

# The Importance of How to Have A Successful Negotiation in Business

Luita Yusniawati Dratistiana\*)

## Abstract

*Negotiation is aimed to have one agreement with mutual achievement and no party gets lose. In business, negotiation skills are important in both informal day-to-day interactions and formal transactions such as negotiating conditions of sale, lease, service delivery, and other legal contracts even to government institution. Negotiating requires give and take. You should aim to create a courteous and constructive interaction that is a win-win for both parties. Ideally a successful negotiation is where you can make concessions that mean little to you, while giving something to the other party that means a lot to them. Your approach should foster goodwill, regardless of the differences in party interests and follow stages of negotiation to achieve a desirable outcome. Thus, there two famous approaches in negotiation which one of them is preferably chosen to find a solution to their differences that results in both sides being satisfied. Moreover, one psychological technique to support the understanding of win – win approach is transactional analysis. A good negotiation leaves each party satisfied and ready to do business with each other again.*

*Key Words: negotiation, stages of negotiation, negotiation approaches, transactional analysis.*

## 1. Introduction

From time-to-time, whenever people are together, conflict and disagreement are bound to arise. People have different needs, wants, aims and beliefs and sometimes they clash. Negotiation is a method by which people settle differences. It is a process by which compromise or agreement is reached while avoiding argument and dispute. In any disagreement, individuals understandably aim to achieve the best possible outcome for their position (or perhaps an organisation they represent). However, the principles of fairness, seeking mutual benefit and maintaining a relationship are the keys to a successful outcome. Specific forms of negotiation are used in many situations: international affairs, the legal system, government, industrial disputes or domestic relationships as examples. However, general negotiation skills can be learned and applied in a wide range of activities. Ne-

gotiation skills can be of great benefit in resolving any differences that arise between you and others.

## 2. Problem Limitation

There are many ways and techniques to make the negotiation successful but this report focuses on win win approaches since it is likely to be more successful than any other approaches in negotiation. Furthermore “old style” negotiation involved trying to “win”, usually through a process that established “common ground” where both sides gave something without below their “bottom line”. More recently, negotiating styles have changed, with a recognition that working together to find a really good solution that could be better for both.

## 3. Basic Theory

Negotiation skill is basic need for every per-

son in every terms of job. The important purpose is when you work in an institution which needs a skill to negotiate and the goal is all parties should be satisfied and in the next future they will come again to your institution to have another deal. The following stages are the best part for you to study before getting down deeply to learn more about negotiation. It is cited from SkillYouNeed, 2018, they are:

### **a. Preparation**

Make an appointment where and when you will meet the clients. In this part make sure that the initial place is easy for both parties and should give another party the freedom to choose it. Setting a limited time-scale can also be helpful to prevent the disagreement continuing. This stage involves ensuring all the pertinent facts of the situation are known in order to clarify your own position. In the work example above, this would include knowing the 'rules' of your organisation, to whom help is given, when help is not felt appropriate and the grounds for such refusals. Your organisation may well have policies to which you can refer in preparation for the negotiation. Undertaking preparation before discussing the disagreement will help to avoid further conflict and unnecessarily wasting time during the meeting.

### **b. Discussion**

During this stage, individuals or members of each side put forward the case as they see it, i.e. their understanding of the situation. Key skills during this stage include questioning, listening and clarifying. Sometimes it is helpful to take notes during the discussion stage to record all points put forward in case there is need for further clarification. It is extremely important to listen, as when disagreement takes place it is easy to make the mistake of saying too much and listening too little. Each side should have an equal opportunity

to present their case.

Questions is Gathering information is a basic human activity – we use information to learn, to help us solve problems, to aid our decision making processes and to understand each other more clearly. Questioning is the key to gaining more information and without it interpersonal communications can fail. Questioning is fundamental to successful communication - we all ask and are asked questions when engaged in conversation. We find questions and answers fascinating and entertaining – politicians, reporters, celebrities and entrepreneurs are often successful based on their questioning skills – asking the right questions at the right time and also answering (or not) appropriately. Although questions are usually verbal in nature, they can also be non-verbal. Raising of the eyebrows could, for example, be asking, “Are you sure?” facial expressions can ask all sorts of subtle questions at different times and in different contexts.

