

## Why Are We Negotiating Businesses and When?

**Senior Lecturer Liliana Nicodim**  
*“Ovidius” University of Constanta*

**Abstract:** Negotiation represents making a decision on negotiations basis, this element determining the differences by comparing with all other forms of decisions making. We are doing transactions with goods that are cheaper for us but that are appreciated by the other negotiator for other different elements. The task of negotiators of both involved parties is that of leading the negotiation process over all obstacles and along all barriers in order to reach to a transaction. Negotiation can be defined as a main form of communication, a complex of activities residing in contracts, meetings, and consultations, transactions carried out between two or more partners in order to achieve an agreement.

**Keywords:** negotiation, competing economy, social phenomenon

**Jel Classification:** D70, D79

In business, the success depends to a great extent on the manner the negotiations are carried out especially under the terms of a competing economy when these are focused on “the efforts of diversifying the directions and fields of the performed activities, playing the role of giving answers to complex problems”.

In a market economy, a dynamic economy with more or less difficult problems - almost everything is negotiated - and the diversity of businesses - of any kind - makes that the negotiation to be one of the most exigent attributes of the contemporary life.

In fact we all confront with the topics involved by negotiations but a few are content with their results.

Meantime the successful conclusion of a business, coordination of a group - large or not - to a considerable extent depends on the knowledge and observance of some constant rules and included in the value system of a company or a group. Such rules regarding preparation, organization and performance of the negotiations firstly have to be known by those who carry out independent activities involving discussions, exploring, compromising, in one word - negotiations - but also by the managers of the institutions, public persons.

Practice demonstrated that success in negotiation firstly depends on the skill and care with which the negotiation plan is prepared. Preparation done by negotiators before the effective meeting with the partners is the most important determinant of expected performances. Everything that was or was not done by negotiators before reaching the negotiations table, certainly it will be reflected in what they do when they are there. Therefore preparation of successful negotiations starts long time before parties sit at negotiation table.

It is easy to recognize that a negotiator not prepared or superficially prepared is not able to lead his partners to the followed target as he does not have an action plan and as he does not know where he has to reach and how he will not action with clarity and more than this he will react to the events around him.

A weak trained negotiator demonstrates – sooner or later - that he does not know what he is talking about. This aspect will be recognized by his partner whose own trust will increase and consequently he will considerably strengthen his commitment towards his demands.

Art of negotiation resides in defining correctly the demands that have to be satisfied and decide the manner they will be satisfied. Considering this point of view the constructive preparation is essential.

All negotiators either they are interested in purchasing or selling have to consider preparation of negotiations as a continuous activity and not only something that has to be done one day before the proper negotiation. First, negotiators have to know very well their own business and what they do expect on short term as well as on long term. Meanwhile they have to know why they want what they want. They also have to collect more information regarding the aspirations of the partner and the circumstances he is in. An organizational buyer has to be permanently well informed about his organization, suppliers, competitors of his suppliers and competitors of his organization. Additionally negotiators have to determine - long time before the debut of the negotiations - which are the available alternatives for their organization if negotiations do not have success as better the alternatives are stronger their negotiations position will be. It is not less important the negotiators to do presumptions as correct as possible regarding potential alternatives for agreement and available for their partners as their negotiation position will partly depend on options available for them if agreement will not be achieved.

Another aspect to be considered before starting negotiations is referring to the limits of negotiation or more exactly to what the negotiator is willing to offer in order to

obtain what he wants. Sometimes this is easily settled. In case of a purchase of a common item it is easily to decide which is the correct price. But some other times, even these apparently routine transactions become more complex when it is about price negotiation. Many variables may become important and consequently they can influence the price level the negotiator wants to pay. If negotiators did not consider all these in due time it is possible that when they are at negotiations table to manifest an inflexible behavior, this would be to their detriment. Specific circumstances may push them - in a certain moment – to grant concessions in their trials to reach an agreement and if such concession was not thoroughly prepared in due time there is a high probability to reach to an unfavorable agreement for them.

Business negotiations have three stages:

- Stage of preliminary negotiations or “diagnosis” stage
- Stage of definition of ‘adequate’ formula
- Stage of details.

Negotiations have to follow carefully the realities presented by the approached matter, to know certain contexts and specific perceptions of the parties in dispute and the manner they perceive their interests.

In order the reached solution not to launch other problems, negotiators have the obligation to know the most frequently used techniques, but the most useful too.

The most desired negotiation method is that according to which both negotiators win (gain-gain), the others being those: “I win, you lose”, “I win, you lose“, “We both lose”.

The result gain-gain offers to the two parties an impulse in order to achieve the agreement and conclude the contract. Based on their experience they will be willing to do business in future to convey to the others the good mutual opinion. This form is based on the gained trust between negotiators. This occurs when negotiators proved their seriousness, know each other for long time, did good investments, mutually helped each other, they did not take advantage one from the other. A person gains the trust of a partner by her own qualities and deeds. Mutual trust allow to the negotiators to enlarge the relationship and business spectrum and find easier solutions for difficult problems. The most unwanted negotiations way is that according to which both partners lose, consequences being hardly tolerated.

