

THE CONCEPT OF BUSINESS NEGOTIATIONS ANALYSIS

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Abstract

The objective of this paper is to present the author's methodological concept (framework) of business negotiations analysis. Such an analysis constitutes one of the crucial stages of the first phase (sub-process) of business negotiations planning, which is called, identification and pre-negotiations analysis. Firstly, the general idea of the entire negotiations planning process and its phases and stages were presented. Secondly, in the subsequent parts of the paper the three following components of the suggested concept were characterized: a general description of business negotiations as an object of research, the process of negotiations analysis as well as particular tools being applied to solve key problems within that analysis. Finally, summing up the paper, the areas of future research were pointed out, focusing on improving the presented concept.

Keywords: *business negotiations, the process of business negotiations planning, business negotiations identification, business negotiations analysis.*

1. Introduction

Nowadays the following features of business negotiations may be observed:

- more and more frequently negotiations involve numerous parties at the table making it difficult to reach a satisfactory agreement between the different stakeholders,
- it is necessary to include their various objectives, either common or conflicting,
- negotiation situations are affected by many external factors, which make them difficult to identify and analyze,
- creating and applying effective negotiations strategies and tactics is becoming more and more complicated,
- considerable risk or even uncertainty is involved,
- short-term or even virtual contracts occur.

These kind of negotiations arise while establishing strategic partnerships, undertaking joint ventures, performing strategic alliances, mergers and

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acquisitions, creating networks and virtual or process-oriented organizations, maintaining industrial relations, and within other complex transactions.

The above listed features of business negotiations are the result of the impact of our turbulent, global environment, which is highly challenging to the managers of contemporary companies. Numerous, very dynamic and complicated inter- and intra-organizational relations of both competitive and cooperative character means a sharply increasing scope and importance of business negotiations. Thus, it is necessary to search for effective methodological tools for analyzing and planning, which could facilitate resolving practical problems commonly met in managerial work.

2. The business negotiations analysis stage as part of the negotiation planning process

According to A. Stabryła's (2006, p. 40) concept, it was assumed that the methodological framework of business negotiations planning was an explorative process focused on elaborating the plan for conducting negotiations, consisting of three elements:

- 1) the description of business negotiations as an object of the study,
- 2) planning process, comprising three phases (sub-processes) – see table 1,
- 3) supportive tools (rules, methods and techniques), applied to solve particular problems in phases and stages of that process (Kozina, 2012, p. 20).

The general objective of the business negotiations planning process is to provide necessary resources and conditions for upcoming negotiations. Particular activities throughout that process are focused on solving numerous problems connected with decisions to be made (their analysis, creating alternatives and selecting the best solutions), according to the basic definition of both planning and negotiations, i.e. as decision making processes.

As can be seen in Table 1, the pre-negotiation analysis (negotiation situation analysis) constitutes a crucial component (one of the stages) of the first phase of the business negotiations planning process. Within the framework of that analysis it is necessary to precisely define and integrate all statements and assumptions concerning a particular negotiation situation (either stated at the previous stages of the identification process or listed below). The scope of such activities is broad as it encompasses all dimensions and determinants of that situation².

² Despite the key role played by business negotiations analysis within the entire negotiation process, so far no commonly recognized, complex and coherent methodological concept of such evaluation has been elaborated. Very few authors have discussed that issue, suggesting only partial solutions to selected problems and presenting limited tools of analysis. Empirical studies on the discussed problem are scarce as well – see for example (Kennedy, 1998), (Mastenbroek, 1996, pp. 94-102), (Thompson, 2001, pp. 9-31), (Walker and Harris, 1995, pp. 41-54) and (Watkins, 2005, pp. 21-52). See also the monograph on negotiations planning (Morrison, 1985).

