

## International Business Negotiations: Structures and Principles

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**Abstract:** This article at issue the structure of the negotiation, negotiation parameters and principles. Special literature examines a number of bargaining models, in this work the author presents a typology of negotiation models (electronic, verbal, and mathematical models of negotiation). Modeling of negotiations should include key negotiation parameters and rely on the basic principles of negotiation. After spending important elements may be overlooked essential measures influencing outcome of the negotiations. This article conducted analysis in the global scientific literature on the principles of business negotiations and made their comparison. It is also explored the structure of business negotiations, given classification of negotiations models. In the conclusions the author provides suggestions for further negotiations research.

**Keywords:** business negotiations, negotiations structures, negotiations parameters, negotiations principles

### INTRODUCTION

Modern international business develops in the context of rapid social and political changes, which contributes to changes of the economic and cultural priorities, changes in thinking and behavior. This places new demands of international business negotiation strategy development and implementation – to ensure that the whole negotiation actions would be designed and implemented, enabling to understand the other side of negotiations in different contexts, to achieve mutual understanding, to reach a common understanding, and finally negotiating to find an optimal solution.

*Relevance.* In order adequately to prepare the negotiations are necessary to know the basic principles of negotiations. Using them in the negotiation process the final results will be more successful. Have missed some important elements can be undetected essential means of influence to the outcome of the negotiations. Also these principles are essential in modeling negotiations situations of negotiations support systems. Development of negotiation strategy invoked diverse modeling schemes of negotiation processes. Knowing the main principles of negotiations can be foreseen possible actions of the other side of negotiations.

Preparations for negotiations is one of the most often cited principles in literature. In order to prepare adequately for a negotiation it is necessary to know the basic negotiating principles, as with the help of their effective use might be more successful negotiation process and the final results.

*The problem* – there is no consensus in the scientific literature which negotiations principles are essential.

*The object of investigation* - the structure and principles of of business negotiation.

*The aim* – to make a comparative analysis of world literature and practice of business negotiations structures and principles.

*Research methods* – the systematic, comparative, logical analysis and synthesis of scientific literature.

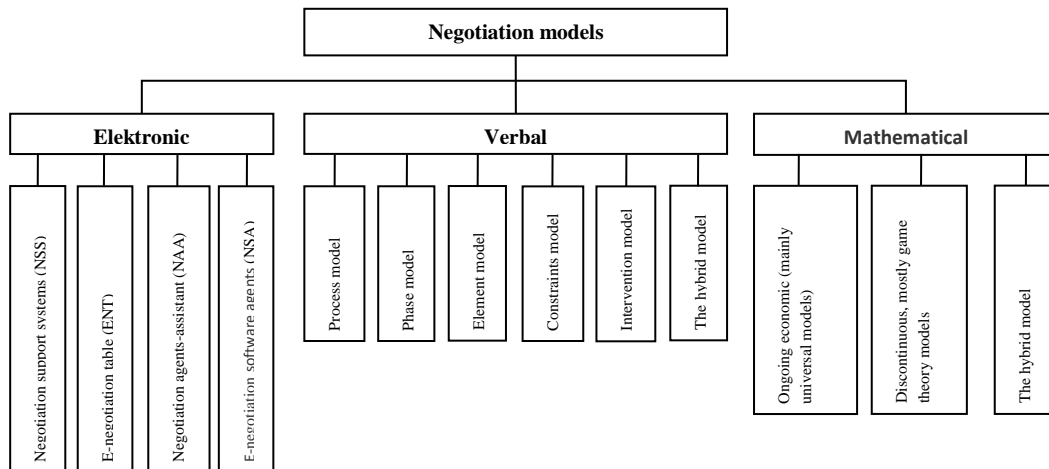
### STRUCTURE OF NEGOTIATIONS

Negotiation strategies may be linked with the negotiation structures. Which negotiating strategy will be developed it will depend on the negotiations structure. Strategy and negotiation factors (time, agenda, communication and media) have a great importance in these situations. In the scientific literature can be found various negotiations structures some of them will be provided.

