

## ASSESSING THE SUCCESS OF THE BUSINESS NEGOTIATION PROCESS: A SECTORAL COMPARISON

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### ABSTRACT

*In this paper, we examine the success of the negotiation process and address the differences in success assessment between industry groups, i.e., between the primary and secondary sectors on the one hand and service sectors on the other. For this purpose, non-parametric statistics were used, including descriptive statistics, correlation, and regression analyses. In the primary and secondary sectors, outcome- and deadline-related measures of success are not affected by negotiation frequency or domestic market dominance, while there is a weak positive relationship between negotiation frequency and overall satisfaction. However, four significant relationships emerged in the service sectors. Managers who negotiate more frequently report higher satisfaction with negotiation outcomes and overall satisfaction, and those who negotiate more frequently with foreign counterparts express greater satisfaction with negotiation outcomes and meeting deadlines. The paper seeks to enrich our understanding of the negotiation process and the current literature on business negotiation by providing new insights into how Croatian managers assess success and the differences in success assessment between industry groups.*

**Key words:** *business negotiation, negotiation success, negotiation outcome, sectoral comparison, Croatia.*

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## 1. INTRODUCTION

Negotiation is a constant aspect of our lives and takes place in a variety of contexts, such as interactions with customers, suppliers, unions, or one's own family. Negotiation is the daily give and take in social interactions<sup>1</sup> and it can be understood as a process that involves the exchange of information between parties<sup>2</sup>. Entering into negotiations is advantageous, even if there is a possibility that the demand will lead to setbacks<sup>3</sup>. In essence, it is an agreement between two or more parties on a specific subject matter that adds value to one or more of the parties involved. Negotiation consists of a variety of joint decision-making processes<sup>4</sup> and can only take place when the parties affirm their interest in working together or reaching a joint agreement<sup>5</sup>. On the other hand, negotiations are highly influential social interactions, as their outcomes have a significant impact on a person's career and financial prospects<sup>6</sup>, as well as professional success<sup>7</sup>.

Negotiation itself is a complex and multi-layered process, especially when negotiations take place in an international business context. However, for companies seeking to compete internationally, negotiating across cultural boundaries is an unavoidable aspect of doing business. Multinational organizations and individuals working with people from different cultures often face cross-cultural dynamics<sup>8</sup>. Familiarity with cultural norms enables negotiators to anticipate, interpret, and respect their counterpart's behavior, which ultimately helps build trust. International business negotiations play a critical role as an important

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<sup>1</sup> Lewicki, R. J., Hiam, A.: *Mastering Business Negotiation: A Working Guide to Making Deals and Resolving Conflict*, Jossey-Bass, San Francisco, 2006, p. 1.

<sup>2</sup> Harwood, T.: Business negotiations in the context of strategic relationship development, *Marketing Intelligence and Planning*, 20(6) 2002, pp. 336-348.

<sup>3</sup> Mozahem, N. A.: Always negotiate, sometimes cooperate: an agent-based model, *International Journal of Organization Theory & Behavior*, 22(4) 2019, pp. 331-349.

<sup>4</sup> Cohen, S.: *Negotiating Skills for Managers*, McGraw-Hill Education Ltd, 2002, p. 3.

<sup>5</sup> Etienbled, F.: *8 Steps to Collaborative Negotiation - Retail Collaboration*, MyPublishing-Company, Iowa, 2017, p. 4.

<sup>6</sup> Rua, T. et al.: How traditional gender roles hurt both women and men: negative processes and outcomes in mixed-gender negotiations, *Gender in Management*, 36(2) 2021, pp. 271-293.

<sup>7</sup> Simon, L. S. et al.: Believe to achieve? Understanding how social class background impacts the effects of achievement striving on propensity to negotiate, *Journal of Managerial Psychology*, 37(8) 2022, pp. 779-794.

<sup>8</sup> Adler, N. J., Aycan, Z.: Cross-cultural Interaction: What We Know and What We Need to Know\*, in Chavan, M., Taksa, L. (eds.): *Intercultural Management in Practice*, Emerald Publishing Limited, Bingley, 2021, pp. 1-26.

business function in building and maintaining successful relationships<sup>9</sup>, but negotiators' negotiation styles are influenced by culture and the ability to adapt to the culture of specific markets and customers<sup>10</sup>. To successfully negotiate between different cultures, business people need to know how to influence and communicate with members of other cultures<sup>11</sup>. Cross-cultural communication can be very error-prone, and numerous negotiations have failed due to breakdowns in such interactions.

