

Essential Concepts on Negotiation

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1. Introduction

Negotiation is one of the central issues of conflict management, and there are some reasons why we negotiate. There are three reasons to negotiate: (1) We negotiate in order to improve the current situation; (2) we do negotiation for at least not to make the present condition worse; and (3) we negotiate in order to avoid the situation to become the worst or prevent from making the current situation from further worsening. Negotiation is an active and positive action to realize business, and it is a process to try to reach agreement with the other side by satisfying the interests of both sides through communication. Negotiation, therefore, is different from debate, which is an argument by discussing opposing points.

2. Agreement is not Enough

Seeking for win-win negotiation should be the fundamental objective to satisfy the interests of both parties. When we negotiate, it is our advantage to try to do our best to seek for doing collaborative and constructive win-win

negotiation and avoid doing win-lose negotiation, which is to strive for just his/her own victory.

Can we say that the problem is settled when we reach agreement? No. Agreement is not enough in order to realize business. An issue once agreed upon might be denied later. Without some kind of satisfaction by the agreement, it is possible that one side, which was unhappy with the result of the negotiation, will not put the agreement into practice. It is important, therefore, for both negotiators to feel that they are content with the outcome of the negotiation. Reaching agreement does not necessarily mean that the issue is settled.

3. Process of Negotiation

In order to achieve the goal, we need to make a decision on what to do. We need to decide which action to take before going to the negotiating table. We need to consider which action can be the best or better than worse. At the negotiating table, we need to discuss with the other party how to execute the decision we have made. It is important to decide by “when” “who” will do “what.”

The negotiation process should go as follows :

- (1) Identify the problem.
- (2) Set the objective in order to solve the problem.
- (3) Create options.
- (4) Group or map the options.
- (5) Select practical options.
- (6) Select executable or feasible options and rank each option in order.

Offer should be above the other side's resistance point. When the other side is the seller, the offer should be higher than the seller's resistance point. On the other hand, when the other side is the buyer, the offer has to be lower than the other side's resistance point. If not, the other side will reject the offer immediately and there will be very little possibility for agreement. When we reach agreement with the other party, we need to put the agreement into practice with the other party.

Considering the process of negotiation, we need to unite negotiation and

decision-making. Most of human behavior is decision making, and to consider how to execute the decision we have made is the key for successful communication. Decision-making is, therefore, indispensable in the process of negotiation.

In decision-making the process may take five steps as follows : (1) Identify problem ; (2) Consider objective ; (3) Consider alternative ; (4) Consider consequences based on which alternative to take ; and (5) Consider tradeoff with the other party.

4. Decision-making and Negotiation

When we are thinking of alternatives, we are actually doing brainstorming. When we move to a stage of decision-making or selection, we are trying to improve the ideas to practical ones by combining different ideas or by modifying the ideas. Here we are actually doing mind-mapping ; however, this theory works for one individual or for an organization, which is a completely united organization.

For individual person, there is no problem, but when it comes to an organization, it is extremely difficult to be united. Before moving on to the negotiating table with the other party, disagreement within the organization has to be settled. This is due to the complexity of the organization, and since organization is complex in nature, analysis of current situation, goal, real needs of the organization and others all become complicated. One way to settle disagreement within the organization is to do the brainstorming by focusing on which value has priority. It is effective to discuss which direction to go by doing Value Focused Decision Making after the brainstorming session.

Even though we cannot involve too many people when doing brainstorming, it is vital to create an impression among the organization that at least the key persons of each section are involved in the decision-making process. It is important that people in the organization feel the final product, which is the joint-decision, is everybody's product. It is vital that people involved in the negotiation feel the decision is their product. The logic is that the decision was made by everybody. By doing this a person, who expresses dis-

agreement to the decision later, is considered untrustworthy, inconsistent person among the members of the organization.

To make a smooth decision-making, it is highly recommended to show to the people within the organization what it will be like when this particular decision is made. It means we need to show an actual and practical vision of the whole picture. To show the picture at the negotiating table to the other party is also one of the meaningful ways to reach a win-win agreement.

5. Negotiation with People from Different Culture

In international business, we have to accept different perceptions because our culture and the culture of the other party are different. We also have to understand what we believe common sense can be quite unique from the other party's point of view. We need to settle the conflicting ideas and differing interests. The conflicting ideas and different interests come from different perceptions of each other. We need to acknowledge the differences as major premise in order to reach agreement.

5-1. Universalism vs. Particularism

Universalists prefer rational way of presentation and discussion. Their focus is on regulation rather than human relations. From their point of view, what is good can be defined and can be always applied. On the other hand, particularists place more importance on human relationship than simply doing business. Friendship is a special obligation and it always comes first.

5-2. Individualism vs. Communitarianism

Individualists tend to make decisions quickly in order to speed up the pace of doing business speedy. Individualists primarily regard themselves as individuals. Communitarianists, however, spend more time for discussion within their organization and need time to realize agreement. Decision-making is usually done as an organization not by the people who are negotiating as representatives of the organization. Communitarianists therefore primarily regard themselves as part of a group.

5-3. Neutral vs. Emotional

Neutral people focus more on proposal rather than the person who are negotiating. They may look cold but they just do not want to express their feelings directly. It does not mean that they are bored or have no interest in the issue. Their culture is based on the idea that brain can control emotion and emotion will confuse the issue. On the other hand, some people who express emotions verbally and nonverbally. Their culture is based on the understanding that business is human affairs, so it is acceptable to express emotion. When they show an enthusiastic ways of expression, it does not necessary mean that their decision is already made.

5-4. Specific/Achievement vs. Defuse/Ascription

People of specific or achievement culture tend to be direct to the point and have clear objectives. The business meeting, therefore, should be structured and its focus is on achieving the result. They place more value on skill and accomplishment rather than title, age, birth, kinship and connection.

People of defuse culture or people value ascription take more time to build up relationship and are indirect. At the meeting, they place importance on flow and process. Principle and moral is situational, and depend on the person and situation. To consider who is attending the meeting when is vital in their culture. They place more value on title and age than on skill and accomplishment

5-5. Cultural difference on time

Here we need to consider two aspects : Past Oriented vs. Present Oriented vs. Future Oriented ; and Sequential vs. Synchronic.

Past-oriented societies place more value on traditional values. Tradition is valued and attempts to challenge the tradition are generally regarded as an action of distrust and suspicion. Past-oriented culture tend to be conservative in doing business and slow to change anything which are tied to the past.

Present-oriented societies see the past as passed and view the future with uncertainty. They focus on today, not the past and the future. They prefer

short-term benefits and immediate results.

Future-oriented societies are optimistic about the future. They believe that they can shape the future through their actions. The focuses on management are generally a matter of planning, doing and controlling. They are not happy with going with the flow and letting things just happen. They love to invest effort and resources for future.

People of sequential culture take one action at a time, and deep the original schedule. Keeping the schedule is more important than human relations. People of synchronic culture, however, take plural actions at a time, and human relations is valued more than keeping schedule.

5-6. Internal Control vs. External Control

People of internal control culture believe that they can control the environment. Their focus is on self, role, his/her organization. People of external control culture place more value on harmony with nature, and they focus on other people, such as customers, colleagues, etc.

6. Conclusion

When we need to negotiate with people from different culture, we cannot say “their problem is their problem.” We need to take “their problem” as part of the problem we need to solve or to improve together as a working group in order to reach agreement. When we can trust the other party as a human being, and when we can see them having some difficulty to reach an agreement or to put the agreement into practice, we need to find out what is the problem of the other party and talk with them about the problem in order to realize win-win business.

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