The structures of negotiations in organizations and between organizations are very similar to the organization's management theories, of course, the two negotiations parties may have the same management structure, but the structure of the negotiations might be different. Negotiations can be more or less formal and this affects the team's mobilization, resources, communication system and negotiating behavior. Negotiation models are prescriptive in nature, because they are based on the belief that there is one best solution 33 Informat negotiations problem, patterns can show what the ideal negotiator (intelligent, rational) should make in competing, interactive situation.

However, in reality it does not work. So these models can show only one of many possible outcomes.

Following is a negotiation models typology (Figure 1).



**Fig-1: Typology of negotiation models (compiled by the author’s)**

Negotiation models are classified into mathematical, electronic and verbal (non-mathematical). Mathematical models of negotiating (continuous, economical, universal) have a precise results (theoretical calculations), which can be calculated through the mathematical analysis. They have not semantically-related problems, which may be improved by adding links and items, and so on. But these models are dependent on the negotiator’s rationality, advantage options, have a mathematical constraints are not basic factors determining the outcome of negotiations and are not accepting solutions on separate objects of negotiating dispute.

In mathematical models of negotiating (continuous, game theory) are used instruments of theoretical algebra. These models can be realistic mathematical assumptions, can be considered as separate negotiations, empirically tested (easiest to do this with two negotiating sides) is also determined the best result. In game theory models there is a relatively small amount of semantically related problems, and the conceptual basis can be modeled and changed. However, this model depends on the negotiators rationality, and its predictability is questionable as there is direct communication. Also there cannot be examined multilateral situations (more than 2). At this model cannot be analyzed repetitive or dynamic negotiation processes. It is also impossible to know the values of benefits at every step. These models can be zero-sum or variable sum where there may be two participants, or may be a higher number of them.

Hybrid mathematical model of negotiations depends on its nature. It can be as a combination of economic and game theory or other mathematical models. Such models are usually created to model a particular situation. In this 332nformat being used the mathematical language. Kersten and Lai [1] provides definitions of electronic negotiations typologies concepts:

Electronic negotiations systems (e-negotiation systems, shortening ENS) is a model that employs Internet technologies, it also is placed on the network with the aim of facilitating, organizing, supporting and / or 332nformatik of negotiators and / or third party activities.

Negotiation support system (negotiation support system – NSS) is a program which implements the models and procedures. Has the communication and coordination facilities, and is designed for two or more countries and / or for existing one third party business negotiations.

Boards of electronic negotiation (e-negotiation 332nform – ENT) is a program that provides a virtual space for negotiators (bargaining boards) and tools that they can use for the performance of negotiating activities.

E-negotiation software agents – the NSA program, which is actively involved in significant part of the negotiations and carry out the decisions on behalf of human or artificial basis.

Negotiation agents-assistant – NAA is a software agent which provides for a timely human negotiator and / or third party advice, criticism and support according to the specific context.

E-negotiation software agents – is NSA programs, which is verbal negotiation process model provides a realistic description of the comprehensive negotiation process, in which can be examined factors affecting the negotiation process.

This model lets you add to it an unlimited number of variables. Unfortunately in this 333nformat not defined the consensus threshold and semantic problems are emerging. The result of „balance“ is not examined. Empirically is difficult to verify the range model, so here are just a few variables analyzed. It is difficult to 333nforma the consistency of events. In this 333nformat used verbal theory and Boolean algebra.

Verbal negotiation phase model allows to 333nforma the negotiations that lead to the collapse or the agreement. This model provides a realistic description of the negotiation process understandable factors, can be considered factors that affect the negotiation process as well as lets you add an unlimited number of variables. Unfortunately in this 333nformat not defined the consensus threshold. Also appears and semantic problems. The result of „balance“ does not explored. Empirically is difficult to verify because of the model range and therefore are surveyed only a few variables. This model uses the language of verbal interaction analysis and Markov analysis.

