

# Negotiating International Business - Argentina

*This section is an excerpt from the book "Negotiating International Business - The Negotiator's Reference Guide to 50 Countries Around the World" by Lothar Katz. It has been updated with inputs from readers and others, most recently in March 2008.*

Partly owing to Argentina's location at the southern tip of Latin America, many businesspeople and officials in the country have only limited exposure to other cultures except for neighboring countries. Its culture is quite homogeneous. When negotiating business here, realize that people may expect things to be done 'their way.' However, many living in Buenos Aires, especially among younger generations, have greater international experience and can be very open-minded.

## ***Relationships and Respect***

Argentina's culture is generally group-oriented. Asserting individual preferences may be seen as less important than having a sense of belonging to a group, conforming to its norms, and maintaining harmony among its members. Building lasting and trusting relationships is very important to most people in this country. However, unlike in many other Latin American countries, they are not always a necessary precondition for initial business interactions. Nevertheless, Argentines may want to do business only with those they know, like, and trust, so take the time needed to build and strengthen the relationship.

Business relationships in this country exist between people, not necessarily between companies. Even when you have won your local business partners' friendship and trust, they will not necessarily trust others from your company. That makes it very important to keep company interfaces unchanged. Changing a key contact may require the relationship building process to start over.

Establishing personal relationships with others in Argentina can create powerful networks and may help you a lot to achieve your business objectives. Whom you know may determine whether people want to get to know you. Similarly, whether people think you are worth knowing and trusting often weighs much more strongly than how competent you are or what proposals you may have to make. Personal networks rely mostly on strong friendships that also represent dependable mutual obligations. They may open doors and solve problems that would otherwise be difficult to master. Maintaining honest and cordial relations is crucial.

While Argentines are usually warm and friendly, they are also very proud and may be easily offended by comments that leave room for misunderstandings. 'Saving face' and respecting everyone's honor and personal pride are crucial requirements for doing business in the country, especially in rural areas and small cities. Causing embarrassment to another person or openly criticizing someone in front of others can have a devastating impact on your negotiation. Character and kindness towards others are very essential qualities. You will earn people's respect by showing empathy for others, treating everyone with dignity, and avoiding all aggressive behaviors.

In Argentina's business culture, the respect a person enjoys depends primarily on his or her status, rank, and education. The country's population is fairly young and age may not be respected as highly as in some other Latin American cultures. Showing status is important since people will take you more seriously. Carefully select your hotel and transportation. Use the services of others, such as a porter, to avoid being viewed as a low-ranking intermediary. The extreme differences that exist between the rich and the poor in this society are usually accepted and people believe that those in powerful positions are entitled to the privileges they enjoy. Accordingly, showing respect to those of higher status is very important. Admired personal traits include sincerity, integrity, and charisma.

## *Communication*

The official language of Argentina is Spanish. It is notably different from the Spanish spoken in Spain, and it is unlike any other Spanish spoken in Latin America, owing to significant Italian influences. Many businesspeople speak at least some English, but being able to speak Spanish is a clear advantage. With high-ranking managers, it may otherwise be useful to engage an interpreter. To avoid offending the other side, ask beforehand whether an interpreter should be present at a meeting. When communicating in English, speak in short, simple sentences and avoid using jargon and slang. It will help people with a limited command of English if you speak slowly, summarize your key points often, and pause frequently to allow for interpretation. Even when the main meeting language is English, your counterparts may frequently speak Spanish among themselves, not necessarily to shut you out from the discussion but to reduce their discomfort and ensure a common understanding among them.

People in this country may speak louder than other Latin Americans may. In restaurants used for business, however, conversations should be kept at a quiet level. Interrupting others or speaking in parallel is acceptable. Emotions are usually shown very openly. Argentines generally converse in close proximity, standing only two feet or less apart. Never back away, even if this is much closer than your personal comfort zone allows. Doing so could be read as a sign that you are uncomfortable around them.

Communication in Argentina is generally quite direct. There is a tendency to use very pointed or exaggerated statements, so problems or disagreements may appear more severe than they really are. However, people may be reluctant to disagree openly with someone they like, in which case it can become difficult to know their true opinion. Silence is rare and usually indicates that there is a problem.

Gestures and body language can be very expressive, especially if they help underline what is being said. It is often not a good idea to imitate them, though. There may be frequent physical contact with others of the same gender. A pat on the shoulder is a sign of friendship. When pointing at people or objects, use your open hand rather than a finger. The American OK sign, with thumb and index finger forming a circle, can be read as an obscene gesture in Argentina. Non-verbal communication can be extensive, so watch carefully for small clues. Eye contact should be very frequent, almost to the point of staring. This conveys sincerity and helps build trust.