The other form according to which one gains and the other loses involves the most strategies: some of them more lent, others - calmer or more rapid or tougher.

Irrespective of the obtained results by the above mentioned methods are achieved by communication. Generally people communicate in three ways:

- 70% by the language of the body;
- 23% by the tone of the voice;
- 7% by words.

In case of the analysis of the data of the negotiated problem people negatively react to what they perceive as written insults, impoliteness, hardness and menace. In order to be easier during performance of negotiations, it is recommendable for those who have fright to use telephone, fax, computer (internet) in order to reaffirm their positions.

If the other communication form - the gestures - point something different in comparison with words it is possible that credibility problems to occur. Also menaces, promises and commitments have a minor effect if they cannot be communicated.

Therefore take care of the manner you do communicate, the gestures, tone and words as they are the most important. As regards the motive, the goal of the negotiations is that we negotiate in order to find acceptable solutions to the occurred problems. In the beginning there are settled the objectives – better prepared they are (considering the number of the approached aspects) – more sure the negotiators will be in negotiations approach.

Maxim efficiency obtained with a minim price is also an aim targeted by negotiators. It is important who gains more.

As we mentioned problems settlement involves trust between parties and safety regarding everyone's motivations. Unilateral trials for settlement occurred in case of a dispute will expose you to the strategic interaction exercised by the other negotiators, if these continue to use a competitive style.

The goals are to obtain gains for both parties, focusing on mutual interests and not on disputes, adoption of a position in which confrontation and 'a priori' judgment are eliminated, appliance of the standards of "correctitude", "common sense" and "rationalism".

It is considered that the other negotiators can be motivated to replace the selfishness with their own moderate interest.

Further these achievements negotiators improve their negotiations capacities.

This is the main aim that is reached, the others being derivatives. Higher the negotiator qualification is, more registered successes are. Irrespective of the manner the negotiations concept is defined there are some features that are generally applied:

1. The negotiation process is a social phenomenon that involves communication between people this bearing the distinct mark of the human behavior. Thus the human behavior represents the main element on which the negotiations theory is based and that determines the result of the negotiations.
2. Negotiation is an organized process in which it is desired the avoidance of the confrontations and that involves a certain competition. In any case negotiation parties have to observe certain demands of procedural and ethical type established in time.
3. Negotiation is a process with precise affinity that involves harmonization of interests. It has as task the achievement of a will agreement and not necessarily a victory; both partners (and not opponents) have to end the negotiation process with the feeling that they achieved maxim of what they proposed.
4. Negotiation involves presentation of his own position as well knowledge of the other's position, presentation of arguments and attentive listening to the counter arguments, achievement of an impartial judgment and finally reach an acceptable solution for all those involved in the negotiation process.

Practice of negotiation points has the main difficulty and deadlock in reaching the goal resides; in fact most of the time negotiators start from the idea that the interests of the two parties have to be turned into mutual aims. This is leading to the conclusion that negotiators must find a mutually agreed solution. More than this the negotiation theory has a "law", a rule that states that there has not to be pushed to achieve a special process but built up on a conjuncture weakness of the partner especially when negotiators know each other and do business directly.

5. By excellence negotiation is a competitive process that claims some efforts aiming avoidance of confrontation and reach mutual benefit solutions. On its turn the competition will allow to face out the individual competences in proposed target achievement.
6. Negotiation involves repeated and mutual concessions till the equilibrium is reached this one being appreciated according to their own needs and possessed information.

Negotiation appeals the rhetoric, logics and argumentation theory items, doesn't matter where it is taking place and which are the involved parts. Sometimes are used performant manipulation and communication techniques, like transactional analysis, euro-linguistic planning. Notions such as offer, demand, position claims, objections, compromise, concession, argument, transaction, non-verbal argumentation, proof, etc., could frequently be involved in the negotiation process. At the same time, the non-verbal elements, like physiognomy, mimicry, gestures, position, clothes, general appearance have a great importance. The partners' culture and the parts negotiation power are elements to be taking into account.

The strategy and tactics elements, the rhetoric tricks and snaps as well as the perception psychological knowledge could have a crucial role in obtaining great advantages versus small granting.

## References

- Pistol Gh. (2002). *Tehnica si strategia negocierilor*, Bucuresti: Editura Universitara.
- Plaias I. (2003). *Negocierea afacerilor*, Cluj Napoca: Risoprint.
- Mecu Gh., Mecu. D. (2004). *Negocierea afacerilor in economia de piata functionala*, Bucuresti: Editura Irecson.
- Tran V., Stangiugelu I. (2001). *Teoria comunicarii*, Bucuresti: Editura SNSPA.