

Research Focus

Volume 1, Issue 1, 2019, p. 52-57

ISSN: 2668-4675

www.researchfocus.org

Photo by Scott Webb on Unsplash

International Business Negotiations

Omar HUSSEIN

International Business and Entrepreneurship, Romanian-American University, Romania

Abstract

In a globalized world companies are facing many challenges with respect to how to negotiate adequately. The differences in societies and cultures along with communication in business, behavior and negotiation styles impact the way global business negotiations are conducted. Negotiating effectively in a cross-cultural environment is one of the most important international business negotiation skills. The paper aims to highlight several important aspects of international business negotiations as well as what are the necessary skills an international negotiator should master.

Keywords: negotiation, business communication

Introduction

International business negotiations and entrepreneurial relations become more and more important these days since everyone strives to have their own business and running their own firms. International negotiations are a large part of the whole process. An entrepreneur should

have the skills of a good business negotiator especially when it comes to working and dealing with international companies and organizations. The main reason why I have chosen this topic to write on is that I see myself in the future on a negotiation table and hopefully negotiating deals for my own firm. The very interesting part about negotiating is that we use everywhere, not only in the professional realm; in our daily life we negotiate literally on almost everything.

According to Ghauri & Usunier (2003), negotiation is a basic human activity (Ghauri, P.N., Usunier, J-C., 2003). It is a process we undertake in everyday activities to manage our relationships such as family ones or employer and employees, buyers and sellers and business associates. However, negotiation is not always mandatory if the parties are both completely satisfied with what has been offered. If the process of negotiation is started, any of the companies or parties can choose to quit as negotiation is a voluntary process and not a must. However, this process is recommended because it modifies the offers and expectations in a way that brings the two parties closer to each other and maximizes both of their benefits, leading to a long-lasting future relationship between them.

Negotiation Skills

There are certain skills and traits that an entrepreneur must have before actually becoming an effective negotiator. The negotiator who aims for a win-win result should be knowledgeable about everything that is going on and what might happen. Negotiation is a dynamic process involving a number of moving parts, and all these parts are negotiable. The negotiator who is the most patient, persistent and creative always has the advantage and is most likely to close a win-win deal. The process of negotiation is complex and time-consuming. The negotiators who lack patience always tend to forget potential objectives, which can be very costly in the future and put the company in delicate situations. The most effective, creative and successful negotiators always have alternative solutions to go around conflict and turn the table around for the company they are representing (Situational Communication, 2015). Most successful negotiators use this tactic, which is in fact very easy: just listen, listen and listen, then ask questions instead of talking. The more a negotiator listens the more he/she understands the issues and potential challenges around the table. Summing up the information and understanding it gives the negotiator a stronger ground to argue. Once the negotiator has fully

comprehended the representatives from the other party(ies) and their objectives, it will become easier to present the argument and bring the case in order to win their trust (Situational Communication, 2015). The negotiators that are successful and very effective are not only sensitive to nonverbal communication, correctly reading important nonverbal signs from the other party, but can effectively act upon them. Good and experienced negotiators tend to have a sense of knowing what nonverbal cues they send to the other party in order to make them share more information.

Good reputation and good intentions are essential for a negotiator. People may forget the finer points of a negotiation, but they will remember how we treat them (Story, 2013). Burning people, or being too sharp or cunning gives the negotiator a negative reputation. The aim is to be a successful negotiator and win many business deals in time, not just one deal once. Winning a battle but losing the war is a strategy that can be employed only for short-term transactions. Sometimes in negotiations, things can get a little bit out of hand and some negotiators may become frustrated, angry, embarrassed and even defensive because the other party is not understanding or not cooperative (Story, 2016). In these cases, it is always better to remain calm and in a negotiating mode and remember that “half our mistakes in life arise from feeling when we ought to think and thinking when we ought to feel” (Collins, Citation).

Cultural Differences

The cultural differences between the parties involved in a negotiation is a sensitive matter, which may affect the whole negotiation process. For example, the negotiator may have a different representation of a successful deal than the business parties trying to reach a win-win agreement. In some cultures, a successful negotiation is simply a signed contract. For others, success means the creation of a future, trustworthy business relationship (Salacuse, 2004). In this case, even though a written contract will guarantee a business relationship, the meaning of the deal is the relationship itself. Those who aim to form such a long-lasting business relationship tend to work harder and put more effort into the negotiation in order to maintain a relationship for the long run. For those who aim at just a signed contract, these may seem less important (Salacuse, 2004).