There is a considerable body of research on business negotiations, focusing in particular on the negotiating parties, the negotiation context, the negotiation process, and the negotiation outcomes. However, in this context, previous studies have not considered sectoral differences. In this paper, we examine the success of the negotiation process and attempt to fill the gap in the literature by addressing the differences in success assessment between industry groups, i.e., primary and secondary, and service sectors. Consequently, the paper aims to address the following research questions:

RQ1. Is there a difference in the assessment of the success of the negotiation process between companies in the primary and secondary sectors on the one hand and in the service sectors on the other?

RQ2. Does negotiation experience influence perceptions of the success of the negotiation process?

RQ3. Does the internationalization of business affect the perception of negotiation success?

The rest of the paper is organized as follows. The second section contains a literature review on the negotiation process and other essential elements that influence the negotiation process, followed by the methodology and the proposed research framework. The fourth section presents the research findings. The fifth section is devoted to the conclusions, limitations, and some suggestions for future research.

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<sup>9</sup> Reynolds, N., Simintiras, A., Vlachou, E.: International business negotiations: Present knowledge and direction for future research, *International Marketing Review*, 20(3) 2003, pp. 236-261.

<sup>10</sup> Chairsakeo, S., Speece, M.: Culture, intercultural communication competence, and sales negotiation: a qualitative research approach, *Journal of Business & Industrial Marketing*, 19(4) 2004, pp. 267-282.

<sup>11</sup> Adler, N. J., Graham, J. L.: Cross-cultural Interaction: The International Comparison Fallacy?, in: Brannen, M. Y., Mughan, T. (eds.): *Language in International Business*, Palgrave Macmillan, Cham, 2017, p. 33.

## 2. LITERATURE REVIEW

Reviewing the literature on negotiation complexity and analytical frameworks from an interdisciplinary perspective reveals factors related to the negotiation task, negotiators' dynamic variables, and the negotiation context<sup>12</sup>. To achieve favorable outcomes, it is essential to have a thorough understanding of the environmental factors, styles, and tactics involved in business negotiations. In research on business negotiations, different types of negotiation outcomes can be identified. Agndal et al.<sup>13</sup> categorize negotiation outcomes into five main groups: (a) objective outcomes, which are expressed in economic or mathematical terms and focus mainly on distributive negotiations with a small number of issues; (b) objective outcomes, which are based on whether the negotiation ends in agreement or impasse; (c) subjective outcome measures that incorporate negotiators' satisfaction with the outcome or process; (d) negotiation efficiency, which is measured by factors such as negotiation duration and several iterations; and (e) the nature of the negotiation process itself, which determines whether an integrative or distributive agreement is reached. Therefore, planning, conducting, and analyzing the outcomes of business negotiations are key elements of a successful business<sup>14</sup>.

Negotiations are not isolated events but take place repeatedly in different situations and lead to varying degrees of success or failure. However, failures can lead us out of the stagnation of negotiation to allow new ways of thinking<sup>15</sup>. Moreover, the post-failure phase is a complex process of recombining activities and remaining resources to potentially create new business opportunities<sup>16</sup>. With the increasing complexity of business-to-business exchanges, success depends on the ability to adapt to any situation<sup>17</sup>. Strategic adaptability is a response to a cue that leads to a shift between integrative and distributive

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<sup>12</sup> Zhang, H. et al.: Negotiation complexity: a review and an integrative model, *International Journal of Conflict Management*, 32(4) 2021, pp. 554-573.

<sup>13</sup> Agndal, H., Åge, L. J., Eklinder-Frick, J.: Two decades of business negotiation research: an overview and suggestions for future studies, *Journal of Business & Industrial Marketing*, 32(4) 2017, pp. 487-504.

<sup>14</sup> Ashcroft, S.: Commercial negotiation skills, *Industrial and Commercial Training*, 36(6) 2004, pp. 229-233.

<sup>15</sup> Rudd, J. E., Hughes, F. T.: *Negotiation Preparation in a Global World: Symptoms of Success and Failure*, Routledge, New York, 2020, p. 5.

<sup>16</sup> Petrucci, F., Milanese, M.: It ain't over till it's over: exploring the post-failure phase of new ventures in business networks, *Journal of Business & Industrial Marketing*, 37(13) 2022, pp. 64-76.

<sup>17</sup> Fleming, D. E., Hawes, J. M.: The negotiation scorecard: a planning tool in business and industrial marketing, *Journal of Business & Industrial Marketing*, 32(4) 2017, pp. 519-524.

strategies<sup>18</sup>. In addition, the choice of negotiation strategies has implications for the career advancement of men and women<sup>19</sup>.