## *Initial Contacts and Meetings*

Choosing a local intermediary who can leverage existing relationships to make the initial contact is highly recommended. This person will help bridge the gap between cultures, allowing you to conduct business with greater effectiveness. Your embassy, a trade organization, a chamber of commerce, or a local legal or accounting firm may be able to provide a list of potential intermediaries. Without such a contact, it may be difficult to gain access to the right people.

Negotiations in the country can be conducted by individuals or teams of negotiators. It is vital that teams be well aligned, with roles clearly assigned to each member. Changing a team member may require the relationship building process to start over and should therefore be avoided.

Given the strong emphasis on hierarchy in the country's business culture, a senior executive should attend the initial meeting for your company and your negotiating team should include senior leaders who know your company well. There will not be an expectation that the executive attends future meetings. Similarly, the top executive on the Argentinean side, who may also be the ultimate decision maker, may attend only initially. The most senior Argentinean executive to attend throughout the negotiation will likely be at a similar level in the hierarchy as your own negotiation leader.

If possible, schedule meetings at least one to two weeks in advance. Since Argentines want to know whom they will be meeting, provide details on titles, positions, and responsibilities of attendees ahead of time. Agreeing on an agenda upfront can also be useful. Reconfirm your meeting, and be prepared for your counterparts to cancel or postpone meetings with little advance notice.

While meetings may start as much as 30 minutes late, people generally expect foreign visitors to be very punctual. Avoid being more than 5 to 10 minutes late, and call ahead if you will be. Displaying anger if you have to wait reflects very poorly on you. The most senior people usually arrive last. Otherwise, authority may sometimes be difficult to pick out, so watch for small hints of deference to identify the decision makers.

Names are usually given in the order of first name, then family name or names. Most Argentines have two family names, the first one from their father, and the second one from their mother. Use *Mr./Mrs./Miss* or *Señor/Señora/Señorita*, plus the family name (the first one if two family names are given). If a person has an academic title, such as *Doctor* or *Professor*, or a professional title such as *Ingeniero* or *Arquitecto*, use it instead, followed by the family name. Being respectful of such titles is very important. Do not react surprised if people address you as *Doctor*, as this is often a sign of respect or simply an indication that they are confused about your real title. Only close friends call each other by their first names. Introduce and greet older people first. Third-party introductions are generally preferred. Introductions are accompanied by handshakes, often combined with a nod of the head. Men should wait for women to initiate handshakes.

The exchange of business cards is an essential step when meeting someone for the first time, so bring more than you need. It is strongly recommended to use cards with one side in English and the other in Spanish. Show doctorate degrees on your card and make sure that it clearly states your professional title, especially if you have the seniority to make decisions. When presenting your card, ensure that the Spanish side is facing the recipient. Smile and keep eye contact while accepting someone else's card, then carefully examine it. Next, place the card on the table in front of you.

Meetings start with small talk, which may be extensive. This may include personal questions about your background and family, allowing participants to become acquainted. It is important to be patient and let the other side set the pace. People appreciate a sense of humor, but keep it light and friendly, and be careful not to overdo it. Business is a serious matter in Argentina. Initial meetings may appear very formal, but the atmosphere usually is a bit more relaxed in subsequent meetings.

The primary purpose of the first meeting is to become acquainted and build relationships. Business may be discussed, but do not try to hurry along with your agenda. It is unrealistic to expect initial meetings to lead to straight decisions.

Presentation materials should be attractive, with good and clear visuals. Having your handout materials translated to Spanish is not a must, but it will be appreciated and helps in getting your messages across.

## *Negotiation*

**Attitudes and Styles** - To Argentines, negotiating is usually a joint problem-solving process. While the buyer is in a superior position, both sides in a business deal own the responsibility to reach agreement. They expect long-term commitments from their business partners and will focus mostly on long-term benefits. Although the primary negotiation style is competitive, Argentines nevertheless value long-term relationships. While proposals should demonstrate the benefits to both negotiating parties, neither of them should take attempts to win competitive advantages negatively. It is crucial to remain non-confrontational and avoid direct conflict throughout the bargaining exchange. Ultimately, the culture promotes a win-win approach. You will earn your counterparts' respect by maintaining a positive, persistent attitude.

Should a dispute arise at any stage of a negotiation, you might be able to reach resolution by leveraging personal relationships and emphasizing long-term benefits. Patience and creativity will pay strong dividends. If you cannot resolve the situation, it is best to walk away without burning bridges. Since word often gets around in Argentina, you may otherwise affect your ability to do business with others in the country.

