the theory of negotiation developed in the United States. To find negotiators types in international negotiations of a Latin American country.

Design/methodology/approach (mandatory): We integrated qualitative and quantitative methods. We developed a questionnaire about negotiation “culture” and collected the experiences reported by 104 resident foreigners doing business in Costa Rica. We developed a code book of 50 variables, coded the 104 questionnaires, calculated an inter-rater reliability coefficient (Fleis Kappa $K=0,65$). We selected 10 variables stemming from the behavioral theory of negotiations. We used latent class analysis to explain the latent structure of data, the patterns associations observed among manifest variables, and to classify individuals/observations into homogeneous groups or classes where all the members of a group behave in similar way.

Findings (mandatory): 1) Negotiation practices in Costa Rica are not uniform: two negotiation cultures coexist within the country (distributive and integrative). 2) There are important elements of culture within the negotiation patterns, particularly in the use of emotions.

Research limitations/implications (if applicable): We are investigating latent class analysis “letting the data speak” as grounded theory. We are enlarging sample size to validate the results. We are doing the same study in two more Latin American countries. We have to study the emotional side of negotiation behavior.

Originality/value (mandatory): Not much research has been conducted about the process of international negotiations in most developing nations, particularly Latin America. The results are striking.

Keywords: Negotiation theory, Latin America, Latent class analysis, distributive negotiations, integrative negotiations, Costa Rica, qualitative/quantitative methods mix

International negotiations are at the core of globalization and are important for both developing and developed countries. However, not much research has been conducted on the process of international negotiations in developing nations, particularly in Latin America. What is the culture of negotiation in the region? How are

these patterns perceived and evaluated by foreigners working in the region? To what extent are negotiation theories developed in economically advanced countries useful in different cultures and environments? This paper attempts to fill this academic gap by focusing on the experience of foreigners working in a specific country (Costa Rica). We are looking for the latent structure of negotiator types using the theory of integrative and distributive negotiations.

Objective

To test the universality of negotiation theory developed in the United States. To identify negotiator types in international negotiations within a Latin American country.

Negotiation theory

Negotiation is the process of getting to an agreement to solve conflicts or differences in interests and to improve the present situation of the parties. The alternatives to negotiation are power (force) or a trial. The tradition of Walton and McKersie (1965), Fisher and Ury (1981), Williams (1983), Lewicki and Litterer (1985), Ury, Brett and Goldberg (1988), Neale and Bazerman (1991) distinguish between two basic negotiation models: distributive (or positional, competitive...) and integrative (or cooperative, principled, by interests...) negotiation strategies. Negotiations are a behavioral decision process in which the parties are interrelated, and results depend on the reactions of the other side.

From a practitioner's perspective, Fisher, et al popular guide (op. cit) provides four "principles:" separate the people from the problem, focus on interests (not positions), invent options for mutual gain and insist on objective criteria.

Negotiations in Latin America have been studied by Ogliastri (1992, 1993, 1997, 2000), Costa (2006), and Van Hoof, et al (2005), using a qualitative methodology. The Latin American culture was researched in the Globe study by Ogliastri, McMillen, Altschul, Arias, de Bustamante, Dávila, Dorfman, dela Coletta, Fimmen, Ickis, and Martínez. (1999) and used to understand the Latin American negotiation patterns by contrasting them with German culture and negotiations (Ogliastri, 2010, 2011). They found a distributive negotiation pattern in Latin America.

The distributive negotiation strategy focus has treated the negotiation process as one of bargaining, in which the win is achieved from the other's loss. This focus has efficiency inconveniences, deteriorates the negotiation relationship, and makes it difficult to create value in the negotiation. The counterpart to this distributive-focused model (centered on the distribution of earnings) is the integrative system through which agreements are reached after having increased the results for both parties. This happens through the creation of value by specific steps of this negotiation strategy. Once value has been created there is a need for distributing it by means of objective criteria (rather than haggling, used in the distributive negotiation strategy) Culture as well determines different negotiation patterns, a matter under intense investigation in this decade (Gelfand and Brett, 2004).

Research

We developed a questionnaire consisting of 20 sets of open ended questions about negotiation "culture". A negotiating culture is a conjoining of behaviors, customs, internal logic, expectations, values, and typical sequences or processes used to resolve a difference in interests, which are common to a group of people with similar backgrounds; it is related, but not equal to, national culture and is propagated by family relationships and education. The questionnaire was used for collecting data about the normal practices used by Costa Ricans in negotiating with foreigners. All the students in our MBA and Executive MBA obligatory negotiation courses were requested to interview a foreigner living in their country of origin. Using this questionnaire, in 2010 and 2011 we collected 104 written questionnaires about the experiences of these resident foreigners doing business in Costa Rica. We developed a code book of 50 variables, coded the 104 questionnaires, calculated an inter-rater reliability coefficient (Fleis Kappa $K=0,65$), and used the data with recent latent class analysis software.