As far as measuring success is concerned, previous research focusing exclusively on one side of “winning” a negotiation has greatly simplified this complicated and multifaceted phenomenon<sup>20</sup>. As Usunier<sup>21</sup> notes, negotiation is not only about “doing” - dealing with legal and business aspects and contractual agreements - but also about “being” - the quality of human and social relations. Negotiations can trigger various emotions, such as surprise, irritation, pleasure, or interest, which can have a significant impact on outcomes<sup>22</sup>. Effective negotiation management is critical, especially in the business environment. Decisions about the choice of negotiation strategy can have a long-term impact on the entire relationship.

Negotiation strategies and outcomes are influenced by cultural and gender factors in each context<sup>23</sup>. Certain negotiation behaviors can be influenced by distinct individual differences and situational variables<sup>24</sup>. Regarding goal orientation and negotiation strategies, Asante-Asamani et al.<sup>25</sup> claim that performance goal orientation is positively related to the win-lose strategy and negatively related to the win-win strategy. The study by Caputo et al.<sup>26</sup> highlights the importance of cultural values and cultural intelligence in negotiations, showing that cultural values have a direct and indirect effect on negotiation style,

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<sup>18</sup> Heunis, H. et al.: Strategic adaptability in negotiation: a framework to distinguish strategic adaptable behaviors, *International Journal of Conflict Management*.

<sup>19</sup> Bowles, H. R., Thomason, B., Bear, J. B.: Reconceptualizing what and how women negotiate for career advancement, *Academy of Management Journal*, 62(6) 2019, pp. 1645-1671.

<sup>20</sup> Thomas, S. et al.: A comparative assessment of win-win and win-lose negotiation strategy use on supply chain relational outcomes, *The International Journal of Logistics Management*, 29(1) 2018, pp. 191-215.

<sup>21</sup> Usunier, J.-C.: Guidelines for effective intercultural business negotiations, *Strategic HR Review*, 18(5) 2019, pp. 199-203.

<sup>22</sup> Schlegel, K. et al.: Sense and sensibility: The role of cognitive and emotional intelligence in negotiation, *Journal of Research in Personality*, 74, 2018, pp. 6-15.

<sup>23</sup> Shan, W., Keller, J., Joseph, D.: Are men better negotiators everywhere? A meta-analysis of how gender differences in negotiation performance vary across cultures, *Journal of Organizational Behaviour*, 40(6) 2019, pp. 651-675.

<sup>24</sup> Chapman, E., Miles, E.W., Maurer, T.: A proposed model for effective negotiation skill development, *Journal of Management Development*, 36(7) 2017, pp. 940-958.

<sup>25</sup> Asante-Asamani, A. E. A., Elahee, M., MacDonald, J.: Goal orientation and negotiation strategies: an empirical analysis, *Review of International Business and Strategy*, 33(3) 2022, pp. 437-455.

<sup>26</sup> Caputo, A., Gunia, B. C., Teucher, B. M.: The relationship between cultural values, cultural intelligence and negotiation styles, *Journal of Business Research*, 99 2019, pp. 23-36.

with the latter effect mediated by cultural intelligence. Cultural differences in the use of negotiation strategies can be understood through the interaction between trust and tightness-looseness, while the effectiveness of negotiation strategies in different cultures can be explained through their interaction with a holistic versus analytic mindset<sup>27</sup>.

Negotiators constantly navigate between conflicting and seemingly opposing forces in a situation-specific and dynamic manner to reach agreements<sup>28</sup>. Negotiations often take place under stressful circumstances, and stress can have a positive or negative impact on the outcome of the negotiation. Ramirez-Marín et al.<sup>29</sup> emphasize that stress positively affects integrative offers and joint outcomes. In addition to the competitive (or distributive) approach and the collaborative (or integrative) approach, Graham<sup>30</sup> introduces the concept of inventive negotiation and characterizes it as a creative process that involves innovation processes, emphasizing, in particular, the importance of long-term, trusting business relationships as a key outcome of such negotiations.

As far as negotiation outcomes are concerned, negotiators should be considered based on their unique individual characteristics. In that context, Ma and Jaeger<sup>31</sup> confirm the importance of assertiveness as a negotiation trait and show that it affects economic and affective outcomes, noting that the relationship between assertiveness and negotiation outcomes varies by culture. In cross-cultural negotiations, negotiators should pay attention to the emotions of their counterparts, as anger seems to bring about more concessions in this context<sup>32</sup>. In their study, Tasa and Bahmani<sup>33</sup> show a significant relationship

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<sup>27</sup> Brett, J. M., Gunia, B. C., Teucher, B. M.: Culture and negotiation strategy: A framework for future research, *Academy of Management Journal*, 31(4) 2017, pp. 288-308.