Table 1. Business negotiations planning process

Phases (sub-processes)	Objectives	Stages
1. Identification and pre-negotiation analysis	To characterize the negotiation situation and its context in order to facilitate performing the next two sub-processes within the negotiations planning process.	initial (general) identification of business negotiations, stakeholders recognition, identification of potential multiparty negotiations and coalitions, pre-negotiation (negotiation situation) analysis, identification of links between different negotiations within a company.
2. Determination of the scope and strategy of negotiations	To determine the negotiation situation by stating substantial matters to be negotiated and the selection of tools needed to accomplish negotiating objectives.	evaluation of bargaining power of the parties, determining issues (problems) and objectives of the negotiations, formulating alternative solutions to negotiation problems, creating a strategy for negotiating, selection of supporting negotiating tools (rules, tactics and techniques).
3. Creation of operational plan (resources allocation)	To guarantee proper conditions for negotiations by analyzing and selecting necessary resources.	creating negotiating team, delegating tasks and responsibilities to the representatives, determining negotiations resources, evaluation of negotiation's effects and costs, elaboration of planning documents.

The general objective of a negotiations analysis is to create a complex description, which eventually provides desirable informational support and allows the continuation of further activities within the negotiations planning process effectively enough. That analysis comprises either the identification (as information process) or the evaluation of the negotiation situation.

Similar to the entire negotiations planning process, their analysis comprises of the three analogical elements mentioned above (Stabryła, 2006, s. 40). They are characterized below in subsequent parts of the paper.

3. The idea and types of business negotiations

Generally speaking negotiations should be treated as a process, i.e. complex venture (project), including many activities of the parties interested in reaching an agreement and resolving conflicts that may occur. Those activities interact with one another in many different ways. That process is characterized by several aspects, reflecting different features of negotiations.

First of all such negotiations constitute an interactive decision making process. At the initial stage of that process the parties formulate their own alternative solutions to the problems under consideration and specify the criteria

for the evaluation of those alternatives, reflecting own goals and interests. Then the parties must adjust both alternatives and criteria to reach common ground.

The other important aspects of business negotiations are as follows:

- conflict resolution and search for an agreement, which creates:
- mutual dependence between parties,
- an interpersonal communication process,
- mutual exchange of tangible and intangible values,
- new values creation (Lewicki, Saunders, Barry and Minton, 2005, pp. 17-41), (Rządca, 2003, pp. 23-25), (Kozina, 2012, pp. 21-24).

From the point of view of a company numerous types of negotiations can be distinguished, applying two sets of criteria; basic ones – clarifying specific features of such negotiations and supportive ones – reflecting their common characteristics (see table 2).

Table 2. Types of business negotiations

Criteria	Types of negotiations
According to basic criteria	
Negotiation environment and partners	Intra-organizational (internal) – between organizational units within a company
	Inter-organizational (external) – between company representatives and external stakeholders
Areas of company performance (business functions), i.e. negotiations within:	Operations (core) processes, e.g. production
	Human Resource Management
	Marketing and trade – sale and supply
	Accounting and finance
	Research and development
	Mixed – concerning issues from different areas, e.g. within project management
Negotiations importance (significance)	Strategic – concerning fundamental issues, e.g. mergers or alliance
	Tactical – creating capabilities, e.g. material supply
	Operational – within processes performance, mainly internal and external cooperation
Frequency of negotiations	Routine (reccurent)
	Occasional (exeptional)
According to supportive criteria	
Negotiations scope	Simple – on singular issue, e.g. price
	Complex (multi-issued)
Negotiations goals and character of conflict	Compulsory – e.g. collective bargaining
	Voluntary, e.g. with suppliers
	Alignments – mutual agreements
Number of negotiating partners	Two-party
	Multi-party
Attitude towards negotiations	Integrative (cooperative)
	Distributive (competitive)

4. The analyzing process of business negotiations

Such a process (its analytical procedure) consists of the following steps:

- 1) introductory (general) description of negotiation situation,
- 2) identification of that situation (according to its dimensions),
- 3) establishing the scope for analysis (selection of parameters describing those dimensions),
- 4) determining information needs (adequate to the scope of analysis),
- 5) recognition, selection, and quality evaluation of data sources,
- 6) gathering and verifying information,
- 7) segregation of data into topical groups (sets), reflecting substantial negotiation issues,
- 8) partial analyses of those issues (marketing, financial, organizational etc. ones),
- 9) summarizing and comparing the results of those analyses,
- 10) elaboration of the complex framework for negotiations situation (synthesis).

