

Factors that affect the negotiation process of SMEs in trade shows

Luis Camilo Ortigueira-Sánchez^{1}, Olenka C. Stein²*

Abstract

The objective of this research is to identify the factors that affect the negotiation process of SMEs in trade shows, which represent one of the most important export promotion instruments. Semi-structured interviews were carried out with Peruvians who participated in negotiations. A conceptual model was developed, which integrates the various factors identified in the literature such as (1) background factors, (2) strategic factors, (3) cultural factors, (4) negotiator factors, and (5) psychological factors, in order to confirm their impact on the negotiation process. The results revealed factors that had not been previously considered in the literature, providing a valuable insight for a future study. This research seeks to maximize the effectiveness of negotiations at trade shows, which impact the performance and export activity of exhibiting firms, allowing better export promotion policies to be developed.

Keywords: export promotion policies; emerging economies; international business negotiations; negotiations process; trade shows; SMEs

Submitted: January 7th, 2022 / Approved: April 25th, 2022

Introduction

In emerging economies, small and medium-sized enterprises (SMEs) find business opportunities based on Export Promotion Organizations (Belloc, 2006), which provide support activities that overcome export barriers (Lederman et al., 2010). One of these is financing international trade shows (Calderón et al., 2005; Malca et al., 2019), which are effective export promotion instruments that generate knowledge and experience (Armario et al., 2009), and strengthen managerial capacities, which impact export performance (Leonidou et al., 2002). Trade shows are defined as “market events of a specific duration, held at regular intervals, at which a large number of companies present the main product range of one or more industry sectors” (Kirchgeorg et al., 2010, p. 63). These are especially beneficial for SMEs, as they allow reaching foreign buyers, generating business intelligence, promoting products, and generating sales (Hansen, 2004; Rinaldo et al., 2017).

Trade shows create an ideal environment for the development of international business negotiations, which are defined as “exchange processes between two (or more) individuals or entities... embedded in different national contexts” (Tinsley et al., 1999, p. 6). Its success requires managers to be aware of the factors that affect the negotiation process (Khakhar & Rammal, 2013; Saorín-Iborra & Cubillo, 2016), such as background factors, which influence the context of the negotiation; the atmosphere, which is determined by the relationship between the parties; and strategic and cultural factors, which are intrinsic to the process (Ghuri, 2003). Additionally, it has also been found that the process is strongly affected by negotiator factors (Brett & Thompson, 2016; Volkema, 2004), as well as psychological factors (Brett et al., 2017; Brett & Thompson, 2016).

Negotiation literature is characterized by a lack of theory consensus, highlighting its need to be studied from other perspectives, such as industrial marketing (Agndal et al., 2017); to study the context of the negotiation (Saorín-Iborra & Cubillo, 2016) and the interaction between negotiators (Brett & Thompson, 2016). Because most of the studies are experimental, this tends to decontextualize and simplify the negotiation (Agndal et al., 2017). Similarly, trade show literature has produced mixed results due to the lack of diversified research designs (Tafesse & Skallerud, 2015). To broaden the theoretical scope, it is necessary to apply more interpretive methods that provide an understanding of complex trade show phenomena. Likewise, most studies have focused on developed markets, such as the United States (Khakhar & Rammal, 2013; Rinaldo et al., 2017). The literature on export activity in emerging economies is scarce (Bianchi et al., 2017), and the context of the exporting SME is different (İpek & Bıçakcıoğlu-Peynirci, 2019) due to its resource limitation (Paul et al., 2017). Thus, it is necessary to expand the theoretical scope to emerging economies, such as Peru.

Given this, it is necessary to improve trade show performance, which are effective export promotion instruments for SMEs, by analyzing and maximizing the commercial exchanges that take place. An exploratory study was carried out which aims to identify the factors that affect the negotiation process of SMEs in trade shows. This study has theoretical implications in that it contributes to the literature by delving into complex trade show phenomena, such as the negotiation context and its interaction with other dimensions; and contributes to the emerging economies literature, examining the context of the exporting SME. Likewise, it has practical implications in that it contributes to the development of export promotion policies, carried out by governments in an effort to stimulate internationalization (Calderón et al., 2005).

(1) Department of Business Administration, School of Business, Universidad del Pacífico, Lima, Perú.

(2) Banco de Crédito del Perú (BCP), Lima, Perú

Corresponding author: lc.ortigueiras@up.edu.pe

Literature Review

Various studies have analyzed the factors that affect the negotiation process (Ahammad et al., 2015; Brett & Thompson, 2016; Ghauri, 2003; Phatak & Habib, 1996; Salacuse, 1999; Volkema, 2004). The model proposed by Ghauri (2003) has been adapted for the present study, since it considers many of the cultural factors identified in

other studies (Brett & Gelfand, 2005; Hofstede, 1980; Salacuse, 1999), considers culture and strategic factors intrinsic to the negotiation process, and has been used in emerging economies (Khakhar & Rammal, 2013). Figure 1 shows the conceptual model proposed by this study, which states that the negotiation process is affected by (1) background factors, (2) strategic factors, (3) cultural factors, (4) negotiator factors and (5) psychological factors.

Figure 1: Proposed conceptual model (Ghauri, 2003)