<sup>28</sup> Age, L.-J., Eklinder-Frick, J.: Goal-oriented balancing: happy-happy negotiations beyond win-win situations, *Journal of Business & Industrial Marketing*, 32(4) 2017, pp. 525-534.

<sup>29</sup> Ramirez-Marín, J. Y., Barragan Diaz, A., Acar-Burkay, S.: Is stress good for negotiation outcomes? The moderating effect of social value orientation, *International Journal of Conflict Management*, 32(3) 2021, pp. 407-421.

<sup>30</sup> Graham, J. L.: A third theory: inventive negotiation, *Journal of Business & Industrial marketing*, 34(4) 2019, pp. 703-710.

<sup>31</sup> Ma, Z., Jaeger, A. M.: A comparative study on the influence of assertiveness on negotiation outcomes in Canada and China, *Cross Cultural Management: An International Journal*, 17(4) 2010, pp. 333-346.

<sup>32</sup> Ramirez-Marín, J. Y., Barragan Diaz, A., Guzman, F. A.: When anger and happiness generate concessions: investigating counterpart's culture and negotiation intentions, *International Journal of Conflict Management*, 33(1) 2022, pp. 111-131.

<sup>33</sup> Tasa, K., Bahmani, M.: Who is cooperative in negotiations? The impact of political skill on cooperation, reputation and outcomes, *International Journal of Conflict Management*, 34(4) 2023, pp. 801-817.

between a negotiator's social competence, referred to as "political skill", and his or her cooperative behavior, reputation for cooperativeness, and overall negotiation outcome.

Negotiators' affect, cognitive processing strategy, and negotiation difficulty were found to predict both subjective and economic outcomes, with higher positive affect in difficult negotiations found to lead to lower self-satisfaction due to lower proactive processing, while higher negative affect led to higher satisfaction with the relationship and process, due to increased affective processing<sup>34</sup>. As Lee et al.<sup>35</sup> argue, personality traits show consistent effects on behavior, but their influence on negotiation outcomes varies by power structure. Regarding the role that individual characteristics play in negotiation behavior, Miles et al.<sup>36</sup> claim that face-threat sensitivity can influence negotiators' behavior even when it is not activated.

When negotiating new business relationships, negotiators must be mindful of cultural similarities and differences in the process of developing trust. Trust is widely recognized as a critical factor in negotiation success, both by scholars and practitioners<sup>37</sup>. In that context, Brett and Mitchell<sup>38</sup> identify five criteria for determining the trustworthiness of a new business partner: respect, shared values, competence, openness, and professionalism. Open-mindedness influences trust-building between partners and leads to improved communication through an adaptive business style, particularly beneficial in cross-cultural scenarios, where effective communication is crucial for trust-building<sup>39</sup>.

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<sup>34</sup> Olekalns, M., Smith, P. L.: Cognitive processing and affect predict negotiators' post-adversity subjective and economic outcomes, *International Journal of Conflict Management*, 32(3) 2021, pp. 469-492.

<sup>35</sup> Lee, J. I. et al.: Wielding power in multiparty negotiations: the impact of communication medium and assertiveness, *International Journal of Conflict Management*, 33(1) 2022, pp. 132-154.

<sup>36</sup> Miles, E. W., Schatten, J., Chapman, E.: How face threat sensitivity affects proactive negotiation behaviour, *Organization Management Journal*, 17(1) 2020, pp. 2-14.

<sup>37</sup> Kong, D. T., Dirks, K. T., Ferrin, D. L.: Interpersonal Trust within Negotiations: Meta-Analytic Evidence, Critical Contingencies, and Directions for Future Research, *Academy of Management Journal*, 57(5) 2014, pp. 1235-1255.

