

## COMMUNICATION STRATEGIES OF INTERNATIONAL BUSINESS NEGOTIATIONS

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*Annotation. Reduced to its essence, negotiation is a form of interpersonal communication. Good communication is the most important prerequisite for successful negotiations. Communication is a two way street that requires everyone involved to exchange messages. The goal is to make the own position or proposal understood by the other party, and this relies on communication ability. Therefore, negotiators need to express themselves clearly and concisely in order to speak with a devotion to the purpose of the negotiation. As the rules and procedures of negotiation, become increasingly detailed and specific, the impact of communication becomes less significant.*

*Keywords. Negotiation, International Business, Negotiator, Communication, Skill.*

Negotiation is a dialogue between two or more people or parties, intended to reach an understanding, resolve point of difference, or gain advantage in out-come 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. Negotiation is a process where each party involved in negotiating tries to gain an advantage for themselves by the end of the process. Therefore, negotiation is intended to aim at compromise. Negotiation occurs in business, non-profit organizations and government branches, legal proceedings, among nations and in personal situations such as marriage, divorce, parenting, and everyday life. Negotiations have particular importance in business. Some people say that “the business life is a permanent negotiation with other people who are defending their own interests”. Many people wrongly assume that nothing is negotiable unless the other party indicates that this is the case - a more realistic view is that everything is negotiable. There are numerous definitions of negotiations.

The simplest and most precise one was given by Richard Shell, in his book “Bargaining for Advantage” wherein he defines negotiation as “an interactive communication process that may take place whenever we want something from someone else or another person wants something from us.” The list of reasons for choosing to negotiate is long [1]. Those who have a young child are reminded of this on a daily basis. Children are excellent negotiators because they are persistent and they are never embarrassed. Children do not know the meaning of the word no. They know that when adults say no they often mean maybe. The most surprising thing is that children often read adults better than adults read them.

One of the most difficult and important tasks facing international managers is negotiation. International negotiation is very complex and difficult because it involves different laws, regulations, standards, business practices and above all cultural differences [7]. Foreign markets are expensive to enter.

A reason for choosing this research topic was the want to study more about the whole negotiation process. Good negotiation skills are important to possess in order to succeed in life.

People negotiate every day and we cannot avoid negotiating. People are negotiating even when they do not realize it. In this thesis the importance of international business negotiation is pointed out. Objectives of this research are to help organizations to pay more attention on negotiation process and improve those skills. The overall purpose with this study is to gain a better understanding of business negotiations in an international context.

The definition of international business is shortly explained. The role of communication and basics and specifics of negotiation are introduced. What is negotiation in general, possible outcomes and styles. And finally, the negotiation strategies followed by dos and don'ts in negotiation.

Origin of international business goes back to human civilization [11]. International business consists of commercial transactions (both private and governmental) that are carried out across national borders. Usually private companies undertake such transaction for profit and so do governments but they undertake them for political reasons too. According to M. Czinkota primary types of international business are export-import trade and direct foreign investment. Other types of international business are licensing, franchising, and management contracts.

J. Nehru said “If we seek to understand a people, we have to try to put ourselves, as far as we can, in that particular historical and cultural background.... It is not easy for a person of one country to enter into the background of another country. So there is great irritation, because one fact that seems obvious to us is not immediately accepted by the other party or does not seem obvious to him at all....But that extreme irritation will go when we think... that he is just differently conditioned

and simply can't get out of that condition. One has to recognize that whatever the future may hold, countries and people differ...in their approach to life and their ways of living and thinking. In order to understand them, we have to understand their way of life and approach. If we wish to convince them, we have to use their language as far as we can, not language in the narrow sense of word, but the language of the mind. That is one necessity. Something that goes even further than that is not the appeal to logic and reason, but some kind of emotional awareness of other people". Communication plays an important role in negotiation. Communication is the key to a successful business because with good communication everything is organized, carried out properly and operated smoothly. In business, communication does not take place only between the business and their buying customers but also with their suppliers, within themselves and all of the stakeholders that are involved in the business. This includes all of the internal and external customers. Effective communication skills will help managers to build bridges with others.

No business transaction can be carried out without communication. To communicate, we use language, signs, and symbols which are all determined by culture. Effective communication requires understanding of cultural influences [7]. Communication has major effects on individual, group, and organizational performance. Communication is the sharing of information between two or more individuals or groups to reach a common understanding. Having said that, reaching a common understanding does not mean that people have to agree with each other. It means that people must have quite accurate idea of what a person or group is trying to tell them. In the worst case scenario miscommunication can have deadly consequences. P. Robbins gave an example of cases like this. Bad weather and poor communication paired up to create disaster in October 2010 in Italy at Milano-Linate Airport. Visibility was poor and tower controllers were not able to establish a visual or radar contact with planes. Miscommunication between the controllers and pilots of an SAS commercial jet and a small Citation business jet, combined with the poor visibility, led to the two planes colliding on the runway. One hundred and ten people died.