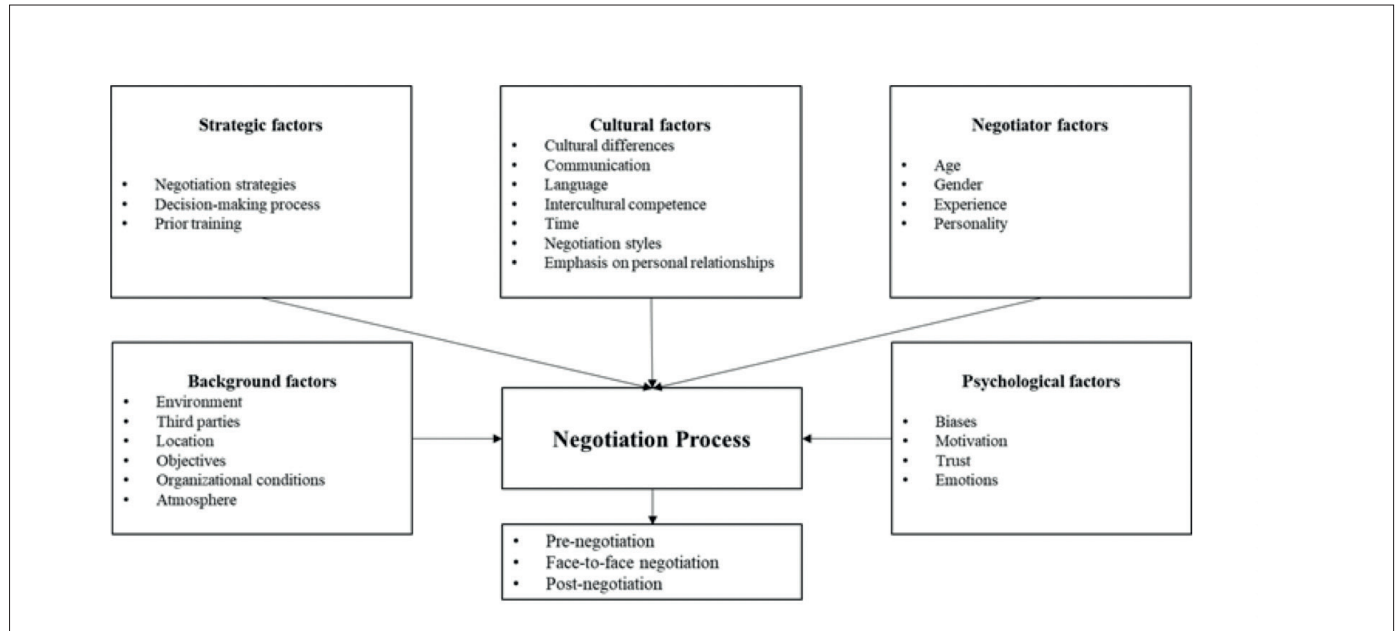


Table 1: Factors that affect the negotiation process

Factor	Variables	Findings	Author(s) / Year	Propositions
Background factors	Environment	Political, social and economic factors such as legal conditions, currency fluctuations, instability and change of foreign governments	Ghauri (2003); Phatak & Habib (1996); Tinsley et al. (1999); Reynolds et al. (2003); Volkema (2004)	P1
	Third parties	Governments, agents, consultants, interpreters and stakeholders contribute to negotiation effectiveness	Brouthers & Bamossy (1997); Ghauri (2003); Martin et al. (1999); Phatak & Habib (1996); Snavelly (1998)	P2
	Location	Favors one of the parties, attracts more buyers and develops business relationships that lead to further negotiations	Agndal et al. (2017); Bloch et al. (2017); Brown & Baer (2011); Mayfield et al. (1998); Rinallo et al. (2010); Tafesse & Skallerud (2016)	P3
	Objectives	Influences trade show performance and can be impacted by cultural factors	Bonoma, 1983; Ghauri (2003); Salacuse (1999)	P4
	Organizational conditions	Includes firm's size, culture, image and type of business, which impact bargaining power. Small firms are less likely to generate sales because of resource and management limitations	Ahammad et al. (2015); Gulbro & Herbig (1996); Kellezi (2014); Kotler (2003); Luo (1999); Moneyn (1998); Seringhaus & Rosson (2004); Snavelly (1998); Tanner (2002)	P5
	Atmosphere	Determined by the relationship between the parties and is associated with the degree of conflict/cooperation and power/dependence	Agndal et al. (2017); Brett & Thompson (2016); Ghauri (2003); Lewis (2006); Martin et al. (1999); Nair & Stafford (1998); Nowak & Dong (1997); Phatak & Habib (1996)	P6

Strategic factors	Negotiation strategies	Includes distributive and integrative strategies; influenced by culture and negotiators' interests and priorities	Brett (2000); Barry & Friedman (1998); Brett et al. (2017); Brett & Thompson (2016); Dinkevych et al. (2016); Ghauri (2003); Mintu-Wimsatt (2002); Salacuse (1999); Zhang & Shi (2017)	P7
	Decision-making process	How teams are organized reveals the negotiator's power to make decisions	Gelfand et al. (2013); Ghauri (2003); Hurn (2007); Martin et al. (1999); Salacuse (1999)	P8
	Prior training	Improves trade show performance and sales, since it leads negotiators to acquire new knowledge and behavior	Ling-Yee (2007); Movious (2008); Nadler et al. (2003); Sarmento et al. (2015); Tanner (2002)	P9
Cultural factors	Cultural differences	Assessed through cultural dimensions proposed by authors such as Hofstede (1980) and Brett et al. (2017).	Balbinot et al. (2012); Brett (2000); Brett et al. (2017); Dinkevych et al. (2016); Gelfand et al. (2011); Ghauri (2003); Hofstede (1980); Kirkman et al. (2006); Mintu-Wimsatt (2002); Volkema (2004)	P10
	Communication	Influenced by low-context and high-context cultures	Brett & Gelfand (2005); Brett et al. (2017); Brett (2000); Chmielecki & Sukowski (2017); Ghauri (2003); Hall (1976); Mintu-Wimsatt (2002); Nisbett et al. (2001); Salacuse (1999); Zhang & Shi (2017)	P11
	Language	Linguistic ability impacts negotiations and is strongly linked to culture	Lario de Oñate & Amador (2013); Rahman et al. (2017); Reynolds et al. (2003); Zhang & Shi (2017)	P12
	Intercultural competence	Leads to higher degree of adaptive sales and customer-oriented behavior, which impact trade show performance	Bachkirov et al. (2016); Lario de Oñate & Amador (2013); Pandey & Charoensukmongkol (2018); Thi Hong Lam & Liaw (2017)	P13
	Time	Impacted by monochronic and polychronic cultures	Ghauri (2003); Hurn (2007); Salacuse (1999); Zhang & Shi (2017)	P14
	Negotiation style	Influenced by negotiators' culture and varies according to the country of origin	Dinkevych et al. (2016); Ma & Jaeger (2010); Orheian (2014); Osman-Gani & Tan (2002); Salacuse (1999); Shi & Wright (2000)	P15
	Emphasis on personal relationships	Cultures place emphasis on developing relationships or on negotiation aspects	Ghauri (2003); Salacuse (1999)	P16
Negotiator factors	Age	Older people hold higher ethical standards than younger individuals	Kohlberg (1984); Volkema (1999); Volkema (2004); Weeks et al. (1999)	P17
	Gender	Men are more likely to initiate negotiations, use more aggressive tactics and maintain lower ethical standards	Bear (2011); Brett & Thompson (2016); Kray et al. (2001); Small et al. (2007); Smith & Rogers (2000); Volkema (2004)	P18
	Experience	Affects future relationships, generates better strategies, and increases trade show performance	Connor et al. (2005); Kass (2008); Luo (1999); Moran & Ritov (2007); Reynolds et al. (2003); Seiringhaus & Rosson (2001); Shi & Smith (2015); Steinel et al. (2007); Thompson (1990)	P19
	Personality	Assessed through different dimensions that predict negotiator behavior	Barry & Friedman (1998); Blythe (2009); Chow et al. (2012); Mintu-Wimsatt (2002); Orheian (2014); Shi & Wright (2001)	P20
Psychological factors	Biases	Represent expectations and preconceived beliefs, and are perpetuated through cultural values	Alavoine (2005); Brett & Thompson (2016); Gelfand & Christakopoulou (1999); Liu et al. (2012)	P21
	Motivation	Related to economic and social capital	Brett & Gelfand (2005); Brett & Thompson (2016); Ghauri (2003); Salacuse (1999)	P22
	Trust	Facilitates information exchange and leads to integrative results	Branzei et al. (2007); Brett & Thompson (2016); Brett et al. (2017); Gunia et al. (2011); Kong et al. (2014); Mintu-Wimsatt (2002)	P23
	Emotions	Help to establish a positive tone in negotiations and is affected by culture	Agndal et al. (2017); Brett & Gelfand (2005); Brett & Thompson (2016); Martin et al. (1999); Salacuse (1999)	P24