The questionnaire has 20 sets of open ended questions related to the behavior of negotiators, such as use of time (punctuality, pressed, polychromic), use of threats, of objective criteria, and a wide array of negotiation behaviors. The framework for the questionnaire had been prepared by Weiss & Strip (1987), and revised by Ogliastri (1997) for his comparison of Latin American, Japanese, French, Angloamerican and Middle Eastern negotiation cultures; the questionnaire had been later revised by Van Hoof et al (2005) in their comparison of Dutch and Colombian negotiation cultures. The foreigners reported how the Costa Ricans they dealt with

usually behave. That way we collected 104 reports of the foreigners about their experience and perception of negotiation patterns in Costa Rica. See Appendix 1 for a summary of the questionnaire.

In order to turn the qualitative data into numbers we developed a codebook. We used content analysis techniques for some questions; however most replies were directly reported in the answer. As an example of the coding, Appendix 2 presents the questions for section 11 of the questionnaire, and the corresponding coding as quantitative variables. This way we turned every open questionnaire into a set of 50 variables; most of the variables were discrete Yes or No answers.

Three MBA students worked as research assistants for the study in developing the codebook and coding questionnaires. We calculated a reliability coefficient for the three coders. Each rater coded 5 variables for the same 20 questionnaires. The Reliability Index of Fleis Kappa resulted in $K=0,65$, meaning “substantial agreement”. The data set consists of 104 foreigners who reported in 50 variables the way they have actually experienced negotiating patterns of Costa Rica.

Latent Class Analysis: The Theory

Latent Class Analysis is a special case of a more general class of models known as *Latent Variable Models* (Bartholomew, Knott, & Moustaki, 2011). The distinctive feature of these models is that some of variables of the model are not directly observed by the researcher either because they are very difficult to measure, because they are constructs that can never be measured, or simply because they were not measured at all. These *latent* variables, nonetheless, are considered critical in the model and are expected to have a strong influence on the behavior of individuals. Consider, for instance, the effect of variables like wealth, political stance, life styles, etc., all of which can be considered examples of latent variables. Although this set of variables cannot be observed, the researcher does have access to another set of observed, *manifest variables*, which are “correlated” among themselves and potentially “correlated” with the latent variables. These variables, for instance, are the answers to survey questionnaires or variables that are considerably easier to measure.

One can understand better what Latent Class Analysis is by comparing it to other better known techniques in Multivariate Analysis in the context of the goals we want to achieve by using the technique. We can identify two key, complementary goals of LCA:

- To explain the patterns associations observed among manifest variables.
- To classify individuals/observations into homogeneous groups or classes where all the members of a group behave in similar way.

In Latent Class Analysis we are given a collection of categorical variables that exhibit various degrees of association between them. A question arises: Can this association be explained away by the existence of another group of unobserved variables. This is, of course, how we think about Factor Analysis, probably the best known case of an LVM. With Factor Analysis, the manifest variables are correlated among themselves, but most of these correlations can be explained away by the existence of a relatively small number of factors. It turns out that we can think of Latent Class Analysis exactly in the same way. The existence of a reduced number of *classes*, instead of factors, is what induces or explains most of the association among the manifest variables. These associations can be measured, for instance, by Chi-square-type tests. What distinguishes Latent Class Analysis from Factor Analysis is the nature of both the latent and the manifest variables and, closely related, the distributional assumptions we make about them. In Factor Analysis, both the latent and manifest variables are assumed to be continuous variables. Typically, it is also assumed that these variables follow a multivariate normal distribution. In Latent Class Analysis both the latent variables (the latent classes/groups) and the manifest variables (the survey questions designed to elicit information about these classes) are categorical variables that take on only a finite number of “values”. Conditional on the latent classes, these variables are assumed to follow a Multinomial Distribution.

Alternatively, we could emphasize the end product of the technique and think of Latent Class Analysis as an attempt to uncover groups, to identify “clusters which group together persons (cases) who share similar interests/values/characteristics/behavior.” Seen from this perspective, LCA is similar to Cluster Analysis—another well-known technique of Multivariate Analysis. The fundamental idea in Cluster Analysis is to classify the observations of a sample as belonging to a small number of (previously unknown) classes such that observations in a given cluster are similar among themselves, but different from observations in

other clusters. Technically Cluster Analysis seeks to maximize inter-cluster variability while reducing intra-cluster variability. As a matter of fact, at an abstract level, LCA and Model-Based Clustering (Raftery,) are indistinguishable.