### **Why ask questions?**

Although the following list is not exhaustive it outlines the main reasons questions are asked in common situations. The purposes are:

- To obtain Information
- To help maintain control of a conversation. While you are asking questions you are in control of the conversation, assertive people are more likely to take control of conversations attempting to gain the information they need through questioning. (Also see our pages on Assertiveness).
- Express an interest in the other person. Questioning allows us to find out more about the respondent, this can be useful when attempting to build rapport and show empathy or to simply get to know the other person better. (Also see Building Rapport and Empathy)
- To clarify a point. Questions are com-

only used in communication to clarify something that the speaker has said. Questions used as clarification are essential in reducing misunderstanding and therefore more effective communication. (Also see Clarification).

- To explore the personality and or difficulties the other person may have. Questions are used to explore the feelings, beliefs, opinions, ideas and attitudes of the person being questioned. They can also be used to better understand problems that another person maybe experiencing – like in the example of a doctor trying to diagnose a patient. (See our page What is Counselling?).
- To test knowledge. Questions are used in all sorts of quiz, test and exam situations to ascertain the knowledge of the respondent. ‘What is the capital of France?’ for example..
- To encourage further thought. Questions may be used to encourage people think about something more deeply. Questions can be worded in such a way as to get the person to think about a topic in a new way. ‘Why do you think Paris is the capital of France?’.
- In group situations. Questioning in group situations can be very useful for a number of reasons, to include all members of the group, to encourage more discussion of a point, to keep attention by asking questions without advance warning. These examples can be easily related to a classroom of school children.

### **How to ask questions.**

Being an effective communicator has a lot to do with how questions are asked. Once the purpose of the question has been established you should ask yourself a number of questions:

- What type of question should be asked

- Is the question appropriate to the person/group?
- Is this the right time to ask the question?
- How do I expect the respondent will reply?

When actually asking questions – especially in more formal settings some of the mechanics to take into account include:

### **Being structured**

In certain situations, for example if you are conducting a research project or you work in a profession that requires the recording of information, it may be necessary to ask large numbers of questions. In such cases it is usually a good idea to inform the respondent of this before you start, by giving some background information and reasoning behind your motive of asking questions. By doing this the respondent becomes more open to questions and why it is acceptable for you to be asking them. They also know and can accept the type of questions that are likely to come up, for example, “In order to help you with your insurance claim it will be necessary for me to ask you about your car, your health and the circumstances that led up to the accident”. In most cases the interaction between questioner and respondent will run more smoothly if there is some structure to the exchange.

### **Use silence**

As with other interpersonal interactions pauses in speech can help to emphasise points and give all parties a few moments to gather their thoughts before continuing. A pause of at least three seconds before a question can help to emphasise the importance of what is being asked. A three second pause directly after a question can also be advantageous; it can prevent the questioner from immediately asking another question and indicates to the respondent that a response is required. Pausing again after an initial response can encourage the

respondent to continue with their answer in more detail. Pauses of less than three seconds have been proven to be less effective.

### ***Encouraging participation***

In group situations leaders often want to involve as many people as possible in the discussion or debate. This can be at least partially achieved by asking questions of individual members of the group. One way that the benefits of this technique can be maximised is to redirect a question from an active member of the group to one who is less active or less inclined to answer without a direct opportunity. Care should be taken in such situations as some people find speaking in group situations very stressful and can easily be made to feel uncomfortable, embarrassed or awkward. Encourage but do not force quieter members of the group to participate

### ***c. Clarification of goals***

From the discussion, the goals, interests and viewpoints of both sides of the disagreement need to be clarified. It is helpful to list these factors in order of priority. Through this clarification it is often possible to identify or establish some common ground. Clarification is an essential part of the negotiation process, without it misunderstandings are likely to occur which may cause problems and barriers to reaching a beneficial outcome.

### ***d. Negotiate towards a win-win outcome***

This stage focuses on what is termed a 'win-win' outcome where both sides feel they have gained something positive through the process of negotiation and both sides feel their

point of view has been taken into consideration. A win-win outcome is usually the best result. Although this may not always be possible, through negotiation, it should be the ultimate goal. Suggestions of alternative strategies and compromises need to be considered at this point. Compromises are often positive alternatives which can often achieve greater benefit for all concerned compared to holding to the original positions.