Note: Results obtained from the literature review

Methodology

Qualitative methods of research were the most appropriate choice given the study's aim to gain a deeper understanding of the individual's points of view and experiences (Bryman & Bell, 2015). Grounded theory was applied, which consists of producing a general theory or explanation that is applied to a specific context, from the perspective of various participants (Corbin & Strauss, 1990), and is especially useful when the theories available do not explain the problem or when they do not cover the participants, context or sample of interest (Hernández et al., 2014).

Data collection

In-depth interviews were applied through semi-structured questions, which allows the researcher to cover subjects not part of the initial structure and helps facilitate conversation (Bryman & Bell, 2015). The interview guide was developed with the help of an academic expert and was reviewed with others to ensure its comprehension. The interview started from general questions and delved into specific topics only when the interviewee previously mentioned it, in order to avoid any biased responses. The interviews were carried out at Universidad del Pacífico, but due to pandemic restrictions, they were completed by videoconference through Zoom. The first interviews were conducted in the second semester of 2017, and the last were conducted in October 2020; these were recorded with the permission of the interviewees and lasted approximately 30 to 45 minutes, depending on the participation level of the interviewee.

Sample selection

Qualitative research focuses on an in-depth exploration of a small sample, which culminates once theoretical saturation is reached, that is, when the last samples do not reveal any new or additional information (Charmaz, 2006). An ideal sample size is suggested to be 20 to 30 cases in grounded theory studies (Hernández et al., 2014). Interviewees were recruited via convenience and multiplicity (snowball) sampling, where key participants were identified and also provided more data (Hernández et al., 2014). In total, 40 interviews were conducted, of which 5% of the interviewees attended a trade fair for business intelligence purposes, 45% of them attended a domestic trade

fair in order to support a foreign buyer, and 50% of them attended an international trade fair in order to support an exhibiting firm. The latter allowed 20 valid interviews to be obtained, which helped to reach theoretical saturation.

The interviewees were international business students, ages 20-23 years old, during their last academic year at Universidad del Pacífico, the most prestigious education institution of business studies in Peru, who provided sales support to exhibiting Peruvian firms promoted by Promperú, a governmental trade promotion organization; and who directly observed and intervened in the negotiation processes during the Sial-Paris and Anuga-Germany trade fairs, aimed at the food and beverage sector; and the Premiere Vision-Paris fair, aimed at the textile and clothing sector, during the years 2016-2019. The interviewees were chosen based on their knowledge of international business, as well as their proficiency in English and other languages. Similarly, the study aimed to choose those who participated in the negotiation processes rather than those who directly negotiated, because they could provide an unbiased perspective given their neutral position.

Data analysis

With the permission of participants, the interviews were transcribed and the QSR Nvivo Pro-Version 12 program was used to develop the coding process that consists of two stages. The first is an open encoding stage, where the data is encoded into categories according to their similarities and differences; and a selective coding stage, where the categories are compared and grouped into general themes (Corbin & Strauss, 1990). It is recommended to retrieve at least three examples of units to justify each category (Hernández et al., 2014). Consequently, the findings were conceptualized through a taxonomy, developed from the literature review, and the variables identified were outlined. For the data analysis process, a simultaneous comparison and refinement was carried out with the data-collection process, a strategy quite useful for exploratory research (Charmaz, 2006). Consequently, a review process was initiated in order to strengthen the validity of the findings, where the results were shared with other experts and some of the interviewees. In this confirmation phase, comments on the interpretations were solicited and any issues in question were discussed.

Results and Discussion

Table 2: Category results

Category	Subcategories	Interviews	References	Coverage
Background factors	Booth space	6	9	30%
	Objectives	2	3	10%
	Third parties	10	10	50%
	Product differentiation	4	4	20%
	Previous relationship	3	3	15%
	Firm size	3	7	15%
Strategic factors	Prior training	9	12	45%
	Support tools	5	6	25%
	Time	4	7	20%

Cultural factors	Intercultural competence	7	12	35%
	Communication			
	Non-verbal communication	3	4	15%
	Verbal communication	10	11	50%
	Cultural differences	11	21	55%
	Emphasis on personal relationships	6	9	30%
	Negotiation style	12	19	60%
	Language proficiency	19	29	95%
Negotiator factors	International business knowledge	7	9	35%
	Experience	6	8	30%
	Formality	5	7	25%
	Negotiation skills	5	9	25%
	Personality	6	9	30%
Psychological factors	Trust	5	6	25%
	Biases	6	17	30%

Note: Results obtained from the interviews

Table 3: Proposition results

N°	Propositions	Results
P1	The environment affects the negotiation process at trade shows.	Not confirmed
P2	Third parties affect the negotiation process at trade shows.	Confirmed
P3	Location affects the negotiation process at trade shows.	Confirmed
P4	Objectives affect the negotiation process at trade shows.	Confirmed
P5	Organizational conditions affect the negotiation process at trade shows.	Confirmed
P6	The relationship between the parties affects the negotiation process at trade shows.	Confirmed
P7	Negotiation strategies affect the negotiation process at trade shows.	Partially confirmed
P8	The decision-making process affects the negotiation process at trade shows.	Not confirmed
P9	Prior training affects the negotiation process at trade shows.	Confirmed
P10	Cultural differences affect the negotiation process at trade shows.	Confirmed
P11	Communication affects the negotiation process at trade shows.	Confirmed
P12	Language affects the negotiation process at trade shows.	Confirmed
P13	Intercultural competence affects the negotiation process at trade shows.	Confirmed
P14	Time affects the negotiation process at trade shows.	Partially confirmed
P15	Negotiation styles affect the negotiation process at trade shows.	Confirmed
P16	Emphasis on personal relationships affects the negotiation process at trade shows.	Confirmed
P17	The negotiator's age affects the negotiation process at trade shows.	Partially confirmed
P18	The negotiator's gender affects the negotiation process at trade shows.	Not confirmed
P19	The negotiator's experience affects the negotiation process at trade shows.	Confirmed
P20	The negotiator's personality affects the negotiation process at trade shows.	Confirmed
P21	Negotiator biases affect the trading process at trade shows.	Confirmed
P22	Negotiator motivation affects the negotiation process at trade shows.	Not confirmed
P23	Negotiator trust affects the negotiation process at trade shows.	Confirmed
P24	Negotiator emotions affect the negotiation process at trade shows.	Not confirmed