**Sharing of Information** – Even when personal relationships are strong, your Argentinean counterparts may be reluctant to share information openly. Many believe that privileged information creates bargaining advantages. However, they are often very good at obtaining intelligence and information about their counterparts that puts them in an advantageous position. It is crucial to come well prepared with substantial background information about your potential business partner.

**Pace of Negotiation** – Expect negotiations to be slow and protracted. Argentines do not hurry and dislike people who do. They see impatience as a sign of weakness and may even think it rude. Be prepared to make several trips if necessary to achieve your objectives. Relationship building, information gathering, bargaining, and decision making may take considerable time. Attempts to rush the process are unlikely to produce better results and may be viewed as offensive. Throughout the negotiation, be patient, control your emotions, and accept the inevitable delays.

Most Argentines prefer a polychronic work style. They are used to pursuing multiple actions and goals in parallel. When negotiating, they often take a holistic approach and may seem to jump from one topic to another rather than addressing them in sequential order. Negotiators from strongly monochronic cultures, such as Germany, the United Kingdom, or the United States, may find this style confusing, irritating, and even annoying. In any case, do not show irritation or anger when encountering this behavior. Instead, keep track of the bargaining progress at all times, often emphasizing areas where agreement already exists.

If your counterparts appear to be stalling the negotiation, assess carefully whether their slowing down the process indicates that they are evaluating alternatives or that they are not interested in doing business with you. More likely, this behavior either represents an attempt to create time pressure in order to obtain concessions, which happens frequently, or it simply reflects the slow decision process in the country. Again, patience and persistence are vitally important.

**Bargaining** – While Argentines are not overly fond of bargaining and dislike haggling, they can be tough and often very competitive negotiators. The bargaining exchange can be extensive. Concessions never come easily, and requesting a compromise may become an issue of pride if presented in the wrong way. Rather than pushing for concessions, it may be better to re-address disagreements in follow-up meetings, which gives your counterparts the opportunity to reconsider their position without overtly losing face. Prices rarely move by more than 20 to 30 percent between initial offer and final agreement. Leave yourself sufficient room for concessions at different stages. After making one, always ask the other side to reciprocate. Throughout the process, remain cool and respectful, avoid confrontation, and frequently reaffirm the relationship.

During the bargaining exchange, keep in mind that intangible benefits such as increases in power and status may sometimes be more desirable to your counterparts than financial gains may. Offers to provide continuing service to an Argentinean client, in spite of long distances, can also be valuable bargaining concessions. Businesspeople in the country often find it difficult to overcome the isolation imposed on them by geography. Dependency requires trust.

Deceptive techniques might be employed by Argentinean negotiators. This includes tactics such as telling lies and sending fake non-verbal messages, pretending to be disinterested in the whole deal or in single concessions, misrepresenting an item's value, or making false demands and concessions.

Your Argentinean counterparts may make other attempts to mislead you in order to obtain bargaining advantages. Do not take such tactics personally and refrain from lying at or grossly misleading your counterparts, as doing so might damage business relationships. Even when you can see right through a lie, it would be a grave personal insult to state or even hint that your counterpart is not telling the truth. It is advisable to verify information received from the local side through other channels. 'Good cop, bad cop' is a tactic that Argentines rarely use, though it could be effective on either side of the negotiation table. However, it could be devastating if the other side recognized this as a tactic, and your team will need to exclude any 'bad cop' member from future negotiation rounds. Businesspeople may claim limited authority, stating that they have to ask for their manager's approval. This could be a tactic or the truth.

Negotiators in the country use pressure techniques very carefully since there is always a risk of hurting someone's pride. Final offers and nibbling are rare and should be used with great caution. Never imply that your counterparts' only choices are 'take it or leave it' – they will very likely choose the latter. Be also careful when trying to open with your best offer. Argentines may consider this inappropriate or even insulting. Silence can be a very effective way to signal rejection of a proposal or to obtain further concessions. Do not use pressure tactics such as applying time pressure or making expiring offers as these may be taken as signs that you are not willing to build a long-term relationship. Your counterparts may even choose to terminate the negotiation.

In general, Argentinean negotiators avoid openly aggressive or adversarial techniques. While they may make indirect threats and warnings or subtly display anger, they will be careful not to appear aggressive when doing so. Extreme openings may be viewed as unfriendly and are best avoided. Never walk out or threaten to do so in an aggressive fashion as your counterparts will likely take this as a personal insult and may end all talks. However, threatening a 'friendly walkout' while strongly emphasizing the relationship may be very effective.