The model

We assume the existence of a latent categorical variable g that can take on G possible values:

$$g = \{1, 2, \dots, G\}.$$

The values themselves do not mean anything; they are just labels. In our paper, they are going to refer to negotiation styles (1=Distributive, 2=Integrative). We do not observe these variables, but we observe J categorical variables--the answers to the questions in our survey. These are the manifest variables of the model. Each categorical variable can take on K_j possible values. In our survey, all the variables can take on exactly 3 different values

$$X_j = \{1,2,3\} = \{\text{Yes, Don't Know, No}\}$$

so $K_j=3$ for all j , but the model can accommodate different number of possible responses for each variable.

Conditional on being a member of group g , the probability density of each manifest variable is

$$x \vee g \prod_{j=1}^3 P_{jg}^{1\{x=j\}}$$

where $1\{x=j\}$ is just an indicator variable that is equal to 1 when x is equal to the j possible answer and 0 otherwise. P_{jg} is the probability that the categorical variable will take on the j th value. For instance, for a question about Time Perspective in negotiation, respondent can pick three possible answers: 1=Short Run, 2=Don't Know and 3=Long Run. The P_{jg} are the probabilities for each possible response. The index g makes explicit that these probabilities are going to be different for different groups.

If we assume that, conditional on class membership, the manifest variables are mutually independent of each other, we can take advantage of the product rule¹ and write the joint probability density in a very convenient way

$$x \vee g \prod_{i=1}^J \psi_{ijg} \prod_{j=1}^3 P_{ijg}^{1\{x=j\}}$$

This local independence assumption is what makes LCA a relatively simple model to estimate. Finally when we take into account that membership to the different groups is another random variable, we can write the full joint probability distribution.

$$x \sum_{g=1}^G \pi_g \prod_{i=1}^J \psi_{ijg} \prod_{j=1}^3 P_{ijg}^{1\{x=j\}}$$

where π_g is the probability of belonging to group g . These are called the mixing proportions in Cluster Analysis. The notation of this section is standard, but can be difficult to follow at first sight. Collins & Lanza, 2010 do an excellent job at dissecting it and explaining the meaning of each step. The reader is referred to those pages. The parameters of the model are estimated by Maximum Likelihood. We are interested in two parts of the output of this estimation:

- The π_g s. These are the probabilities of membership in the different groups. They measure how important or prevalent are the different groups in the population.
- The P_{ijg} . For each group and for each question in the survey, we have a vector of probabilities that measure how likely members of a group are to give a particular answer (Yes, Don't Know, No) to the different questions. The difference in the way they answer is precisely what will permit us to profile the different classes.

¹ If two random variables A and B are independent, their joint probability distribution can be written as the product of its marginal distributions: $P(A \text{ and } B) = P(A) \cdot P(B)$.

All formulas above are conditional on knowing the number of latent classes. Estimation proceeds by fitting models with different number classes. We start fitting a model with no cluster structure whatsoever; that is, with number of classes equal to 1. If this model is rejected, we fit more complicated models with 2, 3, 4... classes until the model is not rejected by the data. Model selection is done using the Bayesian Information Criterion (BIC) which is a transformation (a penalized version) of the log-likelihood statistic:

$$\text{BIC} = -2 * \text{LL} + \text{Log}(N) * M$$

Where LL is the log likelihood stat, M is the number of parameters in the model, and N is the sample size. The best model is the model that achieves the smallest BIC.

Variable Selection

A problem we faced initially was that our sample size was small compared to the number of questions asked in the survey questionnaire. A total of 50 questions were asked and each question typically had 3 possible responses. We ended up with 104 valid responses. This immediately ruled out the possibility of using all variables to perform our analysis. We were faced with the problem of selecting which variables to use to try to identify meaningful clusters of respondents. We selected the set of variables which we thought, based on theoretical arguments, would provide the best separation between the different groups or types of negotiators.

We had to select a maximum of 10 variables that we considered to be the most representatives of the larger set, considering the behavioral theory of negotiations. The selected variables were: Temporal Perspective (Long vs. Short Term), Preparation before Negotiation, Use of Objective Criteria to Justify Offers, Process of Negotiation Seen as Merely Haggling, Use of Threats, Discussion of Concrete Facts, What is understood as Negotiation: Creation and/or Distribution of Value; Process of Negotiation: Emotional or Rational; Separation of Business and Personal Life; First offers are Extreme. Appendix 3 shows the correspondence of this set of variables to the widely known “principles” of negotiation by Fischer, Ury and Patton (op. cit.)