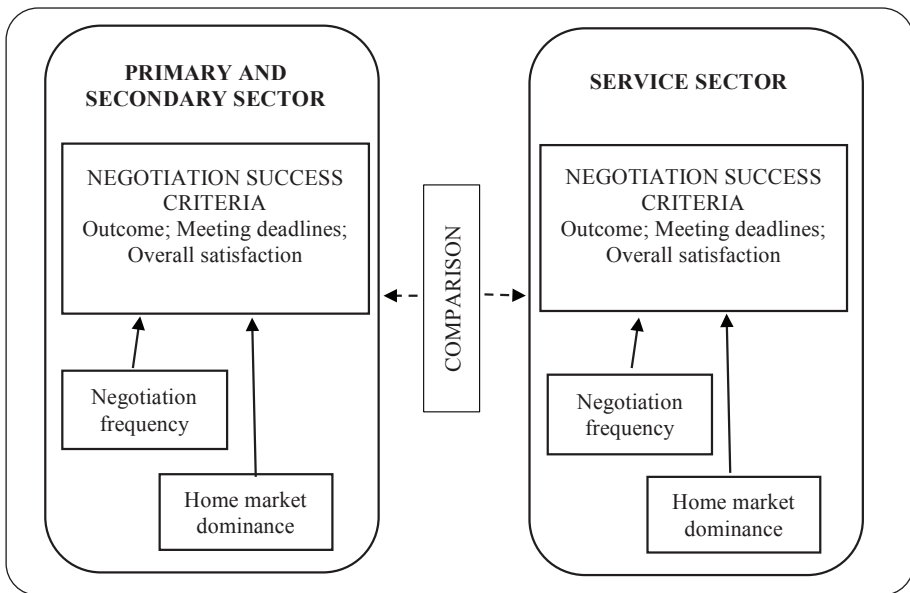
<sup>38</sup> Brett, J. M., Mitchell, T.: Searching for trustworthiness: culture, trust and negotiating new business relationships, *International Journal of Conflict Management*, 31(1) 2020, pp. 17-39.

<sup>39</sup> Alteren, G., Tudoran, A. A.: Open-mindedness and adaptive business style: Competences that contribute to building relationships in dissimilar export markets, *International Marketing Review*, 36(3) 2019, pp. 365-390.

### 3. METHODOLOGY

For this study, an empirical survey was conducted among a random sample of managers in Croatian companies from February to July 2019. The sample was formed from the population of companies registered in the Register of the Croatian Chamber of Commerce. The questionnaires were sent to the managers by e-mail. Of the total 530 questionnaires sent out, 157 valid questionnaires were received, which corresponds to a response rate of 29.6%. Before conducting the main survey, a pre-survey was conducted to ensure that all questions and measurements were structured correctly. The paper aims to investigate the differences in the success assessment of the negotiation process between two sector groups. The first group consisted of the primary and secondary sectors, while the service sector group consisted of the tertiary, quaternary, and quinary sectors (Figure 1).

**Figure 1. Research framework**



Source: Authors' proposition

The research framework consists of six variables, i.e., sector, negotiation frequency, home market dominance, outcome, meeting deadlines, and overall satisfaction. Table 1 shows the observed variables with the associated measurement method.



**Table 1. Variables and measurements**

<b>Variable</b>	<b>Measurement</b>
Sector	Primary sector Secondary sector Tertiary sector Quaternary sector Quinary sector
Negotiation frequency	1 – 5 1 never; 5 daily
Home market dominance	Yes No
Outcome	1 – 5 1 unsuccessful; 5 very successful
Meeting deadlines	1 – 5 1 unsuccessful; 5 very successful
Overall satisfaction	1 – 5 1 unsuccessful; 5 very successful

Source: Authors' calculation

Negotiation frequency is an independent variable and is measured using a five-point Likert scale ranging from never to daily. Home market dominance is another independent variable. Respondents were asked if their profit was predominantly from the home market. The variables outcome, meeting deadlines, and overall satisfaction are dependent variables and measures of international negotiation success. They are arranged on a five-point Likert scale from unsuccessful to very successful. The negotiation outcome indicates whether the set objectives were achieved. It is probably the most obvious measure of success. Success can be assessed by the ability to meet deadlines since time is a critical factor in almost any business venture. For this reason, meeting deadlines is another dependent variable. Finally, satisfaction with other elements of the negotiation process, such as mutual respect among the partners involved, compliance with laws and business practices, government support, etc., can also be an indicator of negotiation success. This is covered by the dependent variable overall satisfaction.

#### **4. RESEARCH RESULTS**

Data obtained from the questionnaires were analyzed using the Statistical Package for the Social Sciences (SPSS) version 20.0. Table 2 shows the descriptive statistics of the variables. The minimum, maximum, mean, mode, and standard deviation were calculated.