Verbal element model presents an opportunity to 333 nforma negotiations mathematically through vector analysis. Model transmit a clear description of the negotiation process. This model primarily touches on the psychological elements that affect structure. May be examined factors that act the negotiation process as well as lets you add an unlimited number of variables. The 333nformat not defined the consensus threshold. Appears and semantic problems. Does not address the „balance“ of the result. Empirically difficult to test the model range and therefore were analyzed just a few variables. It is difficult to 333nforma the events of consistency.

Verbal restrictions model provides a realistic description of the comprehensive negotiation process, can be considered factors that act the negotiation process as well as lets you add an unlimited number of variables. Model defines the consensus range, greater tendency to empirical testing than other models, provides insight on the consistency of the negotiating events. There is no examined the result of „balance.“ There is a semantic problem. This model does not take

decisions on individual bargaining controversy matters. This model uses the verbal counting.

Intervention model. This model the best assess the nature of negotiations. There can take place mediation, fact-clearance processes, arbitration, legal restrictions originated on the negotiating parties‘ agreement, deadlock, objections.

Hybrid verbal negotiation model depends on its nature. This model can be created in order to adapt it to the specific situation, using other models of the verbal negotiations. In this 333nformat primarily used verbal language, and others.

It is noted that an individual can not influence the group. The individual rarely negotiates against group because the group has more resources, more power and potential of manipulation than the individual.

Modeling negotiations on these models should be kept in mind that these measures can 333nformatikon only one of the possible outcomes, but the work on these models can help you better prepare for the negotiation. Modeling the various negotiation situations can be discovered and unexpected outcomes of the negotiating results, and possible alternatives of evaluation can only increase the success of the final outcome. The more 333nformatikon (visual bargaining context) in negotiations would be generated, the better process of negotiations will take place.

## PARAMETERS AND PRINCIPLES OF NEGOTIATIONS

Creating strategies for negotiations are invoked diverse negotiation simulation schemes. By modeling negotiations and possible situations shall contain need to cover the key negotiation parameters and to rely on the basic principles of negotiation. Missed a certain important elements may be overlooked essential measures of influence on the outcome of the negotiations. Studies of the process of negotiation and structures [2, 3] showed that negotiating activity can be characterized by eight parameters (Figure 2):

$N = (I, E, ACCEPT, LOC, S, M, R, A)$

here:

- N - negotiating activity;
- I - negotiating issue;
- E - number of participants;
- ACCEPT - limits of participants favor;
- LOC - positions of participants;
- S and M - strategies and actions of participants;
- R - the rules of negotiations;
- A- effect of the intervention [2];

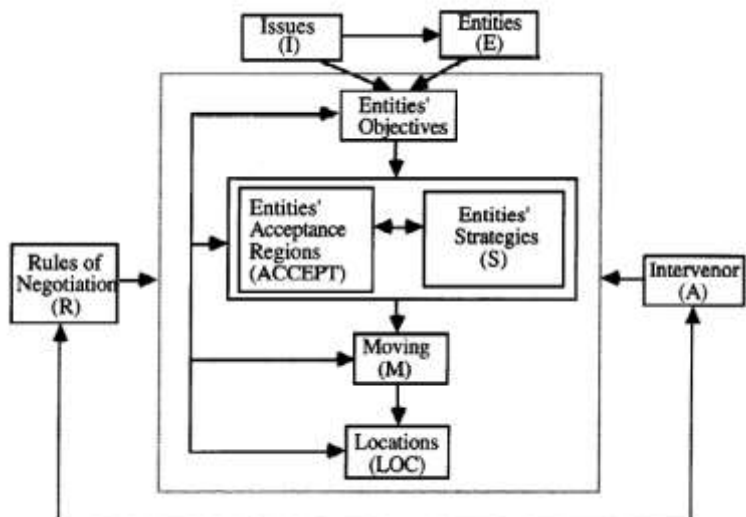


Fig-2: Interdependence among primary parameters of negotiation [2].