This set of variables attempted to measure different dimensions of the process of negotiation according to the behavioral theory of negotiations developed in the US (Walton & McKersie, 1964). We look for clusters which group together persons (cases) who share similar behavior. LCA will explain the latent

structure of data, the patterns associations observed among manifest variables, and to classify individuals/observations into homogeneous groups or classes where all the members of a group behave in similar way. We test the intercultural validity of the “integrative” and “distributive” prototypes of negotiators

The hypothesis is that negotiators types in Costa Rica will have similarities to those found in the United States.

Data analysis

Table 1 reports the model selection of two clusters.

INSERT TABLE 1 HERE

Table 2 presents details of the estimation for the 2-latent class model. The distribution of membership across the two classes is unequal. Most of the observations (about 72%) belong to the first cluster, *distributive or traditional negotiator*, and the rest (28%) belong to the second, the *integrative negotiators*. The rationale for these labels will be apparent once we provide a detailed profile for each class. Table 2 also reports, for each question selected in the questionnaire, the probability a member of a given class (distributive vs integrative negotiator) acts this way in each alternative (Yes, Don't Know, No). These are conditional probabilities--conditioned on class membership. For instance, for the first variable in Table 2, Temporal Perspective, members of the distributive/traditional class of negotiator are more likely to act “Short Term” (75.19%) than its alternatives “Long Term” (11.60%) and “Don't Know” (13.21%). By contrast, the members of the class of integrative negotiator have a probability of 45.59%, 25.32% and 29.09% to act “Short Term”, “Don't Know” and “Long Term” respectively. So there is a clear tendency for these members to move away from the “Short Term” perspective. It is by comparing the way the two groups act or behave that we arrive at their separate profiles.

INSERT TABLE 2 HERE

Figure 1 presents graphically the same information and facilitates the construction of the profiles. Each graph represents one question. For each question we have three possible answers (typically ‘yes’, ‘don't know’ and ‘no’). The two lines represent the way the two identified clusters respond the question. The red

line (class 1) refers to the group of distributive negotiators. The green line (class 2) refers to the group of integrative negotiators. For instance, the first question (upper left graph) asks about the time perspective in the process of negotiation. Members of class 1 are more likely to act with a short term orientation than class 2 (75% vs. 43%).

INSERT FIGURE 1 HERE

Results

The results show two distinct groups of negotiators in Costa Rica. The latent class analysis program found just two sets of negotiator classes in the sample. The two negotiator types fall within the negotiation theories used widely by scholars and practitioners alike. One type is close to the “distributive” category found in the United States, and the other one resembles the “integrative” negotiation strategy category. However, significant cultural differences were also found. Table 3 is a summary of results.

INSERT TABLE 3 HERE

Cluster 1 is distinctively a distributive type of negotiator. The first proposal they make is extreme; it is not based on objective criteria and the negotiators don't seem to be well prepared; generalities are discussed rather than concrete data. They use threats and emotions, mixes business and personal relations, and the process is described as haggling based on the first anchoring proposal. They are reported to understand negotiation as just distributing value.

The core of the second cluster is integrative negotiation. The process is not haggling at all (0%), first proposal is not excessive, just 13% don't use objective criteria to distribute value and only 23% are perceived as understanding negotiation as purely distributing value. Moreover, if we interpret the No Information/Don't know values as intermediate steps, the results are strongly confirming the integrative negotiator type of Cluster 2, as presented in Table 2.

Adding the No Data/Don't Know category presented in Table 2, in the integrative cluster 89% are not improvising; 55% are not just concerned with short term benefits; 55% are not confrontational (i.e. no threats); 74% are not just talking generalities during the negotiation; 63% are not reported as emotional; 56%

are not mixing business and personal life in negotiations. Most of these behaviors are considered more “professional”, correlated to better results and considered good practice in the literature.

Additionally, these issues overlap cultural values. For example, mixing business and pleasure (44% of the integrative cluster), and using emotions in negotiations (37% of the integrative negotiators cluster) is the normal way of doing business in Latin America, and it may be basically a cultural trait. The emotional side of negotiation behavior is a trendy subject in the practitioner community (Fischer & Shapiro, 2006, Diamond, 2010), as well as in the academic community (Brett & Gelfand, 2005; Kopelman & Rosette, 2008; Druckman & Olekalus, 2008, Posthuma, 2012) and more specific research should be done about it.