A general description of the situation is obtained as the result of the synthesis of all statements made in the previous stages of the entire identification process (see table 1), e.g. deciding how many parties are involved in negotiations, what are their interests, stating what kind of potential coalitions may be formed, etc. As the result of such introductory steps the scope of further activities is determined.

As a base in the identification of the circumstances, the following dimensions are taken into consideration:

- the negotiator (negotiating team) or representing company,
- the other party (negotiator or team) – the negotiations partner (opponent),
- internal negotiations context – direct circumstances of negotiation situation,
- environment, i.e. external factors influencing the negotiations.

Those dimensions (general negotiations characteristics) should be defined by distinguishing more detailed features (parameters) – see Table 3. They are of relevant (potential) character, i.e. in particular negotiations some of them may be of crucial importance, whereas others may appear to be inessential and vice versa³.

How detailed the description of the situation is, depends on numerous factors (objective and subjective) such as: the type of negotiations, their complexity, essential requirements and standards, elements concerning their effects, negotiators' knowledge and experience, data accessibility,

³ In (Zartman, 2002) the five categories of information needs in negotiations were distinguished: structure, strategy, process, effects and behaviors. See also the other concepts of negotiations description, e.g. (Mesjasz, 2000, pp. 80-83) and (Rządca, 2003, pp. 103-162).

methods of processing data, etc. Furthermore it may be required for some parameters to be described in a very detailed way, by distinguishing partial (elementary) parameters, e.g. types of negotiations objective, their variability, differentiation of offers and concessions, changeability of bargaining power, etc. In may be also necessary to consider some parameters together with other ones, e.g. associating resources with objectives, offers with arguments, tasks with competences, etc.

Table 3. The framework of the negotiations situation

Dimensions		Parameters (features)
Negotiating parties (negotiators or teams representing particular companies)		goals, needs, and interests, initial (starting) position, alternative options (solutions) and criteria for their evaluation, scopes and limits of potential concessions, negotiation strategies, styles and techniques, offers (tenders, bids), demands, arguments, questions and dilemmas, views, attitudes, manners, expectations, and desires, competences (knowledge, abilities, capabilities, and skills) available resources (financial, informational, material and non-material), performance possibilities and obstacles (difficulties), strengths and weaknesses (as a summary).
Internal negotiations environment (context)	Relations between parties	interdependences between goals and interests – convergent (common), divergent (conflict)), and different ones, scope of potential exchange (possibilities and limitations), negotiators’ bargaining power, reciprocal relationships (current and forthcoming), possibilities and limitations of negotiations, concerning time, place, technical facilities, audience, participation or other parties and group of interests, e.g. mediators, external pressures, and other factors.
	Domain (process, venture, project etc.)	negotiations subject (object), e.g. specific product and/or service, reflected by quantitative and qualitative attributes, substantial scope of negotiations – issues to be considered in potential contract, specific features of the transaction, e.g. complexity, risk involved, required standards etc.
External negotiations environment	Direct (contractual)	Other, potential partners to negotiations (described by the same parameters as the parties): customers (clients), suppliers, subcontractors, cooperatives etc., as well as competitors as necessary view-points (not actual partners)
	Indirect (general)	Including the following factors: political, economic, social, technological (PEST analysis), ecological and legal.

While analyzing the negotiations situation, it is very important to take into consideration the point of view of the opposite party. Concentrating only on one’s own objectives and ignoring those of one’s partner is a very serious mistake.

Therefore, after establishing the situation from one's own point of view, it is necessary to look at the same situation from the other person's perspective. That allows us to verify one own's expectations and assumptions. The effects of such consideration may also be treated as a base for mutual agreement at the initial stage of negotiations, e.g. concerning time, place, participation of experts, mediators, etc.

Additionally, the scope of negotiations identification should comprise not only data records describing particular the negotiations situation, i.e. concerning single transaction between two parties, but also reflecting possibilities of accomplishing negotiation objectives in a broader environment, i.e. with other companies as well as presenting the effects of previous negotiations (of particular type, with the same partners, conducted by the same negotiators etc.) and relations with their partners.