### ***e. Agreement***

Agreement can be achieved once understanding of both sides' viewpoints and interests have been considered. It is essential to for everybody involved to keep an open mind in order to achieve an acceptable solution. Any agreement needs to be made perfectly clear so that both sides know what has been decided.

### ***f. Implementing a course of action***

From the agreement, a course of action has to be implemented to carry through the decision.

## **4. Negotiation Approach**

Negotiation is a means of resolving differences between people. In the process of negotiation, not only are different opinions taken into account, but also individual needs, aims, interests and differences in background and culture. This page looks at different ways we may negotiate including the 'Win-Lose' approach, also known as bargaining or haggling, and the 'Win-Win' approach to negotiation, which is preferable when you want to build a meaningful and strong interpersonal relationship.

### a. The Win – Lose Approach to Negotiation

Negotiation is sometimes seen in terms of ‘getting your own way’, ‘driving a hard bargain’ or ‘beating off the opposition’. While in the short term bargaining may well achieve the aims for one side, it is also a Win-Lose approach. This means that while one side wins the other loses and this outcome may well damage future relationships between the parties. It also increases the likelihood of relationships breaking down, of people walking out or refusing to deal with the ‘winners’ again and the process ending in a bitter dispute. Win-Lose bargaining is probably the most familiar form of negotiating that is undertaken. Individuals decide what they want, then each side takes up an extreme position, such as asking the other side for much more than they expect to get. Through haggling – the giving and making of concessions – a compromise is reached, and each side’s hope is that this compromise will be in their favour.

While this form of bargaining may be acceptable in the used car market, and even expected in some cultures, for most situations it has drawbacks. These drawbacks can have serious consequences if applied to social situations. For example, win-lose negotiation:

May serve to turn the negotiation into a conflict situation, and can serve to damage any possible long-term relationship. Is essentially dishonest – both sides try to hide their real views and mislead the other. Reaches a compromise solution which may not have been the best possible outcome – there may have been some other agreement that was not thought of at the time - an outcome that was both possible and would have better served both parties. Agreement is less likely to be reached as each side has made a public commitment to a particular position and feels they must defend it, even though they know it to be an extreme position originally. While there are times

when bargaining is an appropriate means of reaching an agreement, such as when buying a used car, generally a more sensitive approach is preferable. Negotiation concerning other people’s lives is perhaps best dealt with by using an approach which takes into account the effect of the outcome on thoughts, emotions and subsequent relationships.

### b. The Win – Win Approach to Negotiation

Many professional negotiators prefer to aim towards what is known as a Win-Win solution. This involves looking for resolutions that allow both sides to gain. In other words, negotiators aim to work together towards finding a solution to their differences that results in both sides being satisfied. Key points when aiming for a Win-Win outcome include:

- ***Focus on maintaining the relationship - ‘separate the people from the problem’***

This means not allowing the disagreement to damage the interpersonal relationship, not blaming the others for the problem and aiming to confront the problem not the people. This can involve actively supporting the other individuals while confronting the problem. Disagreements and negotiations are rarely ‘one-offs’. At times of disagreement, it is important to remember that you may well have to communicate with the same people in the future. For this reason, it is always worth considering whether ‘winning’ the particular issue is more important than maintaining a good relationship. All too often disagreement is treated as a personal affront. Rejecting what an individual says or does is seen as rejection of the person. Because of this, many attempts to resolve differences degenerate into personal battles or power struggles with those involved getting angry, hurt or upset. Remember negotiation is about finding an agreeable solution to a problem, not an excuse to undermine others, therefore, to avoid negotiation breaking down

into argument, it is helpful to consciously separate the issues under dispute from the people involved. For example, it is quite possible to hold people in deep regard, to like them, to respect their worth, their feelings, values and beliefs, and yet to disagree with the particular point they are making. One valuable approach is to continue to express positive regard for an individual, even when disagreeing with what he/she is saying. By not allowing 'disagreements over issues' to become 'disagreements between people', a good relationship can be maintained, regardless of the outcome of the negotiation.