Conclusions

The main findings are:

- 1) Negotiation practices in Costa Rica are not uniform: two negotiation cultures coexist within the country.
- 2) There are only two types of international negotiators in Costa Rica (distributive and integrative).
- 3) The results confirm negotiation theory developed in the United States, and confirm that distributive negotiation is the dominant pattern in Latin America.
- 4) There are important cultural elements within the negotiation patterns, for example: dichotomies between rational and emotional, separating personal issues from business dealings and negotiating general terms or very concrete and detailed agreements.
- 5) The emotional side of negotiations is an important element in the country, which goes beyond traditional negotiation theory.

This study of actual negotiator patterns mixed with cultural values is a significant contribution to the existing literature on international negotiations. Several limitations we found require further research; we will have to research results of LCA “letting the data speak” as grounded theory, as well as the effectiveness of each negotiation method. We are enlarging sample sizes to validate results. We are doing the same study in two more Latin American countries. It is fortunate that negotiation theory and practice have been turning attention

to cultural issues. One further issue is studying the theory of negotiations based on factors other than neutrality and the ideal of rationality.

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Appendix 1. Questionnaire Summary

INTERCULTURAL NEGOTIATION: QUESTIONS ABOUT 20 VARIABLES

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- 1- *Negotiation culture* Summing up: how do they negotiate?
- 2 *Perception of the other party* Do they conceive the counterpart as a friend, a colleague, a rival, or neutrally impersonal?
4. *Trust base* Is their trust based on the person, the legal system and the written contract, or previous experience?
5. *Risk taking* Do they take risks and may fail to deliver compliance?
6. *Who are the negotiators* What criteria do they use to select negotiators?
7. *Decision making* How do they decide and who makes decisions?
8. *Formality* Are they informal/formal, do they follow a protocol, how close is interpersonal treatment?
9. *Informal negotiations* Do they use out of the office negotiations?
10. *Pre-negotiations (and negotiation preparation)* Do they have previous meetings, do they come prepared?
11. *Opening* Do they open with extreme offers, use objective criteria to justify offers, haggling?
12. *Arguments* Do they use persuasion, emotionally moving, hard data, threats, rational debate?
13. *Emotionality* Do they induce a rational or emotional process, expressive or instrumental use of feelings?
14. *Power tactics* Threats, intimidation, fake lack of interest, aggressiveness, confrontational?
15. *Discussion level* Do they discuss details or generalities?
16. *Time during negotiation* Are they punctual, polychronic, slow, agenda focused?
17. *Type of agreement* Verbal, in writing, legal, official agreements?
18. *Commitment and fulfillment* Are agreements binding?
19. *Perception flexibility* Are they rigid or flexible about changes?
20. *Ways of expression* Interpersonally friendly, courteous, confrontational, diplomatic, imposing, evasive, neutral?

Appendix 2: Codebook example.

Question 11. Opening of the negotiation.

How do they open the negotiation: through an inflated position or closer to the final result? Is opening based on objective criteria or standards, or is it defined through subjective criteria? How important is the opening demand in the overall negotiation process? Is it done at the beginning or is an offer presented after getting information? Is their negotiation process focused on bargaining for the initial offer?

CODING OF THE ANSWERS:

| 11. Negotiation opening | |
|---------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| 11,1 Is their first proposal generally excessive, tough | |
| 11.1.1 | Yes (extreme, ask too much/ offer too little) |
| 11.1.2 | No (Reasonable, close to reality) |
| 11.1.3 | Don't know, not sure, no information, no data |
| 11,2 Do they use objective criteria to justify first offer? | |
| 11.2.1 | Yes (they use data to base first proposal) |
| 11.2.2 | No (they just use subjective bargaining, haggling) |
| 11.2.3 | Don't know, not sure, no information, no data |
| 11,3 Do they make offer after information exchange? | |
| 11.3.1 | Yes (Exchange of information to redefine problem) |
| 11.3.2 | No (offer too early at the start of negotiating) |
| 11.3.3 | Don't know, not sure, no information, no data |
| 11,4 First proposal involves mutual interests? | |
| 11.4.1 | Yes |
| 11.4.2 | No (just their self interests) |
| 11.4.3 | Don't know, not sure, no information, no data |
| 11,5 Is the negotiation essentially a bargaining/haggling process based of first proposal? | |
| 11.5.1 | Yes (they insist on first proposal) |
| 11.5.2 | No (they try to integrate interests, mutual value creation) |
| 11.5.3 | Don't know, not sure, no information, no data |