Note: Results obtained from the interviews

Background factors

Booth space was found to influence the negotiation process, particularly, the stand's organization and design as well as product presentation. This is consistent with studies that have found that the physical location of the booth can attract more buyers and lead to further negotiations (Bloch et al., 2017). One study found that trade show environment is filled with sensorial stimuli, such as sounds or objects, which compete to attract the visitors' attention and can lead to overload and physical fatigue (Rinallo et al., 2010; Tafesse & Skallerud, 2016). As one interviewee mentioned: "There were many people for a limited space in the stands... all external distractions hindered the negotiation" (Participant 8, interview, 2017). *Objectives* were also found to affect the negotiation process, revealing that some focused on developing relationships while others focused directly on product aspects. These findings confirm studies in the literature that suggest that objectives affect negotiations (Ghauri, 2003; Salacuse, 1999) and have a direct impact on trade show performance (Bonoma, 1983).

Third parties were also found to affect the negotiation process since many of the exhibiting firms relied on translators or sales support. In many cases, they were not aware of the technical aspects of the business and did not have the necessary preparation or skills; and the use of translators could sometimes hinder the communication process. In the literature, it has been found that using external agents improves the negotiation process (Ghauri, 2003; Martin et al., 1999; Snavelly, 1998), which highlights the importance of studying negotiations in context. Moreover, the interviews revealed that having *differentiated products* increases customer interest, leading to greater negotiations. Firms that had a wide portfolio of quality products that were innovative and certified were highly valued by consumers: "Peru was becoming well-known... for having rare products ... what they offered was something that caught consumers' attention" (Participant 3, interview, 2017).

The results also revealed that the parties' *previous relationship* affects the negotiation process, since it increases trust and facilitates the process; nonetheless, it can jeopardize the development of relationships with new clients, since companies prefer to negotiate with those they are familiar with. These findings are consistent with studies that suggest that prior collaboration influences negotiators' behavior (Luo, 1999; Kass, 2008; Reynolds et al., 2003), where those who previously failed to reach an agreement were less likely to negotiate a second time (Connor et al., 2005).

The interviews also revealed that the *size of the firm* affects the negotiation process, since larger companies had greater budgets, knew how to negotiate in multicultural settings because of their exposure to international markets, and were able to distribute responsibility evenly. This is consistent with research findings that suggest that small firms are less likely to generate sales and attract buyers due to their lack of adequate training; limited access to resources (Tanner, 2002; Seringhaus & Rosson, 2004), informal marketing practices (Kotler, 2003) and centralized management structure (Kellezi, 2014). The firm's size was strongly linked to the firm's years of experience, where those with more experience set clear goals and organized themselves

efficiently, while small companies had inexperienced personnel: "The size of the company has a great influence... [they] came with teams and divided tasks, optimized their time and knew how to handle relationships well" (Participant 8, interview, 2017).

Strategic factors

The results revealed that *prior training* affects the negotiation process and was usually performed by governmental institutions, such as PromPerú, in an effort to promote exports. The training covered activities such as identifying potential customers and key resources. The research findings are consistent with studies that have found that prior training improves trade show performance and sales (Ling-Yee, 2007; Sarmiento et al., 2015; Tanner, 2002); and can lead negotiators to acquire new knowledge and behaviors (Movius, 2008). Prior training also includes the firm's preparation before the negotiation itself, which was found to generate a greater level of interest and trust; such activities include having a speech prepared, selecting topics to discuss, and formulating potential strategies. The interviews also revealed that *support tools*, such as samples and brochures, can positively affect the negotiation process, as was mentioned: "Bringing samples is very important in this type of fair... having the product presented to you in a picture is not the same as presenting it in a bag, which is what will finally reach the company" (Participant 14, interview, 2017).

Time was also found to affect negotiations given that trade shows involve different activities, such as building relationships and collecting information, that can limit the time spent negotiating. In the literature, the perception of time has been strongly linked to cultural differences (Salacuse, 1999; Ghauri, 2003). The interviews revealed that time should be strategically used since it can lead to loss of clients: "When there is little time, there is more pressure and... you have less options to negotiate... in fact, customers were lost" (Participant 9, interview, 2017).

Cultural factors

Cultural factors were considered highly relevant for the negotiation process, where *intercultural competence* played a key role. The interviews revealed that it was important for the negotiator to have the skills necessary to negotiate in multicultural settings, such as trade shows, and to recognize that each cultural group has different protocols; being aware of these differences can generate rapport between the parties. This confirms research findings that suggest that higher degrees of cultural intelligence lead to greater sales (Bachkirov et al., 2016), since it impacts customer-oriented behavior (Pandey & Charoensukmongkol, 2018). Related to this were *negotiation styles*, which were found to affect the negotiation process. The interviews revealed that these were considerably different between cultures, confirming results found by Orheian (2014), Osman-Gani and Tan (2002) and Salacuse (1999). As one interviewee mentioned: "The negotiation style of different cultures was obvious. It is very different how an American or a European or an Asian talk to you and negotiate" (Participant 10, interview, 2020).

It was also found that *communication* affects the negotiation process, which encompasses verbal and non-verbal communication. Different cultures communicate differently, with some being more direct and others relying more on body language and gestures. For example, it was

found that Latin Americans use their hands a lot when communicating, while other Asian cultures relied heavily on verbal communication. This confirms various results found in the literature that suggest that low-context cultures have clear and concise communication while high-context cultures have 'unwritten' rules and norms (Hall, 1976), which impacts the negotiators' mindset (Brett et al., 2017).

In line with this, 95% of interviewees mentioned that *language proficiency* was highly important for the negotiation process, since it establishes trust with clients. It was also revealed that while English is the most commonly used language, being fluent in other languages had positive results in the negotiation process and it was important to speak the language from a business perspective since many technical terms are used: "*Speaking another language besides English is important because you empathize with the client and understand those cultural differences*" (Participant 6, interview, 2020). This confirms studies that propose that linguistic ability is essential for negotiations (Lario de Oñate and Amador, 2013), and the inability to use language correctly can hinder the commercial prospects of negotiations (Rahman et al., 2017).