Wasfi and Hosni [3] identified the key negotiation parameters:

1. *Negotiating power.* Power may be legitimacy, knowledge, risk taking, time, commitment.
2. *BATNA.* Level of requirement, beyond which the negotiator is not inclined to come down.
3. *Aspirations level.* Negotiator target. Aspirations level is mostly the first proposal of the negotiator.
4. *Time pressure.* If negotiator is more constrained by time limitations, he is in weaker position. Time is an important factor in negotiations, which affects other parameters.
5. *Structural and communicational actions.* The structural actions is a specific proposal. Communicational actions can shift structure of the bargaining power by informing the opponent about negotiator's intentions.
6. *The economic benefits.* Negotiator's choice is determined by general human desire to maximize their benefits from an economic perspective positions.
7. *Concession and the resistance forces.* Negotiators influence oppositional resistance force. Which progressive reduction (through discounts or enhancing opportunities. of others. negotiating side) leads to agreement. Resistance force reflects the negotiators

natural unwillingness to retreat from primary positions, but the concession force pushes them to get closer to an agreement.

8. *Structuring the bargaining context and approaches -* distributive and integrative.

In negotiating distributive context happens where the objectives of one side of negotiations in principle are in conflict with purposes of the other side and there is no any objective approach to compromise - here winning of one side is losing of another side [3]. Integrative negotiating context may arise when negotiating objectives are not fixed at a given point (the range), and negotiators are disposed, that the objectives can be integrated with an appropriate degree. Integrating potential exists when the problem solving type allows to make decisions which give benefits for both sides, or at least winning on one side does not losing of another side at the same degree. Relations between the negotiating parties are exposed of such attitudes as friendliness, hostility, trust and respect [3].

In negotiations are very important principles and conditions on granting concessions. Table 1 presents principles and conditions of strong and weak negotiators concessions options:

Table 1: Working with the principles of concessions (compiled by the author)

Principles and conditions on granting concessions	
Strong negotiator	Weak negotiator
1. Do not mention about concessions themselves	1. Do not mention about concessions themselves
2. Even if the concessions are requested, the matter are postponed to the end of the interview. This is done on purpose to get the time to prepare their arguments.	2. Just give him a discount if you ask.
3. Strong negotiators offer a concession in	3. Just give a concession.





Outlined below are the different sources of the negotiation principles that deal with them in different ways: emotional control, smooth operation and better understanding of the other side.

Moore and Woodrow [4] published the principles of international negotiations:

- establish a common culture "topography" - beliefs, attitudes, behaviors, procedures, and social structures that shape people's interactions;
- identify potential dangers, obstacles and pleasant surprises that intercultural travelers and negotiators may miss if they do not have a reliable guide;
- choose the answer that will encourage successful interactions and outcomes.

Fisher and Shapiro [5] provides the following emotion-related negotiating principles:

1. Evaluation.
2. Respect for autonomy.
3. Making a connection.
4. Knowledge of status.
5. Choosing the right role.

Easypola [6] describes these principles for negotiations:

1. To determine interests necessary to establish the other side's position.
2. The need to separate people from the problem also the need to convey sincerity and trust.

3. Alternatives. Negotiators should look for alternatives before and during the negotiations.
4. Options. For possible agreement should look both sides, using both the brainstorming and past experience as well.
5. Criteria / legitimacy. In negotiating requires the use of standardized criteria which would be for both sides explanatory. Also negotiation procedure must be consistent.
6. Liabilities. Each side has to assess its ability to meet obligations. Failure to comply with them in the future may be cause difficulties for further cooperation.
7. Communication. Communicating both sides should not only focus on their own preferences, but also must listen to the other side. Problems may arise in communication by articulating your position and understanding of others. So it is necessary a lot of asking.
8. Misunderstandings can arise in communicating by different languages and with different cultures. Negative emotions can affect your ability to communicate well (the style and efficiency of the negotiations).