Appendix 3:**Four Principles of Fisher and Ury and ten selected Questionnaire items****1- Separate the people from the problem.****Is negotiation a rational or an emotional process?****Do they separate business from personal issues?****Do they use threats?****2- Insist on using objective criteria.****Do they use objective criteria?****Are concrete facts discussed?****Do they use extreme first offers?****3- Focus on interests not positions.****Are they long/short term oriented?****Do they come well prepared to the negotiation table?****4- Invent options for mutual gain.****Are they focused mainly on creating, or on distributing value?****Do they usually follow a haggling/bargaining process?****5-**

Table 1: Model Selection 1, 2, 3, or 4 Clusters

| Model | LL | BIC (LL) | Number of Parameters | Degrees of Freedom |
|-----------|-----------|-----------------|----------------------|--------------------|
| 1-Cluster | -970.53 | 2033.36 | 20 | 81 |
| 2-Cluster | -899.0394 | 1987.29* | 41 | 60 |
| 3-Cluster | -856.82 | 1999.79 | 62 | 39 |
| 4-Cluster | -829.10 | 2041.26 | 83 | 18 |

*This is preferred model according to the BIC criterion (lowest BIC value).

Table 2: Parameter Estimates for 2-Class Model

| Variable | No. of Levels | Levels | Class 1 | Class 2 |
|--------------------------------------------------------------|---------------|-------------------------------------------------|---------|---------|
| Temporal Perspective | 3 | Short Term | 0.7519 | 0.4559 |
| | | Don't Know | 0.1321 | 0.2532 |
| | | Long Term | 0.1160 | 0.2909 |
| Do they come prepared to the negotiation table? | 3 | Yes | 0.3117 | 0.2723 |
| | | Don't Know | 0.2615 | 0.6121 |
| | | No (Improvise) | 0.4168 | 0.1156 |
| Do they use objective criteria to justify your proposal? | 3 | Yes | 0.1693 | 0.2983 |
| | | Don't Know | 0.1542 | 0.5654 |
| | | No (haggling) | 0.6764 | 0.1363 |
| Is it essentially a process of haggling of initial proposal? | 3 | Yes (Insistence in initial proposal) | 0.8880 | 0.0377 |
| | | Don't Know | 0.0774 | 0.3162 |
| | | No haggling (Integrate interests, Create Value) | 0.0345 | 0.6461 |
| Do they use Threats? | 3 | Yes (normal, direct, pragmatic) | 0.4176 | 0.3124 |
| | | Don't Know | 0.1563 | 0.1303 |
| | | No (Avoid confrontation) | 0.4261 | 0.5573 |
| Are Concrete Facts Discussed? | 3 | Yes | 0.2497 | 0.4411 |
| | | Don't Know | 0.1290 | 0.2935 |
| | | No (Generalities) | 0.6213 | 0.2655 |
| What is their understanding about negotiation? | 3 | Distribute Value | 0.8163 | 0.2389 |
| | | Don't Know | 0.1553 | 0.5690 |
| | | Create Value | 0.0284 | 0.1651 |
| Process of Negotiation is emotional or rational? | 3 | Emotional | 0.6048 | 0.3704 |
| | | Don't Know | 0.1861 | 0.4245 |
| | | Rational | 0.2091 | 0.2051 |

| | | | | |
|------------------------------------------------------------------|------------------|-----------------------------------|------------------|--------|
| Do they separate between Business/Personal Life in negotiations? | 3 | Yes (two different worlds) | 0.0890 | 0.1887 |
| | | Don't Know | 0.2903 | 0.3789 |
| | | No (they intermix) | 0.6207 | 0.4324 |
| Is First Proposal Extreme? | 3 | Yes (hard, extreme) | 0.8315 | 0.0710 |
| | | Don't Know | 0.0011 | 0.4938 |
| | | No (reasonable, close to reality) | 0.1674 | 0.4351 |
| Frequency of Class | 0.7009 (Class 1) | | 0.2991 (Class 2) | |

Table 3. The coexistence of two negotiation cultures in Costa Rica

| Variable/latent cluster found (LCA 1) | Class 1: Distributive (75 out of 104) | Class 2: Integrative (29 out of 104) |
|--------------------------------------------------------|---------------------------------------|--------------------------------------|
| Not well prepared (improvisation) | 41% | 10% |
| First proposal is excessive, extreme | 82% | 3% |
| Essentially a haggling process based on first proposal | 88% | 0% |
| Don't use objective criteria, standards. | 66% | 13% |
| Use threats | 42% | 30% |
| Negotiation process is basically emotional | 60% | 37% |
| Understand negotiating as just distributing value | 80% | 23% |
| Generalities are discussed, rather than concrete data | 62% | 23% |
| Mix business and personal relations | 61% | 44% |
| Short term perspective | 75% | 43% |

Source: prepared by the authors based on Latent Class Analysis of 104 questionnaires to foreigners who described their experience negotiating in Costa Rica.