Cultural differences were also mentioned during the interviews. It was revealed that cultural dimensions proposed by Hofstede (1980) were found to affect the negotiation process. For example, cultures with a high-power distance, such as the Arab, preferred negotiating with older and more experienced negotiators since they have more rigid hierarchies; cultures with a low long-term orientation, such as Peru, focused on closing an agreement rather than developing a future relationship with the client; and cultures high on masculinity, such as Ecuador, proved to be more competitive and even rejected negotiations with those they deemed threatening. Various studies have found that individualism or uncertainty avoidance are explicitly linked to the choice of strategies used in negotiations (Brett, 2000; Dinkevych et al., 2016); individualistic negotiators are more independent and goal driven (Dinkevych et al., 2016); and negotiators in masculine societies focus on seeking information rather than developing a relationship (Volkema, 2004).

Finally, the interviews revealed that certain cultures place more *emphasis on personal relationships*, which affected the negotiation process. It was found that some negotiators would prioritize the relationship developed during the process rather than the technical aspects of the agreement, confirming findings by Salacuse (1999) and Ghauri (2003) which suggest that some cultures are more concerned with the issue being discussed and the future relationship between organizations, while in others, the negotiator's personality is more important than negotiation aspects. As it was mentioned: "*Those from European countries... spoke to you directly, they did not seek to interact with you in a personal way but purely for work*" (Participant 14, interview, 2017).

Negotiator factors

International business knowledge was found to affect the negotiation process, since the process involves negotiating costs and quantities. Managers must be aware of the technical terminologies used, such

as incoterms, especially in settings such as trade shows. In many cases, it was found that the negotiator was not aware of the technical or business aspects of the negotiation. In relation to this, *negotiation skills* were found to affect the negotiation process, confirming various studies found in the literature (Bachkirov et al., 2016; Lario de Oñate & Amador, 2013). The negotiator's ability to negotiate, sell a product, and develop a relationship with the client are important aspects of negotiations in trade shows: "*It's important to know how to approach people, what to say to them, how to treat them so that they can engage and be interested in the product.*" (Participant 2, interview, 2017).

The interviews also revealed that negotiators' *experience* was an important factor for the negotiation process, highlighting its positive outcome. Experience affects an individual's negotiation style, optimizes time, increases client knowledge, and even influences client selection. This is consistent with various studies that have found experience to affect trade show performance (Moran & Ritov, 2007; Shi & Smith, 2015). For example, Seringhaus and Rosson (2001) found that negotiators who participated in a greater number of trade shows were able to connect with more potential customers and were able to generate greater sales, since experience increases organizational knowledge and improves management skills.

The interviews also confirmed literature findings regarding negotiators' *personality* (Barry & Friedman, 1998; Chow et al., 2015; Mintu-Wimsatt, 2002; Orheian, 2014; Shi & Wright, 2000). The negotiation process was affected by the negotiator's risk aversion, assertiveness and extraversion; it even affected the strategies used, with some being more distributive than others. As one interviewee mentioned: "*They were different... one was kinder than the other... it was like, 'if you are interested, ask me', [but] the other [negotiator] was riskier and more aggressive*" (Participant 2, interview, 2017).

Moreover, interviewees mentioned negotiators' *formality* as a variable that affects the negotiation process. The results revealed a lack of professionalism on the part of some Peruvian exhibitors, which was reflected in their ability to interact with the counterpart and resulted in lack of trust. This factor can be strongly linked to culture, since Latin Americans tend to be more informal, but it can also be related to the educational level, which is generally low in Peru. As an interviewee mentioned: "*The negotiations were a bit atypical, because at times he would intervene and at times... his wife would intervene... and even involve his 16-year-old son. And I think that sometimes it seemed unprofessional because people from important companies came.*" (Participant 17, interview, 2020). The lack of research on formality may be explained by the literature's lack of studies regarding SMEs from emerging economies.

Psychological factors

Trust was mentioned several times during the interviews, revealing that it generated honesty and willingness between the parties, and was manifested through the negotiator's strategies, use of language or personality. This confirms previous findings which suggest that trust facilitates information exchange (Kong et al., 2014; Mintu-Wimsatt, 2002); helps to understand each other's priorities in order to obtain

joint gains (Gunia et al., 2011); and is strongly affected by culture (Branzei et al., 2007; Brett et al., 2017).

Biases were also found to influence negotiations, revealing that negotiators will hinder the possibility of developing commercial relationships with clients they had a negative preconceived notion of. It was also revealed that negotiators will prioritize clients based on these biases and even reject negotiating with people from certain cultural groups; some will prefer negotiating with those they deemed potential clients based on their past experiences. Biases were also associated with the negotiator's age, revealing that some clients will prefer negotiating with those they considered more experienced. The results confirm literature findings which suggest that biases are affected by negotiators' differences in priorities (Brett & Thompson, 2016) and are perpetuated through cultural values (Gelfand & Christakopoulou, 1999). As it was mentioned: "*Her previous experience had never been good. She had already learned that all they wanted was to find the cheapest product... she thought they wanted to copy her or take her products*" (Participant 9, interview, 2017).

Conclusions and Recommendations

The present study developed an integrative and holistic model that highlights the main findings of the literature. Although other studies have identified various factors that affect the negotiation process (Ahhammad et al., 2015; Brett & Thompson, 2016; Ghauri, 2003; Phatak & Habib, 1996; Volkema, 2004; Salacuse, 1999), these have been done under different perspectives, generating fragmented results. Through the proposed model, this study integrates those factors previously identified in order to confirm their relevance in the context of trade shows. From the literature review, five main factors were identified: (1) background factors, (2) strategic factors, (3) cultural factors, (4) negotiator factors and (5) psychological factors.

The literature review also made it possible to identify those variables shown to impact negotiations, which were later grouped according to the factors mentioned above. These variables generated a series of propositions in order to confirm their findings through the present qualitative study. However, there is not enough evidence for those partially confirmed or unconfirmed variables, given that grounded theory seeks to produce an explanation or theory about a specific context by delving into a small sample (Charmaz, 2006). The variables identified in this study will serve as valuable insight for a future study that seeks to analyze the relationship between the factors and their negotiation performance.

Finally, the results of the interviews made it possible to discover variables, associated with the different factors identified, that had not been previously considered in the literature. The present study revealed that differentiated products, support tools, international business knowledge and formality are variables inherent to the negotiation context, which are an integral part of the background factors, the strategic factors, and the negotiator factors, respectively. These new findings are an essential part of this study's contribution and highlight the importance of studying negotiations in context, such as trade shows.