**Table 2. Descriptive statistics**

Variables	Minimum	Maximum	Mean	Mode	Std. Deviation	N
Sector	1	5	2.74	3	1.127	157
Negotiation frequency	1	5	3.25	3	1.334	157
Home market dominance	0	1	0.55	1	0.499	157
Outcome	1	5	4.02	4	0.780	157
Meeting deadlines	1	5	3.89	3	0.874	157
Overall satisfaction	1	5	3.93	4	0.784	157

Source: Authors' calculation

Table 3 provides an overview of the sample frequencies. The largest share of respondents (37.6%) belongs to the tertiary sector. The secondary sector is represented by 34.4% of the respondents. The other sectors are more fragmented: the quinary sector (12.7%), the primary sector (10.8%) and the quaternary sector (4.5%). From this data, it is easy to calculate that the primary and secondary sectors are represented by 45.2% and the service sector by 54.8% of the respondents. In terms of negotiation frequency, 14% of managers never or very rarely negotiate, 12.7% rarely negotiate, 31.2% occasionally negotiate, 17.8% frequently negotiate, and 24.2% negotiate daily.

**Table 3. Sample frequencies**

Variable	Frequency	Percent
<b>Sector</b>	<b>157</b>	<b>100</b>
Primary sector	17	10.8
Secondary sector	54	34.4
Tertiary sector	59	37.6
Quaternary sector	7	4.5
Quinary sector	20	12.7
<b>Negotiation frequency</b>	<b>157</b>	<b>100</b>
1	22	14.0
2	20	12.7
3	49	31.2
4	28	17.8
5	38	24.2
<b>Home market dominance</b>	<b>157</b>	<b>100</b>
Yes	71	45.2
No	86	54.8

<b>Variable</b>	<b>Frequency</b>	<b>Percent</b>
<b>Outcome</b>	<b>157</b>	<b>100</b>
1	1	0.6
2	1	0.6
3	37	23.6
4	73	46.5
5	45	28.7
<b>Meeting deadlines</b>	<b>157</b>	<b>100</b>
1	1	0.6
2	3	1.9
3	54	34.4
4	53	33.8
5	46	29.3
<b>Overall satisfaction</b>	<b>157</b>	<b>100</b>
1	1	0.6
2	2	1.3
3	43	27.4
4	72	45.9
5	39	24.8

Source: Authors' calculation

More than half (54.8%) of the managers indicated that their company generates the majority of its profit in the international market(s). These companies are at an advanced stage of the internationalization process. The remaining companies are more domestically oriented and are still waiting for internationalization or are at the very beginning of it. When looking at satisfaction with the negotiation process, the variable meeting deadlines received the highest rating of “very satisfied” at 29.3%, followed by the variable outcome at 28.7%, and overall satisfaction with 24.8% the highest rating. On the other hand, looking at the average ratings in Table 2, it is noticeable that the outcome variable has the highest average rating (4.02). This means that managers are generally most satisfied with the achievement of the goals set for their company.

The next step in the data analysis is to examine the relationship between the independent variables negotiation frequency and home market dominance, on the one hand, and respondents' perceptions of negotiation success, on the other, along three dimensions: outcome of the negotiation process, meeting deadlines, and overall satisfaction with the negotiation process; separately for the primary and secondary sectors and the service sector, and comparison of the results. To proceed with further analysis, it is important to ensure that companies in different sectors behave differently. Otherwise, separating com-

panies into two sector groups would not make sense. To this end, the authors conducted a chi-square test with two null hypotheses.

H0: There is no significant difference in negotiation frequency between sectors. The Pearson’s chi-square value is  $\chi^2(16, N = 157) = 21.892, p = 0.044$ . Therefore, hypothesis H0 is rejected, and the alternative hypothesis is accepted. There is a significant difference in negotiation frequency between sectors.

H0: There is no significant difference between sectors in terms of home market orientation. The Pearson’s chi-square value is  $\chi^2(4, N = 157) = 4.260, p = 0.037$ . Therefore, hypothesis H0 is rejected, and the alternative hypothesis is accepted. There is a significant difference in home market orientation between sectors.

Since there is evidence of significant differences between sectors in terms of negotiation frequency and domestic market orientation, the sample is divided into two sector groups: a) the primary and secondary sectors, and b) the service sector. Within each sector, further statistical analysis is performed. Table 4 shows Pearson’s correlation coefficients between predictors and dimensions of negotiation success in the primary and secondary sectors. Measures of success based on outcome and meeting deadlines are not associated with negotiation frequency or home market dominance. However, there is a weak positive significant correlation between negotiation frequency and overall satisfaction.