In order to make sure that everything flows smoothly both parties should be addressed by the negotiator with respect and deference. The personal style of a negotiator concerns the way he

or she speaks, interacts with, and addresses the other persons around the table, and culture plays a big role in a person's style of negotiating (Erskine, 2015). For example, the Germans often tend to be more formal in their negotiations and they address the other negotiator with their professional titles (Dr. or Prof.). The Americans, on the other hand, are more likely to use terms such as Mr. and Mrs. Formal negotiators avoid usually asking about the other persons' personal life or the family life of members from the other negotiating team. Informal negotiation usually tends to start the conversation on a first name basis, trying to establish a personal, more friendly type of relationship with the other team.

Negotiation Table Seating Styles

When the negotiation involves large groups of negotiators and representatives from two or more from each company, the usual type of seating at the negotiating table is on opposite sides, even if this may seem confrontational at first (Lewis). The negotiators tend to occupy prominent positions at the table. In order to avoid discussions about the seating, formal meetings use name tags and careful planning for organizing all the parties at the table (James, 2015).

The seating at the negotiation table is not the only issue to be taken into account at a meeting. The number of representatives should also be considered. For example, if the business negotiation is hosted by one of the parties, the number of representatives from the other party may be higher than the host's, which will create an unbalanced and tense situation (Lewis). In such a situation, the host has the right to decline the meeting. If they agree to continue, then the recommended seating is at an "L" shaped table, where the host is better positioned (Lewis).

The easiest situation is the one where only one representative of each business party is present, and this is typically the case for small negotiations involving moderate business deals. Some negotiators prefer such negotiations because it is more comfortable, focused and effective (IstiZada, 2013).

Conclusion

In a globalized world, companies are facing many challenges with respect to how to negotiate adequately. The differences in societies and cultures along with communication in business, behavior and negotiation styles impact the way global business negotiations are conducted. Negotiating effectively in a cross-cultural environment is one of the most important international business negotiation skills.

References

- Collins, J. C. (Citation). *John Churton Collins Quotes*. Retrieved from BrainyQuote: https://www.brainyquote.com/quotes/john_churton_collins_377092
- Erskine, D. H. (2015). *Business Contracts*. Retrieved from Open to Export: <https://opentoexport.com/article/a-method-to-negotiating-international-business-contracts/>
- Ghauri, P.N., Usunier, J-C. (2003). *International Business Negotiations*. UK: Elsevier Ltd.
- IstiZada. (2013). *Doing Business in the Middle East*. Retrieved from IstiZada: <http://istizada.com/doing-business-in-the-middle-east/>
- James, G. (2015). *Where to Sit at a Conference Table*. Retrieved from Inc.: <https://www.inc.com/geoffrey-james/where-to-sit-at-a-conference-table.html>
- Lewis, C. (n.d.). *To Invest in Your Biggest Asset, Elevate HR*. Retrieved from Centennial: <https://centennialinc.com/centennial-blog/invest-biggest-asset-elevate-hr/>
- Salacuse, J. W. (2004). *Negotiating: The Top Ten Ways that Culture Can Affect Your Negotiation*. Retrieved from Ivey Business Journal: <https://iveybusinessjournal.com/publication/negotiating-the-top-ten-ways-that-culture-can-affect-your-negotiation/>
- Situational Communication. (2015). *10 Winning Characteristics Of Successful/Effective (Win/Win) Negotiators*. Retrieved from Situational Communication: <https://www.situationalcommunication.com/10-winning-characteristics-of-successfuleffective-winwin-negotiators/>
- Story, G. (2013). *Business in Japan introduces Dale Carnegie Training*. Retrieved from In Japan: <https://injapantv.com/programs/interviews/1086-dr-greg-story-june/>
- Story, G. (2016). Retrieved from <https://journal.accj.or.jp/characteristics-of-successful-negotiators/>

Please cite this article as:

Hussein, O. (2019). International Business Negotiations. *Research Focus*, 1(1), 52-57.
doi: <https://doi.org/10.36068/1.9>

Research Focus. International Open-Access Scientific Journal for Students and Graduates Research



This work is licensed under a [Creative Commons Attribution 4.0 International Licence](https://creativecommons.org/licenses/by/4.0/). Articles are free to use, with proper attribution, in educational and other non-commercial settings.

ISSN: 2668-4675