Theoretical and practical implications

In general, the results confirm many of the theoretical contributions found in the literature and generates a holistic view of negotiations and its process by integrating the various factors found. From a broader theoretical point of view, this study overcomes the limitations of previous studies that have analyzed international business negotiations from two main perspectives: the macro-strategic view, based on the interactions between organizations; and the micro-behavioral view, based on individual negotiators and their behavior (Tinsley et al., 1999; Weiss, 2006). Similarly, this study provides a valuable perspective by analyzing negotiations from a scarcely studied context such as trade shows and from the perspective of SMEs in emerging economies. Since trade shows are an effective export promotion tool, this study contributes to the literature on export activity in emerging economies and delves into one of the main sales-related activities that impact trade show performance.

Regarding the practical implications, exhibiting firms interested in improving the use of trade shows as export promotion instruments, must take into account the factors identified in the present study, both those that were extracted from the literature and those that were discovered in the results. Exhibiting managers must have an adequate prior preparation, know how to overcome cultural barriers and have knowledge on international business in order to propose strategies that help establish an effective relationship with the client. The factors presented in this study are a valuable input for export promotion policies, which are developed by governments in an effort to overcome export barriers and promote the internationalization of firms. Based on the results, public institutions should develop export promotion policies aimed at strengthening the negotiation capacities of exhibiting managers through training or workshops that maximize the commercial encounters at trade shows.

Limitations

The present findings must be viewed with the usual drawbacks of qualitative research studies, which aim to conceptualize and not generalize. Therefore, the results are not representative of the population, since grounded theory seeks to build a general theory or explanation from the data analyzed (Charmaz, 2006). On the other hand, the study is limited in terms of the selected sample. While efforts were made to ensure that the selected participants could provide a valuable perspective on the negotiation process, the sample is confined to students with minimum experience in trade shows and does not include negotiation experts. Given that the focus of the study was to explore the factors that affect the negotiation process, the use of the limited sample is justified. Finally, the online interviews may represent a limitation for the study since they could generate an impersonal environment for the interviewee; however, the method was chosen given the current context of the pandemic.

Future recommendations

As future lines of research, further studies should take a confirmatory approach to validate the factors and variables presented in this study.

Exploring perceptions from participants in other emerging economies and contrasting them with those from developed economies, as well as interviewing participants with more experience in trade shows, would be an interesting avenue for future research. Finally, this study did not contemplate the current context created by the spread of covid-19. It would be interesting to investigate how the pandemic has changed the trade fair industry, which are currently carried out on digital platforms, and how it has affected its main activities, such as international business negotiations.

References

- Agndal, H., Åge, L., & Frick, L. (2017). Two decades of business negotiation research: an overview and suggestions for future studies. *Journal of Business & Industrial Marketing*, 32(4), 487-504.
- Ahammad, M., Tarba, S., Liu, Y., Glaister, K., & Cooper, C. (2015). Exploring the factors influencing the negotiation process in cross-border M&A. *International Business Review*, 1-13.
- Alavoine, C. (2005). Intercultural Aspects of International Business Negotiations. *Knowledge-Based Economy*, 23-41.
- Angles, E. (2016). La evaluación del desempeño ferial de los expositores en ferias internacionales en el Perú: el caso de los expositores en las ferias internacionales Perú moda y la Perú gift del año 2010. *Gestión en el Tercer Milenio*, 19(37), 95-103.
- Armario, J., Rastrollo, M., & González, E. (2009). La internacionalización de la empresa: el conocimiento experimental como determinante del resultado en mercados exteriores. *Cuadernos de Economía y Dirección de la Empresa*, 12(39), 123-149.
- Bachkirov, A., Rajasekar, J., & Da Silva, M. (2016). Industrial buyer-seller interactions: Negotiating in the Arabian Gulf. *Review of International Business and Strategy*, 26(1), 33-49.
- Balbinot, Z., Minghini, L., & Borim-de-Souza, R. (2012). Indigenous Brazilian Management Practices. *Journal of Technology Management & Innovation*, 7(4), 132-147.
- Barry, B., & Friedman, R. (1998). Bargainer Characteristics in Distributive and Integrative Negotiation. *Interpersonal relations and group processes*, 74(2), 345-359.
- Bear, J. (2011). Passing the buck: Incongruence between gender role and topic leads to avoidance of negotiation. *Negotiation and Conflict Management Research*, 4(1), 47-72.
- Belloc, M. (2006). Institutions and international trade: A reconsideration of comparative advantage. *Journal of Economic Surveys*, 20(1), 3-26.
- Bianchi, C., Glavas, C., & Mathews, S. (2017). SME international performance in Latin America. *Journal of Small Business and Enterprise Development*, 24(1), 176-195.
- Bloch, P., Gopalakrishna, S., Crecelius, A., & Scatolin, M. (2017). Exploring booth design as a determinant of trade show success. *Journal of Business-to-business Marketing*, 1-20.
- Blythe, J. (2009). Trade fairs as communication: a new model. *Journal of Business & Industrial Marketing*, 25(1), 57-62.
- Bonoma, T. (1983). Get more out of your trade shows. *Harvard Deusto Business Review*, 15, 109-118.
- Branzei, O., Vertinsky, I., & Camp, R. (2007). Culturecontingent signs of trust in emergent relationships. *Organizational Behavior and Human Decision Processes*, 104(1), 61-82.
- Brett, J. (2000). Culture and Negotiation. *International Journal of Psychology*, 35 (2), 97-104.
- Brett, J., & Gelfand, M. (2005). A Cultural Analysis of the Underlying Assumptions of Negotiation Theory. *Negotiation Theory and Research*, 173-201.
- Brett, J., & Thompson, L. (2016). Negotiation. *Organizational Behavior and Human Decision Processes*, 136, 68-79.
- Brett, J., Gunia, B., & Teucher, B. (2017). Culture and Negotiation Strategy: A Framework for Future Research. *The Academy of Management Perspectives*, 31(4), 288-308.
- Brouthers, K., & Bamossy, G. (1997). The role of key stakeholders in international joint venture negotiations: case studies from Eastern Europe. *Journal of International Business Studies*, 26(2), 285-308.
- Brown, G., & Baer, M. (2011). Location in negotiation: Is there a home field advantage? *Organizational Behavior and Human Decision Processes*, 114, 190-200.
- Bryman, A., & Bell, E. (2015). *Business Research Methods*. (3ra ed.). Oxford University Press Inc.
- Calderón, H., Fayós, T., & Cervera, A. (2005). A Model for Valuation of Government Export Promotion Policies: An Empirical Analysis in the Spanish Context for a Market Oriented Perspective. *International Review on Public and Non Profit Marketing*, 2(2), 34-49.
- Charmaz, K. (2006). *Constructing Grounded Theory. A practical Guide through Qualitative Analysis*. Sage Publications.
- Chmielecki, M., & Sulkowski, L. (2017). Negotiation metaphors in a cross-cultural setting - research findings from china, ireland, poland and the united states. *Economic and Social Development: Book of Proceedings*, 553-560.
- Chow, P., Cheung, S., Young, C., & Wah, C. (2015). The roles of withdrawal in the negotiator personality-tactic relationship. *Journal of Business Economics and Management*, 16(4), 808-821.