**Table 4. Correlation matrix for the primary and secondary sectors (N=71)**

	<b>Negotiation frequency</b>	<b>Home market dominance</b>	<b>Outcome</b>	<b>Meeting deadlines</b>	<b>Overall satisfaction</b>
Negotiation frequency	1	-0.227*	0.131	0.138	0,198*
Home market dominance	-0.227*	1	-0.101	-0.154	-0.024
Outcome	0.131	-0.101	1	0.732**	0.654**
Meeting deadlines	0.138	-0.154	0.732**	1	0.797**
Overall satisfaction	0,198*	-0.024	0.654**	0.797**	1

\*. Correlation is significant at the 0.05 level (1-tailed).

\*\*. Correlation is significant at the 0.01 level (1-tailed).

Source: Authors’ calculation

Although not the focus of this paper, there is a negative correlation between the predictors. Managers who rarely negotiate are more likely to work in companies with a home market orientation. In other words, the more international the company, the more often they negotiate. The next step of the statistical analysis is a linear regression in which only significant correlations are considered (Table 5).

**Table 5. Linear regression results for the primary and secondary sectors (N=71)**

Variable	Coefficient	Std. Error	t	Sig.
Constant	3.540	0.223	15.859	0.000
Negotiating frequency	0.109	0.067	1.628	0.008
R <sup>2</sup>	0.037			
Adjusted R <sup>2</sup>	0.023			
Durbin-Watson	1.982			
F	2.650			
F sig.	0.008			

Dependent variable: Overall satisfaction

Source: Authors' calculation

The standard outputs of linear regression are the constant, the beta coefficient, and the coefficient of determination (R<sup>2</sup>), which indicates how well the proposed research framework predicts the outcome. The values of the Durbin-Watson test rule out autocorrelation. Table 5 shows the positive values of the constant (3.540) and beta coefficient (0.109). According to the coefficient of determination, the predictor negotiation frequency explains 3.7% of the dependent variable overall satisfaction.

The same statistical analysis was performed with the data from the service sector. Table 6 shows the Pearson's correlation results. In the service sector, four correlations turn out to be significant. Managers who negotiate more frequently rank satisfaction with negotiation outcomes and overall satisfaction higher. This is consistent with previous findings (Hames, 2012) that experienced negotiators generally achieve more favorable outcomes. In addition, managers who negotiate more frequently with foreign business partners rate satisfaction with negotiation outcomes and meeting deadlines higher.

**Table 6. Correlation matrix for the service sector (N=86)**

	<b>Negotiation frequency</b>	<b>Home market dominance</b>	<b>Outcome</b>	<b>Meeting deadlines</b>	<b>Overall satisfaction</b>
Negotiation frequency	1	-0.466**	0.364**	0.159	0.246*
Home market dominance	-0.466**	1	-0.240*	-0.212*	-0.110
Outcome	0.364**	-0.240*	1	0.690**	0.817**
Meeting deadlines	0.159	-0.212*	0.690**	1	0.791**
Overall satisfaction	0.246*	-0.110	0.817**	0.791**	1

\*. Correlation is significant at the 0.05 level (1-tailed).

\*\*. Correlation is significant at the 0.01 level (1-tailed).

*Source: Authors' calculation*

Moreover, home market dominance is negatively correlated with variable meeting deadlines. This means that reaching an agreement on time is less important in domestic business than in international business. Finally, there is a positive and significant correlation between the variables negotiation frequency and overall satisfaction. Negotiators who negotiate more frequently generally rate satisfaction with the negotiation process higher. This is consistent with previous findings by Jeong (2016), which suggest that a higher relative goal for a party increases their satisfaction level, which increases with more favorable outcomes. Experienced negotiators know that most negotiations are the basis for long-term cooperation with business partners. Therefore, for them, the success of the negotiation is the satisfaction of all parties in all aspects of the negotiation. This is in line with the findings of DeCoske et al. (2011), who state that a skillful negotiator will find an outcome that is beneficial to both sides and that this goal is crucial for the satisfaction of all parties.

Considering these significant correlations, linear regression was performed and the results are shown in Table 7, Table 8, and Table 9.