Emotional negotiation techniques, such as attitudinal bargaining or attempting to make you feel guilty, are very frequent and can be effective. Be cautious not to hurt someone's personal pride when employing any of these tactics, though. Pleas to personal relationships and other emotional appeals, such as emphasizing how your proposal will add to your counterparts' personal satisfaction or heighten their honor, can be very powerful. Your counterparts may use temperamental outbursts as a way to throw you off-balance. Keep your cool and do not respond in kind since this could become counterproductive.

Argentines may frequently employ defensive tactics such as blocking or changing the subject, asking probing or very direct questions, making promises, or keeping an inflexible position.

Corruption and bribery are quite common in Argentina's public and private sectors. However, people may draw the line differently, viewing minor payments as rewards for getting a job done rather than as bribes. Also, keep in mind that there is a fine line between giving gifts and bribing. What you may consider a bribe, an Argentine may view as only a nice gift. It may help if you introduce and explain your company's policies early on, but be careful not to moralize or appear to imply that local customs are unethical.

**Decision Making** – Most companies are hierarchical, and people expect to work within clearly established lines of authority. Decision makers are usually senior executives who will consider the best interest of the group or organization. They rarely delegate their authority, so it is important to deal with people at the top of the hierarchy. Gaining access to top managers can be difficult, though. You may have to deal with subordinates who could strongly influence the final decision, which may be made behind closed doors. Maintaining good relationships with these intermediaries is crucial to your success. Although the pace of business is accelerating, decision making can be a slow process

that requires much patience. Attempts to rush or put pressure on the process are not likely to succeed.

When making decisions, businesspeople may not rely much on rules or laws. They usually consider the specific situation rather than applying universal principles. Personal feelings and experiences weigh more strongly than empirical evidence and other objective facts do, but people will consider all aspects. Argentines are often uneasy with change and reluctant to take risks. If you expect them to support a risky decision, you may need to find ways for them to become comfortable with it first, for instance by explaining contingency plans, outlining areas of additional support, or by offering guarantees and warranties.

### ***Agreements and Contracts***

Capturing and exchanging written understandings after meetings and at key negotiation stages is useful since oral statements and even handshakes are not always dependable. Do not rely on interim agreements to be final, even if they come in the form of written protocols. Any part of an agreement may still change significantly before both parties sign the final contract.

Written contracts tend to be lengthy and often spell out detailed terms and conditions for the core agreements as well as for many eventualities. Nevertheless, writing up and signing the contract is a formality. Argentines believe that the primary strength of an agreement lies in the partners' commitment rather than in its written documentation.

It is strongly advisable to consult a local legal expert before signing a contract. However, do not bring in your attorney until the negotiations have concluded. Argentines may read it as a sign of mistrust if you do.

Contracts are usually dependable, and the agreed terms are viewed as binding. Although partners are expected to remain somewhat flexible, requests to change contract details after signature may meet with strong resistance.

### ***Women in Business***

While *machismo* attitudes remain strong in this country, it has made a lot of progress towards gender equality over the last two decades. Women may be holding positions of similar income and authority as men. As a visiting businesswoman, emphasize your company's importance and your role in it. A personal introduction or at least a letter of support from a senior executive within your company may also help.

Female business travelers should graciously accept any chivalric gestures they receive, while exercising caution and acting professionally in business and social situations. Displaying confidence and some degree of assertiveness can be effective, but it is very important not to appear overly bold and aggressive.

### ***Other Important Things to Know***

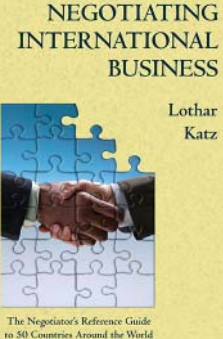
Impeccable appearance is very important in Argentina. Dress conservatively and make sure shoes and suit are in excellent condition. First impressions can have a significant impact on how people view you.

Be prepared for long work hours. Meetings and conferences between companies may go well into the night before the social part begins.

Business lunches are less common than business dinners. As in Spain and several other Latin American Countries, dinners usually start late, often between 9 and 10pm. Business is rarely discussed over meals. Wait to see whether your counterparts bring it up. If you can, avoid pouring wine, since there are several rituals and taboos around it that Argentines take very seriously.

Social events do not require strict punctuality. While it is best to arrive at dinners close to the agreed time, being late to a party by 30 minutes or more is perfectly acceptable.

Topics best avoided are the continuing tensions and conflicts between Argentina and Chile. Avoid making comparisons or talking about the similarities between the two countries. An equally sensitive topic is comparing Argentina with Brazil. In addition, do not talk about the conflict over the Malvinas (Falkland) Islands with Great Britain, and do not refer to citizens of the United States as Americans. While Argentineans are generally less sensitive to this point than other Latin Americans, some may feel that the term includes them, preferring to say *norteamericanos* or *North Americans* instead.

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