In order to find innovative solutions in process of negotiations is needed to understand the principles of the negotiations. Author is enclosing analysis of the negotiations principles and practice of world literature (Table 2). Author's has codified 58 principles of the negotiations from 24 literature sources.

**Table 2: Principles of Negotiation (compiled by the author's)**

No.		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
	Principles of Negotiation	The Sloan	SPN 2009	Coleman 2000	Mandel 2012	Rodlaw 2012	Foster 2003	Diržvičiūtė et al. 2007	Čiurkaitė 2012	Lewicki et al	Lynch 2003	Pathways 2013	LISP Analysis	NST 2013	Novak and Hall	Knight 1998	Fisher ir Shapiro	Fisher et al. 1991	Delroio 2007	Moore and	Kosecka et al	ESCAP 2004	EASYPol 2008	Dawson 2010	Teagorri 2003	
<b>Cognition of self and other side, preparation</b>																										
1.	Preparing for negotiations	+			+	+			+					+												
2.	To Foresee compromise	+					+																			
3.	Not to empathize with the problems of the other side	+				+																				
4.	A great negotiator is always learning. The negotiator is the leader		+																							
5.	To look at situations from the outside			+																						
6.	To set the decision-makers, to negotiate on one level.				+		+																			
7.	Know your limits, to leave space for concessions				+			+																		+
8.	Be prepared to go out always					+	+												+		+					
9.	Knowledge, competence							+																		
10.	BATNA, you should avoid the formed contract				+		+							+				+					+	+		
11.	Look for solutions that suit the aims and objectives of different sides									+													+	+		
12.	Rate yourself and competitors by parameters												+													
13.	Determine where you are the best																									





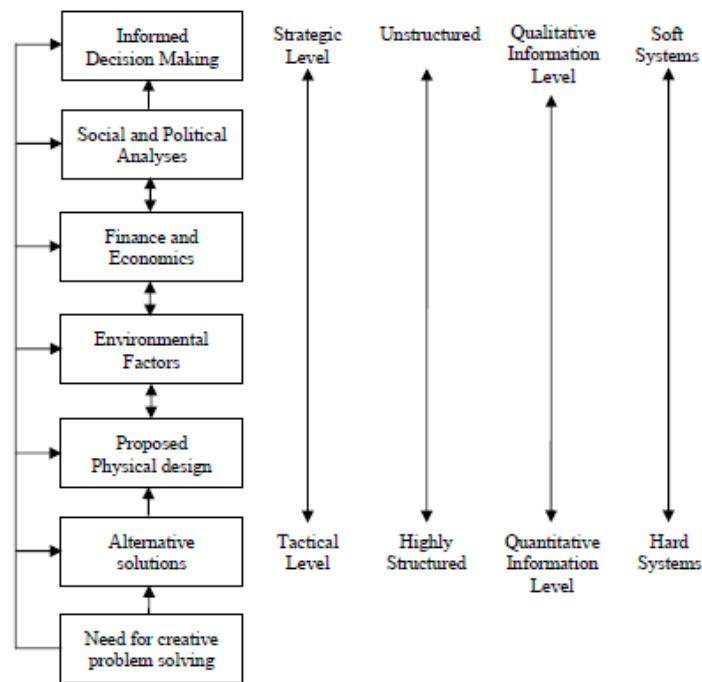


each country has an incentive to denounce in order to increase their own benefits. However, this result is a semi-optimal, because the players would be disabled if both of them will cooperate. In real life, cooperation occurs

**Decision-making**

Regardless of whether the negotiations are taking place within the company or with external parties, they reflect the interdependent decision-making

processes in which two or more parties can win by cooperation [7]. The impact assessment takes into account the case and a reasonable person's decision. Also takes into account the perception of the negotiators themselves the concepts and actions. For example, bluff, or manipulation of the term can mean different things to different people and can be dependent on the negotiating environment [8]. Decision-making in negotiations can be considered at strategic or tactical levels [9]. This is shown in Figure 5.