**Table 7. Linear regression results for the service sector (N=86)**

Variable	Coefficient	Std. Error	t	Sig.
Constant	3.443	0.333	10.329	0.000
Negotiating frequency	0.204	0.073	2.794	0.006
Home market dominance	-0.154	0.196	-0.784	0.435
R <sup>2</sup>	0.139			
Adjusted R <sup>2</sup>	0.118			
Durbin-Watson	1.800			
F	6.680			
F sig.	0.002			

Dependent variable: Outcome

Source: Authors' calculation

Table 7 shows the constant value of 3.443 and the beta coefficients for the predictors of negotiation frequency (0.204) and home market dominance (-0.154). It is noteworthy that the signs of the associations from the correlation match the signs in the linear regression. The R<sup>2</sup> value represents the influence of the predictor variables on the dependent variable outcome. The variables negotiation frequency and home market dominance explain 13.9% of the dependent variable.

**Table 8. Linear regression results for the service sector (N=86)**

Variable	Coefficient	Std. Error	t	Sig.
Constant	4.176	0.152	27.554	0.000
Home market dominance	-0.388	0.195	-1.991	0.050
R <sup>2</sup>	0.045			
Adjusted R <sup>2</sup>	0.034			
Durbin-Watson	1.766			
F	3.962			
F sig.	0.050			

Dependent variable: Meeting deadlines

Source: Authors' calculation

Table 8 shows a negative relationship between the predictor home market dominance and the dependent variable meeting deadlines (-0.388). In addition, home market dominance explains 4.5% of the variable meeting deadlines.

**Table 9. Linear regression results for the service sector (N=86)**

Variable	Coefficient	Std. Error	t	Sig.
Constant	3.453	0.242	14.286	0.000
Negotiating frequency	0.153	0.006	2.324	0.023
R <sup>2</sup>	0.060			
Adjusted R <sup>2</sup>	0.049			
Durbin-Watson	1.651			
F	5.402			
F sig.	0.023			

Dependent variable: Overall satisfaction

Source: Authors' calculation

Finally, in Table 9, a positive relationship is observed between the predictor negotiation frequency and the dependent variable overall satisfaction (0.153). Negotiation frequency explains 6% of the variable overall satisfaction. After analyzing all the obtained results, it is obvious that the research framework is more appropriate for the service sector since there are more statistically significant correlations between the predictors' negotiation frequency and home market dominance and the dependent variables' outcome, meeting deadlines, and overall satisfaction. Consequently, the above predictors explain a larger proportion of the variance in the dependent variables.

## 5. CONCLUSION

The success of the negotiation process can be evaluated from different points of view. In this paper, managers in Croatian companies were asked to evaluate the success of their last negotiation process based on three dimensions: outcome of the negotiation process, meeting deadlines, and satisfaction with the overall process. The correlation analysis revealed remarkable differences between the primary and secondary sectors and the service sector. In contrast to the service sector, in the primary and secondary sectors, measures of success based on outcome and meeting deadlines are not influenced by negotiation frequency or domestic market dominance. However, there is a weak positive



significant relationship between negotiation frequency and overall satisfaction. That is, managers who negotiate more frequently rate better negotiations based on satisfaction with the quality of the overall negotiation process, such as mutual respect between the partners involved, compliance with laws and business practices, government support, etc. In the service sector, four relationships emerge as significant. Managers who negotiate more frequently rate their satisfaction with the negotiation outcome and the overall process higher. In addition, managers who negotiate more frequently with foreign counterparts rate their satisfaction with the negotiation outcome and meet deadlines higher.

The overall conclusion of this study is that the negotiation success of companies in the service sector depends on negotiation frequency and international market orientation. Negotiation experience increases the negotiator's ability to achieve all set goals and close the deal with minimal concessions or compromises. In addition, experience enables the negotiator to avoid any pitfalls that might stand in the way of reaching a satisfactory agreement. Elements such as communication skills, persuasion, trust, and image in the business environment contribute to the excellence and success of the entire negotiation process. The internationalization of business, and therefore of negotiations, underscores the importance of time management. Time is a critical factor in almost all business ventures. The specificity of services and the service sector was confirmed by this research.

The study has certain limitations. First, the fact that the sample is from Croatia, along with its size, requires a cautious interpretation of the results and limits the possibility of generalizing Croatian negotiators' perceptions of negotiation success. Second, the scope of the study could be broadened as it considers only a limited number of variables and ignores aspects such as company size, market position, ownership, as well as negotiators' age, negotiators' personality traits, negotiations in teams, and individual negotiations, which could be further investigated. Consequently, further research could focus on these variables to better identify the perceptions used to evaluate negotiation success. Despite its limitations, this paper seeks to enrich our understanding of the negotiation process and the current literature on business negotiations by providing new insights into how Croatian managers assess success and the differences in success assessment between industry groups, i.e., the primary and secondary sectors on the one hand and the service sector on the other.

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