

Negotiations In International Business – A Conceptual Framework

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Abstract- *The genesis of the word international business was started with international trade, international marketing, and foreign trade, are synonymously used terms relating to international business. It is connotatively influenced by conflicts in its functionalism, and the conflict management is one of the important coping strategies which help to overcome the problems. Such strategies include deal making, discussions, team building, management talks, contracts, handling disputes etc. The present study addresses the conflict management and negotiations in international business, and discusses the role of communication in negotiation, cross cultural process of negotiation, planning, and preparation for negotiation, negotiation skills, renegotiation, dispute settlements and negotiation styles. The present paper is based on analysing existing literature review i.e. secondary data only which is available in different sources.*

Keywords- International business, Business negotiation, Negotiation skills, Negotiation styles

I. INTRODUCTION

The significant impact and implication of globalization with product, organization, and market creates a borderless world to expand business operations by domestic concerns at international level. The term international business referred to the process of buying and selling of goods and services between the cross borders of the countries and it can also be called as international marketing, foreign trade, and international trade. Its philanthropy is very significantly influenced by business risks or constructive issues in international business management. The deal making, discussions, memorandum of understanding, team building, management talks, contracts, handling of conflicts and disputes are common tactics in a business negotiation. In this context the business dictionary defines the term negotiation in general parlance, it is a bargaining (give and take) process between two or more parties (each with its own aims, needs, and viewpoints) seeking to discover a common ground and reach an agreement to settle a matter of mutual concern or resolve a conflict. Trade negotiation is a process in which nations meet together to discuss the possibility of a trade, with the goal of reaching a trade agreement. Both nations have a

vested interest in negotiating a successful trade agreement because it has the potential of promoting economic growth and allowing companies to expand their markets, but both are also concerned with protecting their economy and safety. Trade negotiations can become quite complex, and may involve more than two nations, along with moderators who take a neutral stance to help the countries reach an agreement. (MaryMcMahon2018).

II. REVIEW OF LITERATURE

(Fernando De Oliveira Carvalho And Felipe Sobral 2003) In an increasingly competitive, dynamic and ambiguous business environment, negotiation is critically important to the success and, ultimately, to the survival of companies. Negotiation is a daily corporate reality of increasingly decisive importance to the success of companies.

(Charles b. Craver2003) Attorneys and businesspeople negotiate constantly. They negotiate within their own organizations, with prospective and current clients and customers, and with other parties. Most negotiators employ relatively “cooperative” or relatively “competitive” styles.

(Debapriya Bhattacharya,2005) Effective negotiation involves thoughtful planning and preparation. In the context of multilateral trade negotiations, the coalition building among LDCs during the actual negotiations is key to reaching a successful negotiation outcome. However, the availability of relevant information at each step of the negotiation process is also essential.

(Ksenija Čulo 2012) Negotiation is a dialogue between two or more people or parties, intended to reach an understanding, resolve point of difference, or gain advantage in outcome of a dialogue, to produce an agreement upon courses of action, to bargain for individual or collective advantage and to craft outcomes to satisfy various interests of two parties involved in negotiation process.

(Ofir Miller,2013) The ability to conduct negotiation is an important skill for each manager in the business world. The

importance of characterizing one’s natural style constitutes the first step in building a strategy for successful negotiation.

(Shin-Kyuo, Lee 2014)Negotiation is the process by which people attempt to settle what each shall give and take or perform and receive in a transaction between them. Negotiation is a critical business process as it is necessary whenever people are dependent on one another for accomplishing objectives.

(Ilana Zohar 2015) Negotiation, a way to resolve conflicts or disagreements or divide resources among two or more parties, carried out willingly by free choice. The two sides make contact for suggestions and counter suggestions and in this manner, communication takes place between the parties. Each side employs its own tactics in an effort to reach maximum results.

III. OBJECTIVES OF THE STUDY

- To understand the role of negotiation in international business
- To discuss the strategic aspects of negotiation

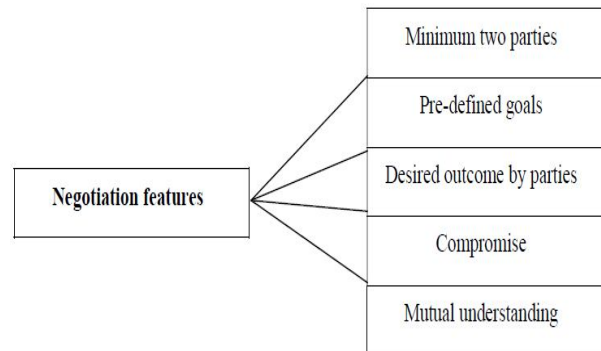
IV. METHODOLOGY OF THE STUDY

The research design consists of the data; it can be classified into two types of primary and secondary data. The data which does not exist can be called as primary data and the data which is existed can be called as secondary data. The present study is based on secondary data which available in different books, journals, articles, research papers and internet source also. The main objectives of the present study are to understand the role of negotiation in international business and discuss the strategic aspects of negotiation

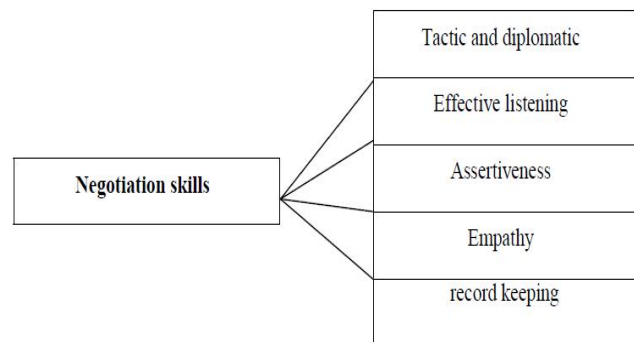
V. CONCEPTUAL FRAMEWORK

Conflict resolution is the question of sustainability by the business concern, conflicts may be raised due to an imbalance in management perspectives or the functionalism of business concern. The conflict management is process and practice of identifying and handling the disputes with balanced and effective strategies. It may enforce within an organization environment usually involves proper communication and problem resolving abilities including negotiation with the aim of accomplishing overall goals. The conflicts may be interpersonal or intrapersonal, but the interpersonal plays a key role in the working environment in every organization. The negotiation is a coping strategy to overcome the conflicts or it acts as conflict resolution tool in business bargaining. The Ofir Miller states that the ability to conduct negotiation is an important skill for each manager in the business world. The

importance of characterizing one’s natural style constitutes the first step in building a strategy for successful negotiation.