- Connor, K., Arnold, J., & Burris, E. (2005). Negotiators' Bargaining Histories and Their Effects on Future Negotiation Performance. *Journal of Applied Psychology*, 90(2), 350–362.
- Corbin, J., & Strauss, A. (1990). Grounded Theory Research: Procedures, Canons, and Evaluative Criteria. *Qualitative Sociology*, 13(1), 3–21.
- Dinkevych, E., Wilken, R., Aykac, T., Jacob, F., & Prime, N. (2016). Can outnumbered negotiators succeed? The case of intercultural business negotiations. *International Business Review*, 1–12.
- Gelfand, M. J., Brett, J., Gunia, B. C., Imai, L., Huang, T. J., & Hsu, B. F. (2013). Toward a Culture-by-Context Perspective on Negotiation: Negotiating Teams in the United States and Taiwan. *Journal of Applied Psychology*, 98(3), 504–513.
- Gelfand, M., & Christakopoulou, S. (1999). Culture and Negotiator Cognition: Judgment Accuracy and Negotiation Processes in Individualistic and Collectivistic Cultures. *Organizational Behavior and Human Decision Processes*, 79(3), 248–269.
- Gelfand, M., Raver, J., Nishii, L., Leslie, L., Lun, J., Lim, B., & et. al. (2011). Differences between tight and loose cultures: A 33-nation study. *Science*, 1100–1104.
- Ghauri, P. (2003). A Framework for International Business Negotiations. En P. Ghauri, & J. Usunier, *International Business Negotiations (2nd Edition)* (págs. 3–22). Pergamon.
- Gulbro, R., & Herbig, P. (1996). Cross-cultural negotiating processes. *Industrial Management*, 96(3), 17–23.
- Gunia, B., Brett, J., Nandkeolyar, A., & Kamdar, D. (2011). Paying a price: Culture, trust and negotiation consequences. *Journal of Applied Psychology*, 96(4), 774–789.
- Hall, E. (1976). *Beyond culture*. Anchor Books.
- Hansen, K. (2004). Measuring performance at trade shows Scale development and validation. *Journal of Business Research*, 57, 1–13.
- Hernández, R., Fernández, C., & Baptista, P. (2014). *Metodología de la investigación*. McGRAW-HILL / INTERAMERICANA EDITORES, S.A. DE C.V.
- Hofstede, G. (1980). *Culture's Consequences: International Differences in Work-Related Values*. Beverly Hills: Sage.
- Hurn, B. (2007). The influence of culture on international business negotiations. *Industrial and Commercial Training*, 39(7), 354 - 360.
- İpek, İ., & Bıçakcıoğlu-Peynirci, N. (2019). Export market orientation: An integrative review and directions for future research. *International Business Review*, 29(4).
- Kass, E. (2008). Interactional justice, negotiator outcome satisfaction, and desire for future negotiations. *International Journal of Conflict Management*, 19(4), 319 - 338.
- Kellezi, J. (2014). Trade shows: A strategic marketing tool for global competition. *Procedia Economics and Finance*, 9, 466–471.
- Khakhar, P., & Rammal, H. (2013). Culture and business networks: International business negotiations with Arab managers. *International Business Review*, 22, 578–590.
- Kirchgeorg, M., Springer, C., & Kastner, E. (2010). Objectives for successfully participating in trade shows. *Journal of Business & Industrial Marketing*, 25(1), 63–72.
- Kirkman, B., Lowe, K., & Gibson, C. (2006). A quarter century of culture's consequences: A review of empirical research incorporating Hofstede's cultural values framework. *Journal of International Business Studies*, 37(3), 285–320.
- Kohlberg, L. (1984). *The psychology of moral development: moral stages and the life cycle*. Harper and Row.
- Kong, D., Dirks, K., & Ferrin, D. (2014). Interpersonal trust within negotiations: Meta-analytic evidence, critical contingencies, and directions for future research. *Academy of Management Journal*, 57(5), 1235–1255.
- Kotler, P. (2003). *Marketing Insight From A to Z. 80 Concepts a Manager Needs to Know*. John Wiley & Sons, Inc.
- Kray, L., Thompson, L., & Galinsky, A. (2001). Battle of the sexes: Gender stereotype confirmation and reactance in negotiations. *Journal of Personality and Social Psychology*, 80(6), 942–958.
- Lario de Oñate, C., & Amador, M. (2013). The intercultural component in Business English textbooks. *Ibérica, Revista de la Asociación Europea de Lenguas para Fines Específicos*, 26, 171–194.
- Leonidou, L., Katsikeas, C., & Hadjimarcou, J. (2002). Building successful export business relationships: a behavioral perspective. *Journal of International Marketing*, 55(1), 95–115.
- Ling-ye, L. (2007). The effects of firm resources on trade show performance: how do trade show marketing processes matter? *Journal of Business & Industrial Marketing*, 23(1), 35–47.
- Liu, L., Friedman, R., Barry, B., Gelfand, M., & Zhang, Z. (2012). The dynamics of consensus building in intracultural and intercultural negotiations. *Administrative Science Quarterly*, 57(2), 269–304.
- Luo, Y. (1999). Toward a conceptual framework of international joint venture negotiations. *Journal of International Management*, 5, 141–165.