As far as the negotiations environment is concerned, actually for particular negotiation situations a traditional division of that environment into micro and macro ones is not important as it is more crucial to distinguish a set of factors which have an influencing effect on the negotiations (direct or indirect) despite their origin.

A more detailed degree of further analysis determines specific information needs defined by relevant data records, and needed to evaluate the characteristics of negotiations. Therefore the selection of proper data sources is of greatest importance. Such sources allow us to gather various data, satisfying specific information needs, e.g. for typical trading negotiations. These are data concerning assortment and volumes of products, their prices, terms for supplying, payment, etc. The most important sources of information for pre-negotiation analysis are people and institutions involved in the negotiation situation, (e.g. negotiators, their supervisors, experts etc.), internet – especially the websites of those institutions involved, different documents and other materials, (e.g. reports, brochures, folders, and so on).

Afterwards, the assessment of data quality and utility takes place as well as ordering and grouping of information into specific sets concerning particular parameters describing the negotiation situation. Then those sets are the object of partial analyses.

Finally, the results of those analyses are synthetized, which allows us to create a complex description of the negotiation situation. This is the final effect of the discussed process and base for performing the two next sub-processes within the negotiation planning process (see table 1).

5. Particular tools supporting the analysis of business negotiations

Identifying specific tools is the last essential component of the presented concept in the pre-negotiations analysis process. These tools are used to

perform all activities throughout that process effectively and should guarantee the objectives of such analysis will be attained.

Therefore, in order to classify such tools in detail, their importance from the point of view of negotiations analysis objectives should be the main criterion. By applying that criterion, pre-negotiations analysis techniques can be divided into two groups.

1. Basic techniques, i.e. of crucial importance for the process of negotiations analysis, including mainly those tools that have been already applied within that process and were elaborated earlier. The most common are the following:

- check lists or sheets, especially constructed for the purpose of negotiations analysis, containing the set of questions and/or statements concerning different issues describing upcoming negotiations⁴;
- study documents (organizational, legal, financial, technical etc.), the minutes from previous negotiations, informal notes made by negotiators and so on,
- group discussions, i.e. exchanging opinions between the members of negotiating team, with the participation of additional experts.

2. Supportive techniques, i.e. those tools which can be implemented in the process of negotiations analysis, accompanying the basic techniques used in that process. That group includes mainly the following tools invented in other areas of management or disciplines of science (of different origin than negotiation theory, e.g. from strategic analysis, decision making theory, economics and so on) and of various form (e.g. graphic, analytical, or descriptive ones):

- management models methods – management by objectives, strategic analysis (scenarios, SWOT analysis), benchmarking, decision trees, needs analysis, control charts, process diagrams, Clark chart and other graphic techniques etc.,
- methods of creative problem solving, such as brainstorming, Delphi method or morphological analysis,
- statistical techniques, e.g. trend analysis, regression models, cluster analysis, ranking techniques etc.,
- information technology tools – e-negotiations and negotiations support systems (NSS),
- financial techniques, like risk assessment techniques, activity based accounting, target costing, budgeting etc.,
- psycho-sociological methods, e.g. sociograms, questionnaires, skills and abilities tests, transactional analysis etc.,
- general methods utilized in social sciences, such as comparative study, surveys, interviews, historical analysis, modeling, classification etc. (Kozina, 2012, pp. 72-79).

⁴ In (Morrison, 1985, pp. 23-112) such check-lists were designed according to thirteen “control points” (for the most important parameters of negotiation situation). See also (Kennedy, 1998, pp. 186-187), (Mastenbroek, 1996, pp. 95-97) and (Schoonmaker, 1989, pp. 264-273).

Negotiations analysis tools may be also divided into 3 groups according to the purpose of their application.

Firstly, in order to gather and segregate necessary data the following methods may be used: interviews, questionnaires, surveys, studying of different materials, check-lists, forecasting techniques (quantitative and qualitative), ranking, and modeling etc. as well as information management tools (Martyniak, 2000).

Secondly, in order to process data both tools may be utilized: traditional methods (especially for particular negotiations or gathered from other records) and management information systems (supporting negotiations, like NSS or general ones).