Negotiation features: Negotiation features are characterised by different aspects, basically the contractual understanding with mutual consent between two or more parties by defining the goals or intentions to enter into the negotiation contract. The development strategy is the fundamental key component as well as entry strategy in any bargaining process. The characteristics of negotiation not confined with only above mentioned aspects but also it includes different styles like accommodative, competitive, compromise, cooperative and avoids style, and other factors like communication patterns, parties behaviour, the outcome of the negotiation process with win-win, win-lose and zero sum principle etc.



Negotiation skills: The negotiation is an interactive process with collective bargaining between two or more parties involved in contractual understanding. The skill refers to understand or to have the knowledge or to know how, means in negotiation skill of the negotiator plays a significant role while bargaining something. The negotiation skill includes tactical thinking, effective listening, assertiveness, empathy, and record keeping, but the behavioural observation by the parties with one another and open ended and close ended questions between the parties are very important.

Negotiation Styles and Managing negotiation

Competitive style- In competitive negotiation, the approach with win or loss based on zero sum game or principle, means in a negotiation process one party must win and another party may lose. The relationship between the negotiating parties is irrelevant, adversarial and insincerity, limited disclosure, fewer concessions and self interest.

Accommodate style- The accommodative style of negotiation concerned with long term relationship between parties, it is attributed to harmony, adjust with circumstances, concessions and hope with improvements with neglecting self interest.

Avoid style - The avoiding is a tactic of intra personal conflict resolution attributed to Ignorance of competitive buyers, refusing, postponing, by avoiding the conflicts. The negotiators are suspecting the future consequences and thereby they will try to ignore the issues.

Cooperative style – It is concerned with Problem Solving, collective bargaining, reasonability, the sincere and relevant disclosure of their intentions, proper and Effective communication, orderliness in the discussion, friendliness with understanding the similarities in characters in parties values, beliefs etc.

Compromise style- The Compromise style of negotiation characterised by the settlement of differences, arbitrating, mutual concession etc and it is a process of making an agreement or settlement or arbitrating the dispute that is reached by each side making concessions. It is based on win loss situation.

Negotiation process: The Roy J. Lewicki, in his contribution bargaining and negotiation, identified the negotiation process with five important stages such as entry and initial contract, secondly clarification and justification, thirdly personal styles and use of tactics, fourthly hard bargaining and problem solving, and finally closure and implementation. The actual negotiation starts with Preparation and planning for negotiation by developing the strategy. The first starts with entry and initial contract concerned with rules, procedures, place of negotiation, parties involved in negotiation and the purpose of the negotiation etc. Secondly the clarification and justification by the parties about their demands, issues as well as their stand views. Thirdly the personal styles and use of tactics by individual disclosures and their tactical decisions, and fourthly hard bargaining and problem solving by the parties with the finality of the agreement.

Preparation and planning for negotiation: Gavin Kennedy expressed about the term negotiation has developed as the process through which the activity of trading and exchanging

tangible or intangible things between people is conducted. Its underlying principle is expressed in the statement: ‘Give me some of what I want and I will give you some of what you want’. The Roy J Lewicki identifies four steps for preparation and planning for negotiation. Firstly Determination of conflict situation secondly determination of their own goals and objectives, thirdly evaluate other sides’ goals and objectives, finally develop a strategy.

Negotiation and communication: Good communication is the essential requirement for successful negotiations. Communication is a two-way interactive process that requires everyone involved to exchange messages. Yan Zhao and others identifies set of common properties in negotiation in their contributions entitled as On Visualizing Negotiation Communication Networks, such as there are two or more parties and a conflict of interest among these parties, the conflict can be resolved by an agreement, which is accepted by all parties, there is a mutual dependency between the parties, one needs the other and vice-versa, and the parties communicate because they want a better agreement instead of simply accepting what the other side will voluntarily give them.

Renegotiation: The business dealings in some times may be influenced or shakes with changing circumstances’ or variations, for example, changes in agreed terms, prices, costs or any other clauses in the contract. **Jeswald Salacuse** states that Renegotiation is generally triggered for one of two reasons: an imperfect contract or changed circumstances. **Jeswald Salacuses’** article Deal Making: What Leads to Renegotiation? Highlights the suggestions in renegotiation such as avoid hostility, weigh your claim against the value of the relationship, create value in your renegotiation, fully evaluate the costs of failure, involve all necessary parties, design the right forum and process, consider hiring a mediator.

VI. CONCLUSION

The finality of the present paper underlined with the role of negotiation in business. It is aimed at resolving the difference of opinion, mismatch or misunderstanding between the parties; thereby they can try to gain a mutual advantage with satisfying various interests. It is often processed by forwarding a proposal and making collaborative exchanges to achieve an agreement. The trust or belief is major determinant which influences on the success of the negotiation. The suffices of the negotiations are purpose and objective of event ,opinion and psychological behaviour of parties and their interest , their communication with actions and activities etc play a significant role in the success of negotiation.

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