Figure 1: Class Conditional Probabilities

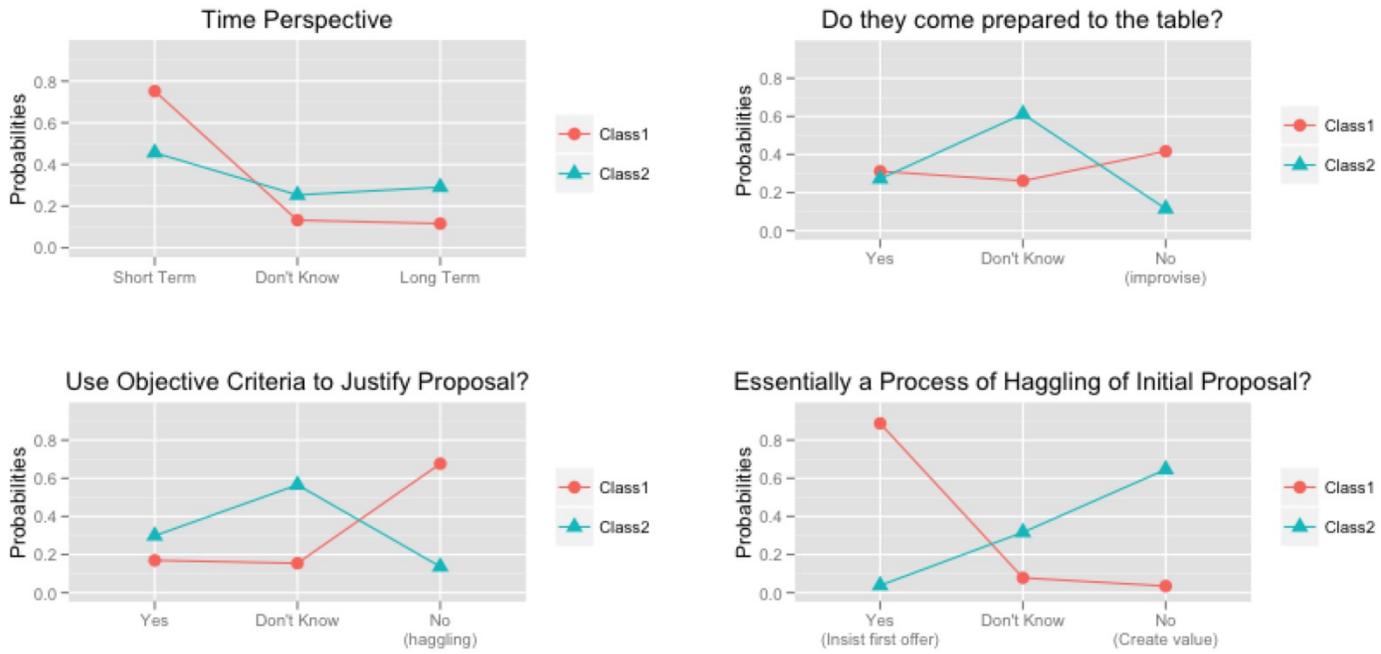
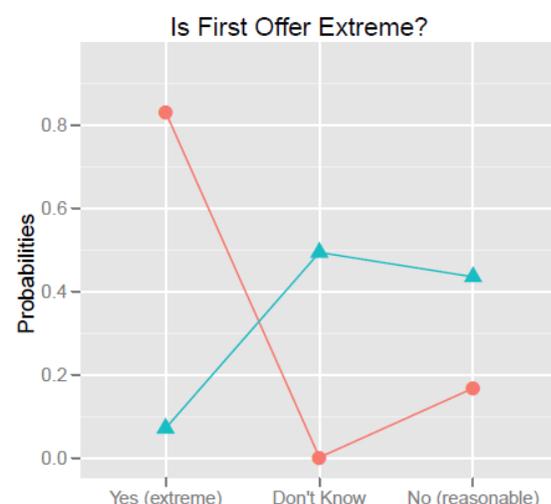
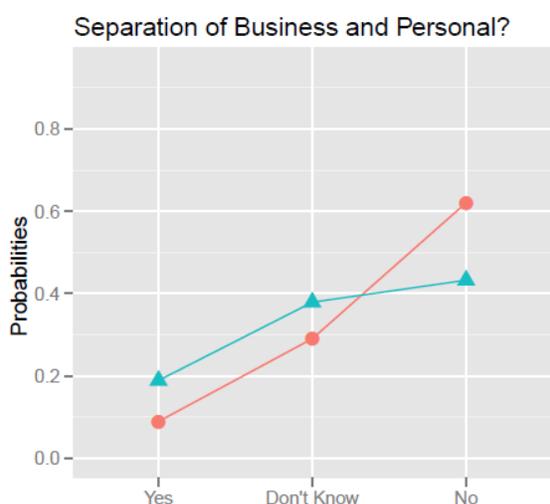
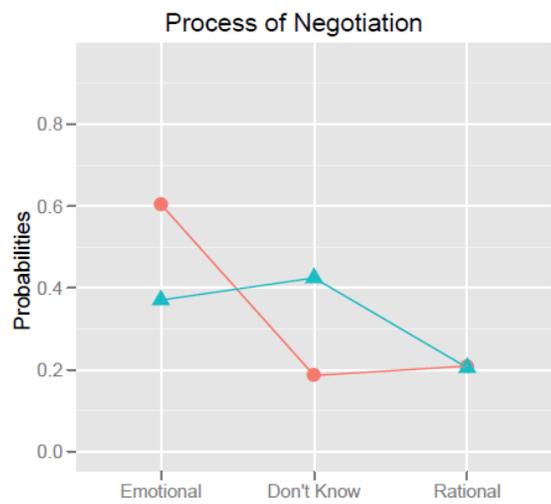