Individuals spend nearly 70 per cent of their waking hours communicating by writing, reading, speaking and listening [12]. It seems reasonable to conclude that one of the most inhibiting forces to successful group performance is a lack of effective communication. Negotiation is realized in and through communication. Communication is the process and also the product of negotiation. Clear communication is the first foundation for successful negotiation [9].

There are three different way to communicate with others. There are verbal communication, non-verbal communication and written communication. In companies communication runs throughout every working day and it includes various

forms for example face-to-face, telephone and written such as emails, memos, reports, letters and strategies. The best communication method is face-to-face because then the entire range of information both verbal and non-verbal is available. This will help to see the correctness of the information.

People, especially negotiators in their meetings should develop their communication objectives. They should know what they hope their audience will get out of the communication. There are different communication styles to match different communication objectives. It is good for people to take the time to plan for their meeting or interview. They should determine what topics they wish to discuss and what information they want to learn or to provide. Being prepared will make people more confident and more professional.

Every negotiation situation is different depending on the people involved. Their skills, attitudes and styles matter a lot. Also the context or background to the negotiation, time pressures and the issue under discussion influence the character of a negotiation. There are two types of negotiation which are competitive and co-operative negotiations.

Competitive negotiations often have a cold atmosphere and both parties are doing everything to get the very best deal for themselves which usually means that the other party's objectives do not come into the equation [9]. The relationship between the people is not important. They do not care about one another or what the other thinks about them. It is best to avoid this type of negotiation if possible. In competitive negotiation it is important to avoid making the opening bid because it gives a lot of information to the other party. In these situations less is more. Not showing concern for the other party and not telling too much can give advantage in the circumstances. Competitive negotiation is as same as any competition that is to be won or lost but there is always a possibility to just walk away if the situation runs out of hands. The outcome of a competitive negotiation is either win-lose or if the conflict boils up it could end with no outcome.

Usually negotiation is seen as a battle where the stronger party beats the weaker party where there is a winner and a loser. In co-operative negotiation conflict is minimized and the whole idea is to reach a solution where everyone benefits [3]. This approach usually produces the best results mainly because there is much better communication between the parties. Both parties gather as much information as possible but also reveal information. This way they will come to a conclusion that is acceptable to both parties. Co-operative negotiations are good for long-term relations. The best trick to get as much information as possible from the other party is to ask open questions. Open questions do not have 'yes' or 'no' answers and because of that they will give more precise data. In co-operative negotiations both parties aim to a win-win outcome and generally they will reach it because they are working together.

An effective process includes managing the negotiation's overall strategy or approach, its stages, and the specific tactics used [2]. Developing negotiation skills is an essential part of moving up the career ladder [3]. What makes a Good International Business Negotiator?

Every negotiator, whether it is an individual negotiator or team, must enter discussions with a clear idea of how much they will need (not want) to take away from the negotiations and they should also have a detailed strategy for achieving that objective [4]. It is a fact that no one side will get everything it wants but both sides must get exactly what they need or what they have been convinced they need. J. Curry also states that the role of a successful negotiator is to allow counterparts to protect their needs by bargaining away their wants. For example the "cake" being negotiated can be cut into an endless number of slices but the size of the cake remains the same. Some slices are more important than others (needs versus wants). Every negotiator must enter the negotiating process with a clear idea of the best, moderate and minimal positions they will accept on any particular issue.

Everybody have problems in business and personal life. Generally people think that their own problems and weaknesses are greater than those of the other side. During the planning phase it would be wise for a negotiator to put him in the shoes of the other side because it can help him to see the problems the other side might have [6]. It will give much more self-confidence.

Effective negotiators recognize and manage the impact of each situational factor on the bargaining process from both their own and their counterparts' cultural perspectives [2]. To negotiate properly it is important to understand the other side's needs and wants with respect of the issue.

When negotiators bargain with people from many cultures, the most important individual characteristics are communication skills, good listening skills, an orientation toward people, a willingness to use team assistance, high self-esteem, high aspirations, and an attractive personality, along with credibility and influence within the home organization. Even though these characteristics are important they are not the most important factors determining negotiated outcomes. Many companies emphasize individual characteristics in selecting members of their negotiation teams rather than training those selected to understand and manage the negotiation process [2]. The respondents stated that they prefer team negotiations, always aim for win-win outcome and adapt negotiation strategies of the host country environment. The believe is that after the negotiators answered the questionnaire they focus more on the negotiation process as a whole than in the past. In the end of the survey, one comment that he was pleased to participated the survey since not so many people pay attention to negotiation even though people achieve things only by negotiating.

International Business negotiation is an interesting topic. It is very wide and there are many issues to study. During the research, a number of interesting areas within international business that are worthy of future research have surfaced but there were two that really stand out.

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