**Fig-5: Engineering Decision Making [9]**

In Figure 5 on the left side there are main factors to be applied in choosing the right solution for a given problem. In decision modeling, any alternative solution must be evaluated taking into account environmental, economic and financial, political and social opportunities. Methods relying on a systematic approach, and the results of research may facilitate the decision-making process [9]. It should be noted that when there is a move from the tactical level to the strategic decision-making level, the problem is changing from a very structured and quantitative towards unstructured and qualitative. Hence, the problem has a bit simple well as complex system element. Because of these and other factors should be selected appropriate set of tools of the system, in order to examine all relevant aspects [9]. Golenur [10] writes that before starting the negotiation process, representatives must decide which options they would have, when moving towards the agreement.

The main decision making stages of the negotiations:

- a) Analysis of the needs. Negotiator in the first stage is required to identify the other side needs, goals. This may also have an impact on creating the need for other side.
- b) Analysis of alternatives. The negotiator would clarify selection criteria of the other side. Also, the negotiator may influence additionally by offering more favorable extra proposals (unfavorable for competitors). Also, the following criteria should be justified, what is the suitability of the negotiator's proposal.
- c) Doubt stage. The negotiator seeing the other side of the negotiations, who doesn't make decision, must not to leave the other side in peace (allow himself to think). Since the other side has doubts - it does need an advice. Therefore, the negotiator is necessary the ability to dispel the doubts because other stakeholders (eg competitors or incompetent entities) can further to increase the doubts and disrupt the negotiations. Also, do not overdo it by pressing the other side, as it can be the opposite effect. In order to dispel the doubts of the other side

it is necessary to identify the key uncertainties and their causes (to ask). Knowing the reasons for his doubts - to provide the arguments, which will dispel the doubts.

- d) Co-operative stage. This stage is focused on long-term relationships. Following the transaction the negotiator should be looking to the results and post-negotiation situation will meet the other side of the negotiation. Because frequently may arise questions or opinions which can explain only the negotiator who made the deal, and, as in other cases responses to them can provide the others. Therefore, only the negotiator can be the best, who can solve all dissatisfactions. Further cooperation can become effective or not. It depends on whether the transaction is in line with the expectations of another side of the negotiation. These expectations may be formed both of another side of the negotiation and negotiator itself. Therefore, the negotiator must responsibly develop expectations of the other side of the negotiations, as it may get less than expected. Further attention to the other side of the negotiations when the transaction was finished for negotiator has only a positive value. The focus on other side dispels the possible negative aspects, as after the transaction has been concluded he is still offering the help, so the other side of the negotiations can positively evaluate such signs of attention. All of this can serve downstream in cooperation.
- e) The situation changes stage. Here occurs new needs and goals and the decision-making cycle begins again.

Important decision-making processes require considerable time and intellectual input. In order to accelerate these processes and make them economically more effective, various decision support systems are being developed. There are a few support systems in distance negotiation, which are using technologies to facilitate the negotiating process.

## CONCLUSIONS

1. Negotiation strategies may be associated with the negotiation structures. From the structure of negotiating depends what negotiating strategy will be prepared. In the paper is presented typology, negotiating models. Structure of negotiations in organizations and between them are very similar to the organization's management theories, of course, the two negotiating parties may have the same management structure, but the structure of the negotiating may be different. Negotiations can be more or less formal and this affects the team's focus, resources, communication system and negotiating behavior.

2. In order fully explore the negotiating process it is necessary to know and understand the key

negotiation parameters and principles. Negotiation principles are essential in modeling negotiating situations and designing various negotiating support systems. The paper reviewed the scientific literature and have been selected and presented the most often cited principles of negotiation. Most of the negotiations referred are based on the principles of self knowledge of the other side, on principles of communication quality conditions (questioning, listening, understanding, etc.), ethics, and principles of information acquisition and exchange of consistency, the principles of emotional control and manipulation.

3. Subsequent studies should investigate the principles for granting concessions and their impact on the final results. There is also a need to explore intercultural communication impact on the negotiations.

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