Thirdly, in order to analyze information the following partial analysis may be applied:

- financial (concerning costs, effects, risk or break even points, budgeting, etc.),
- marketing (focused on competitive offers, clients preferences, market position etc.),
- organizational (concentrated on resources accessibility, tasks to be accomplished, internal and external circumstances, threats and opportunities, etc.),
- legal (determining possibilities and limitations of activities, according to the law),
- technical (concerning specific parameters of operational processes and/or products, considered in negotiations),
- general ones (comparative, historical, etc.).

In order to make the process of business negotiations analysis effective from the point of view of its objectives (pointed out above), it is necessary to obey the following rules.

1. *Completeness (coherence)* – considering all crucial dimensions and parameters of negotiations as well as interactions between them, without omitting any essential issues.

2. *Complexity (multidimensionality)* – including all various aspects and circumstances of negotiations – the analysis and assessment must consider not only all separate dimensions and characteristics of negotiations but also provide us with their general, synthetic picture, which should be the most solid, unequivocal, and precise description of the negotiation situation.

3. *Versatility* – the negotiation situation must be seen not only from the general (complex) perspective, and include the subjective points of view of the parties and relatively objective view „from a distance”.

4. *Accuracy* – one should make sure that before drawing final conclusions all necessary data must be gathered and presented in as precise a form as

possible, preferably using concrete indicators (measures), bearing in mind objective limitations of measurement.

5. *Solidity (reliability)* – for all dimensions and characteristics of negotiations it is required not only to identify and calculate parameters of the negotiation situation, but also to clarify entirely their causes and consequences, determined by numerous, external circumstances.

6. *Utility* – assuring the desired features of data record, i.e. accessibility, solidity, reliability, selectivity, comparability, adequacy, etc.

7. *Rationality (reality)* – especially concerning the statement of negotiations needs, objectives and expectances as well as planned activities.

8. *Flexibility* – including alternatives (options), in particular concerning objectives, strategies and tactics and depending on internal and external circumstances.

Obeying those rules is crucial while setting together and synthesizing the results of partial analyses and elaborating a complex description of the negotiation situation. Those rules determine the usefulness of gathered data, which make the identification and analysis process a proper one and adequate enough for specific features of particular negotiations.

To construct a proper description of negotiations analysis methods, it should be underlined that the scope of the application of potential tools for such analysis is considerably limited, including results of former studies on the discussed issue. The lack of unique, original tools is evident. Usually universal methods typical in social sciences are applied. Occasionally the tools come from other areas of research such as management or managerial economics. Some analytical activities are performed intuitively or using the trial and error approach.

Generally speaking, such a state of affairs in the field of negotiations analysis is determined mainly by the considerable complexity of business negotiations themselves. Many issues are of a descriptive, qualitative character so the possibility of their measurement and the potential application of quantitative techniques is limited. Additionally, numerous negotiation situations are characterized by very specific, unique attributes, which make it very difficult or even impossible to create general, universal solutions, sound enough for negotiation analysis methodology. Some tools constitute rather principles, suggestions, or rules of thumb than systematically applied and proved means of solving negotiations analysis problems.

6. Conclusions

Summing up, it should be stressed that the objectives of the study have been entirely accomplished. The concept of business negotiations analysis

presented in the paper constitutes a very useful methodological framework for analyzing different types of those negotiations. By distinguishing and describing various aspects and key problems occurring while planning those negotiations, some real possibilities for the application of the presented concept to the identification and analysis of practical negotiations situation have presented themselves.

On the other hand, the presented concept must be the subject of further research in order to make it more precise and detailed. According to specific features of business negotiations, the most urgent issue is the establishing of dimensions and parameters describing practical negotiation situations. The use of particular tools to enrich the process of gathering and processing data needed while analyzing such situations, also seems to be very useful and a promising research issue. Empirical research focused on verifying the suggested concept is desirable as well as a special comparative study concerning different types of business negotiations, either typical, routine transactions or unique ones, of strategic character. Such research would facilitate the possibility of implementing the discussed concept.

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