- ***Focus on interests not positions***

Rather than focusing on the other side's stated position, consider the underlying interests they might have. What are their needs, desires and fears? These might not always be obvious from what they say. When negotiating, individuals often appear to be holding on to one or two points from which they will not move. For example, in a work situation an employee might say "I am not getting enough support" while the employer believes that the person is getting as much support as they can offer and more than others in the same position. However, the employee's underlying interest might be that he or she would like more friends or someone to talk to more often. By focusing on the interests rather than the positions, a solution might be that the employer refers the employee to a befriending organisation so that his or her needs can be met.

Most people have an underlying need to feel good about themselves and will strongly resist any attempt at negotiation that might damage their self-esteem. Often their need to maintain feelings of self-worth is more important than the particular point of disagreement. Therefore, in many cases, the aim will be to find some way of enabling both sides to feel good about themselves, while at the same time not

losing sight of the goals. If individuals fear their self-esteem is at risk, or that others will think less highly of them following negotiation, they are likely to become stubborn and refuse to move from their stated position, or become hostile and offended and leave the discussion. Understanding the emotional needs of others is an essential part of understanding their overall perspective and underlying interests. In addition to understanding others' emotional needs, understanding of your own emotional needs are equally important. It can be helpful to discuss how everyone involved feels during negotiation. Another key point is that decisions should not be forced upon others. This is a negotiation. Both sides will feel much more committed to a decision if they feel it is something they have helped to create and that their ideas and suggestions have been taken into account. It is important to clearly express your own needs, desires, wants and fears so that others can also focus on your interests.

- ***Generate a variety of options that offer gains to both parties before deciding what to do;***

Rather than looking for one single way to resolve differences, it is worthwhile considering a number of options that could provide a resolution and then to work together to decide which is most suitable for both sides. Techniques such as brainstorming could be used to generate different potential solutions. In many ways, negotiation can be seen as a problem solving exercise, although it is important to focus on all individuals' underlying interests and not merely the basic difference in positions. Good negotiators will spend time finding a number of ways of meeting the interests of both sides rather than meeting self-interest alone and then discussing the possible solutions.

- ***Aim for the result to be based on an***



### **objective standard**

Having identified and worked towards meeting shared interests, it is often inevitable that some differences will remain. Rather than resorting to a confrontational bargaining approach, which may leave individuals feeling let-down or angry, it can be helpful to seek some fair, objective and independent means of resolving the differences. It is important that such a basis for deciding is:

- Acceptable to both parties
- Independent to both parties
- Can be seen to be fair

If no resolution can be reached, it may be possible to find some other, independent party whom both sides will trust to make a fair decision. Other sources of help who might assist in situations which cannot be resolved include:

- A mutual friend or colleague
- A committee member
- A trained mediator

Before turning for help from such sources however it is important to agree that this approach is acceptable to both sides.

## **5. Transactional Analysis**

Transactional Analysis is a psychological technique popularised by Dr Thomas Harris in his book 'I'm OK, You're OK'. Transactional analysis is a useful support to understanding why win-win negotiation is more likely to be successful. When interacting with other people, one of the most important skills is to be able to create win-win situations, that is where both those involved have genuinely gained from the transaction. Almost everyone knows how to 'win' by playing games, beating others and creating a 'win-lose' situation, but making sure that both of you 'win' is much harder. To start to consider how to do this, we need to discuss a bit of psychology, and in partic-

ular, Transactional Analysis. Thomas Harris's book 'I'm OK – You're OK' is the fundamental text, written very much from a clinical perspective. However, the thinking works for all transactions. Transactions are the everyday currency of human interaction. In its most simple form, a transaction is 'I do something to you and you do something back', where 'doing' may include speaking.

The basis of Transactional Analysis is to identify which of the three parts, Parent, Adult or Child, is involved in the transaction, and then take appropriate action.