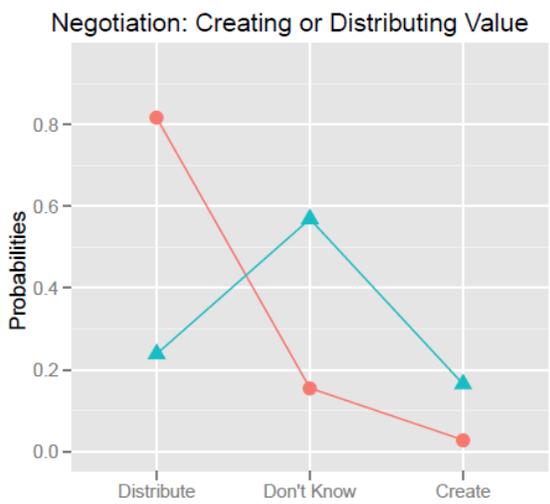
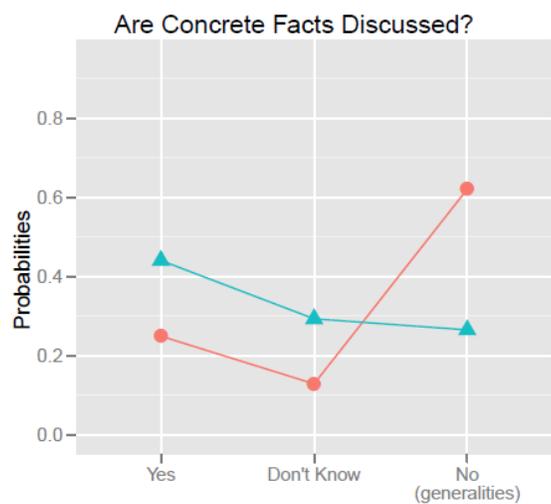
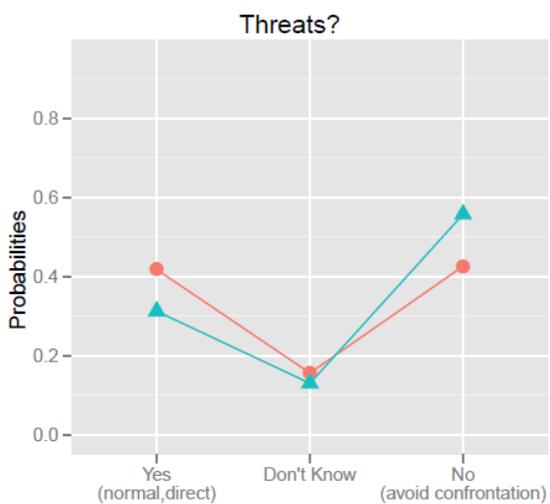


Figure 1: Class Conditional Probabilities (continued...)



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