- Ma, Z., & Jaeger, A. (2010). A comparative study of the influence of assertiveness on negotiation outcomes in Canada and China. *Cross Cultural Management: An International Journal*, 17(4), 333-346.
- Malca, O., Peña-Vinces, J., & Acedo, F. (2019). Export promotion programmes as export performance catalysts for SMEs: insights from an emerging economy. *Small Business Economics*, 1-21.
- Martin, D., Herbig, P., Howard, C., & Borstorff, P. (1999). At the table: observations on Japanese negotiation style. *American Business Review*, 65-71.
- Mayfield, J., Mayfield, M., Martin, D., & Herbig, P. (1998). How location impacts international business negotiations. *Review of Business, Winter*, 21-24.
- Mintu-Wimsatt, A. (2002). Personality and Negotiation Style: The Moderating Effects of Cultural Context. *Thunderbird International Business Review*, 44(6), 729-748.
- Money, R. (1998). International multilateral negotiations and social networks. *Journal of International Business Studies*, 29(4), 695-710.
- Moran, S., & Ritov, I. (2007). Experience in integrative negotiations: What needs to be learned? *Journal of Experimental Social Psychology*, 43, 77-90.
- Movius. (2008). The Effectiveness of Negotiation Training. *Negotiation Journal*, 509-531.
- Nadler, J., Thompson, L., & Van Boven, L. (2003). Learning Negotiation Skills: Four Models of Knowledge Creation and Transfer. *Management Science*, 49(4), 529-540.
- Nisbett, R., Peng, K., Choi, I., & Norenzayan, A. (2001). Culture and systems of thought: Holistic versus analytic cognition. *Psychological Review*, 108, 291-310.
- Orheian, M. (2014). Negotiator-Key Factors during a Successful International Negotiation. *Faculty of Tourism and Commercial Management*, 251-255.
- Osman-Gan, A., & Seng, J. (2002). Influence of Culture on Negotiation Styles of Asian Managers: An Empirical Study of Major Cultural/Ethnic Groups in Singapore. *Thunderbird International Business Review*, 44(6), 819-839.
- Pandey, A., & Charoensukmongkol, P. (2018). Contribution of Cultural Intelligence to Adaptive Selling and Customer-Oriented Selling of Salespeople at International Trade Shows. *Journal of Asia Business Studies*, 21(1), 9-30.
- Paul, J., Parthasarathy, S., & Gupta, P. (2017). Exporting challenges of SMEs: A review and future research agenda. *Journal of World Business*, 52(3), 327-342.
- Phatak, A., & Habib, M. (1996). *The dynamics of international business negotiations*. Business Horizons.
- Rahman, M., Uddin, M., & Lodorfos, G. (2017). Barriers to enter in foreign markets: evidence from SMEs in emerging market. *International Marketing Review*, 34(1), 68-86.
- Reynolds, N., Simintiras, A., & Vlachou, E. (2003). International business negotiations Present knowledge and direction for future research. *International Marketing Review*, 20(3), 236-261.
- Rinallo, D., Bathelt, H., & Golfetto, F. (2017). Economic geography and industrial marketing views on trade shows: Collective marketing and knowledge circulation. *Industrial Marketing Management*, 61, 93-103.
- Rinallo, D., Borghini, S., & Golfetto, F. (2010). Exploring visitor experiences at trade shows. *Journal of Business & Industrial Marketing*, 25(4), 249-258.
- Salacuse, J. (1999). Intercultural Negotiation in International Business. *Group Decision and Negotiation*, 8, 217-236.
- Saorin-Iborra, M., & Cubillo, G. (2016). Influence of Time Pressure on the Outcome of Intercultural Commercial Negotiations. *Journal of Promotion Management*, 22(4), 1-15.
- Sarmento, M., Simões, C., & Farhangmehr, M. (2014). Applying a relationship marketing perspective to B2B trade fairs: The role of socialization episodes. *Industrial Marketing Management*, 1-11.
- Seringhaus, F., & Rosson, P. (2001). Firm Experience and International Trade Fairs. *Journal of Marketing Management*, 17, 877-901.
- Seringhaus, F., & Rosson, P. (2004). An Analysis Model for Performance Measurement of International Trade Fair Exhibitors. *Problems and Perspectives in Management*, 2(4), 152-165.
- Shi, W., & Smith, P. (2015). Effects of international trade show marketing strategies on trade show performance: Does experience matter? *Wood and fiber science: journal of the Society of Wood Science and Technology*, 47(1), 1-13.
- Shi, X., & Wright, P. (2001). Developing and validating an international business negotiator's profile. *Journal of Managerial Psychology*, 16(5), 364 - 389.
- Small, D., Gelfand, M., Babcock, L., & Gettman, H. (2007). Who goes to the bargaining table? The influence of gender and framing on the initiation of negotiation. *Journal of Personality and Social Psychology*, 93(4), 600-613.
- Smith, A., & Rogers, V. (2000). Ethics-related responses to specific situation vignettes: evidence of gender-based differences and occupational socialization. *J Bus Ethics*, 28(1), 73 - 86.

- Snavely, W. (1998). *Cross-cultural peculiarities of the Russian entrepreneur: adapting to the new Russian*. Business Horizons.
- Steinel, W., Abele, A., & De Dreu, C. (2007). Effects of Experience and Advice on Process and Performance in Negotiations. *Group Processes & Intergroup Relations*, 10(4), 533–550.
- Tafesse, W., & Skallerud, K. (2015). Towards an exchange view of trade fairs. *Journal of Business & Industrial Marketing*, 30(7), 795-804.
- Tafesse, W., & Skallerud, K. (2016). A systematic review of the trade show marketing literature: 1980–2014. *Industrial Marketing Management*, 1-13.
- Tanner, J. (2002). Leveling the playing field: factors influencing trade show success for small companies. *Industrial Marketing Management*, 31, 229 – 239.
- Thi Hong Lam, N., & Liaw, S. (2017). Comparing Mediation Role of Cultural Intelligence and Self-Efficacy on the Performance of International Business Negotiation. *International Business Research*, 10(7), 22-33.
- Thompson, L. (1990). The influence of experience on negotiation performance. *Journal of Experimental Social Psychology*, 26, 528–544.
- Tinsley, C., Curhan, J., & Wak, R. (1999). Adopting a Dual Lens Approach for Examining the Dilemma of Differences in International Business Negotiations. *International Negotiation*, 4, 5-22.
- Volkema, R. (1999). Ethicality in negotiations: an analysis of perceived similarities and differences between Brazil and the United States. *J Bus Res*, 45, 59 – 67.
- Volkema, R. (2004). Demographic, cultural, and economic predictors of perceived ethicality of negotiation behavior: A nine-country analysis. *Journal of Business Research*, 57, 69 – 78.
- Weeks, W., Moore, C., McKinney, J., & Longenecker, J. (1999). The effects of gender and career stage on ethical judgment. *J Bus Ethics*, 20(4), 301-313.
- Weiss, S. (2006). International Business Negotiation in a Globalizing World: Reflections on the Contributions and Future of a (Sub) Field. *International Negotiation*, 11, 287–316.
- Zhang, J., & Shi, Y. (2017). The Application of Vague Language in International Business Negotiations from a Cross-cultural Perspective. *Theory and Practice in Language Studies*, 17(7), 585-589.