### **How does the identification work?**

When the Parent is involved, there are some give-aways in the language used, with common phrases being 'never', 'always', 'should', and 'ought', especially when these are used without considering whether the position is sensible. There may also be gestures such as finger-wagging and head-shaking. The Child often manifests in a very emotional response. Verbal clues include use of childish words and phrases such as 'I wish', 'gonna', 'don't want', and 'won't'. The Adult manifests through fact-finding. The basic language of the Adult is a series of questions: who, what, why, where, how? With this in mind, you can start to identify who is involved in your day-to-day transactions, and you can also start to see how you might change the world, at least a little

### **Life Position**

The next part of Transactional Analysis is the identification of life positions. Harris believes that from a very early age, a child accepts the position that their parents are 'OK'. Parents spend a lot of time telling children not to do things, as a normal part of helping them grow up into a civilised and functioning adult. The 'Adult' in a child logically decides that he or she must be 'Not OK'. So the basic position for most people from childhood is 'You're OK

– I'm not OK'. Harris stresses that this is not about whether you had a happy or unhappy childhood: this is a life position which everyone **reaches. It leads the child to do things to please the 'OK' people, so that they will earn praise and rewards, and feel better about themselves.** Many people never move beyond this basic life position. They continue, all their life, to seek out rewards and praise from those who are bigger or more important than them, to validate themselves, and make themselves feel more 'OK'. However, their fundamental position does not change: they still feel, deep down, that they are 'Not OK'. Harris believes that it is possible to decide to move to a new position, that is, to 'I'm OK – You're OK', by the use of the Adult. Only the Adult can decide on and maintain this position. This means that if your Child or Parent get 'hooked' by something, you may well find that you have returned to the old position of 'I'm not OK', and will need to consciously engage your Adult to get you out of it.

### ***Using Transactional Analysis to Create Win – Win Situations***

It is hopefully clear that in order to want to create true 'win-win' situations, that is where both of you have genuinely gained from the transaction, you need to start from a position of 'I'm OK – You're OK'. If you're starting from 'I'm not OK', then you probably want to either: Score points off other people so that you win and they lose and you feel more 'OK' or Lose yourself, so as to confirm your 'Not OK' position.

This is where Transactional Analysis is really useful in practical terms. If you can identify that your own or someone else's Child or Parent is involved, you can engage the Adult instead, and return to the 'I'm OK – You're OK' position again. In the example above, for instance, if the person dealing with the complaint had given the Child response, the

complainant could have replied as Adult, and said 'I understand that it's not your fault [responding to and reassuring the Child], but is there anything that you can do to help me?' Thus inviting the other to say 'Yes, I can give you a discount on a future purchase', or 'What would you like me to do?' or even 'No, I'm afraid not, I have no discretion over this, but I can get someone more senior to talk to you if you like'. In each case, the Adult invites an Adult response from the recipient, once the Child has been reassured that they have been heard. Whether or not you choose to adopt 'I'm OK – You're OK' as a life philosophy, Transactional Analysis can be a useful tool for thinking about interactions in a slightly different way. If introduced to a whole team, group or family, it can also provide a common language, which often helps to facilitate relationships in itself. It also provides some practical ideas for approaching difficult situations and relationships.

## **6. Conclusion**

It is a common problem that in life we have a different opinion, share and intention. The problem is we have to negotiate carefully to achieve the best result which satisfy both parties. There many stages to follow in according to achieve it. First thing first is having a good preparation to run the discussion smoothly. During the discussion, clarify your goals to reach a win-win outcomes. When both parties are agreed then move towards the implementation of an action.

Here are two approaches famously used among the experts to reach the concession. First is win – lose approach and the best one is win – win approach. It defines that the more likely approaches is in this technique. the things should be born in mind that this approach focuses on maintaining the relationship, focuses on interest not positions, generates the variety of options and aims for the

result to be based on an objective standards. Then the last strategy to promote a successful negotiation is transactional analysis. This point of view explains a transaction is "I do something to you and you do something back". The transactional analysis says that based on the understanding that everyone has three parts, Parent, Adult, and Child. The Child response is likely to lead to more Parental criticism, and possible shouting, as the complainant tries to make clear that they don't care whose fault it is, they just want something done! The Parent

response is unlikely to be very helpful in terms of getting something done or the complainant moving away swiftly. In the best case, the two will find themselves agreeing that it is awful, and something really ought to be done about it, probably at considerable length. The Adult response, on the other hand, moves the complainant to an Adult position. It quickly ascertains what will solve the problem and make them happy again. All techniques above are mixed together to achieve the best result in negotiation.

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