

**INTERACTIVE – CONTEXTUAL AND SITUATIONAL DETERMINATION OF
THE BUSINESS NEGOTIATIONS**
- Case studies -

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Abstract

The research is focused on the issue regarding the impact of the situational factors over the quality of the negotiation process. Such determination of the problem suggests its predominantly explorative character related with the questions: What is the influence of the situational factors? What are the important features of that relationship? What is the interaction of the situational with other factors in real negotiation situations? etc.

The problem - analytical framework of the research is structured by the example of the researches that are conducted to determine the predictive power of the situational factors in the area of another interactive phenomenon - the phenomenon of leadership, whereas is advocated the research logic to go with primary determination of the situation constituents of each negotiation process: a) the negotiators and their personal characteristics; b) the conditions of the surrounding in which is negotiating, followed by the observations of their relationship in the interaction - the specificity of the situation, directly recorded, by observation of real negotiation processes between the real negotiators (businessmen in Republic of Macedonia).

Given the nature of this report and in order to particularly emphasize the rationale for the theoretical justification of the methodological approach that attempts to combine some of the contemporary theoretical procedures in the area of the conflicts and the transactional analysis, it will present only a few observation protocols of real situations from which can be drawn conclusions about its pliability as a basis for similar researches of this important part of the business, which, at least in our country, is unjustly neglected.

Key words: business negotiations, business communication, transactional analysis

Determination of the key concept

The key idea of this paper is negotiating in the business world. At the very beginning we consider necessary to make a distinction between the business negotiation and the negotiation in other areas of the human life. In other words, to answer the question: What is the purpose of both types of negotiating process? Whereas, must not be forgotten that in the basis of the business negotiations in the first place comes the interest and orientation towards profits.

All consulted authors in this area agree in respect that the technique of conducting negotiations, i.e. the methodology for understanding and managing the process is identical and it does not differ in the essence, no matter in which area and for what purpose is negotiating.

What is important to us is the fact that, since Henry Mintzberg, determined the negotiation as an important managerial role. Among other things, he talks about: interpersonal, informative and the roles of decision makers, and in the group of roles of decision making, it is clearly ranked the role of “a negotiator”. (Kralev, 2001:15) and concluded that: *“It is not easy at all to negotiate ... because usually it is about different interests. When the sales manager negotiate with the buyers, it is clear that the interests are adverse in terms of pricing.”*

But what other thing is still important for the negotiation and whether it is present just in the formation of price and resolution of conflicts? Where can be used? What type of negotiation is most desirable?

Only a superficial analysis of the given concepts, through which various authors have tried to define the concept of the negotiation, leads to the conclusion that basically it is about similar settings and considerations i.e. the elements and aspects of observing the problem by which begins the closer determination of the term, are generally the same. The only difference is in concreting of all situations and places, where and why the negotiations are used. Thus, it could be called quantitative difference in terms of scope, not qualitative - essential. Therefore, certain authors who in the literature are most often cited as creators of different “negotiation models, schools”, recommend their knowledge to all people in all situations. By this, negotiation already represents a certain style of communication and living. Something that is favored and recommended as an expression and characteristic of the civilized world. In doing so, however, distinguishing between formal and informal conversation - negotiation.

But what is the essence of negotiation? Basically it is about two parties, conflicts of interest and effort for mutual alignment. To this it is necessarily to add aspects that determine the manner of that compliance, where are mentioned the determinants: civilization assets, collaborative problem solving; the most contemporary communication forms. Hence, negotiation is basically a process of overcoming certain common problem between two or more parties. Right here can be located the difference between negotiation in resolving conflicts and other types of negotiation, especially the business negotiations. In the first case it is about emerged “dispute” for which the contemporary scholars insist that it must be observed as “a common problem” which shall not be in advance qualified and appointed as a negativity, but as a given opportunity, a chance. And in other types of negotiation, especially the business negotiation, it is not always about “dispute”, but rather about proposal, initiative, imagination, vision, purpose, around which is negotiating and which do not necessarily mean an emerged “dispute”.

Determining factors of the negotiation process

The issue of determinants, the variables of which depends on the quality of the negotiation process, seems to be the key question which has practical and scientific interest. Most generally we would say that, starting from the elements which constitute the structure of the negotiation process (observed by macro and micro perspective) in any communication - negotiating process and in any process of social interaction at all, as determining factors are distinguished: the personality of the negotiators with their traits, characteristics, attributes etc., the environmental factors i.e. the influence of the environment over the negotiation process (social values, culture, nature and activities of the company being negotiated, the immediate environmental conditions, etc.). So, it is about factors which do constantly intertwine and affect each other.

But if we want to directly observe the processes of socialization of mental functions, and their expression in various social situations, then one is quite certain: no introspectively examining or testing will not be satisfactorily, but we must follow these impacts observing the individual into specific societal situations where comes to various interactive processes. In fact, this is the approach of the most socio - psychological research in which subjective statements are tested by simultaneous or consecutive objective sets of behavior - situations that are observed.

Hence, it seems justified to open the question of the “negotiating context”. It is about the “context, interaction, situation” in which there are two or more individuals, negotiators. The key for understanding this complementary relationship undoubtedly lies in the knowledge of psychology, particularly the social psychology. The reason for this is the fact that the phenomena inevitably need to be observed and appreciated in their entirety i.e. the manifest behavior of the human, his behavioral dimension (speech, image, attitude, appearance), in any case cannot be separated from his cognitive, emotions or connotative, for which it is known that intervene with each other and represent different expressions of same essence. Thus, if the value is only a cognitive represent of the connotative and the word is its manifest expression, it is clear that the path to the real knowledge of behavior in any interactive relation leads through examining the totality, not just one part, as for example, the words.

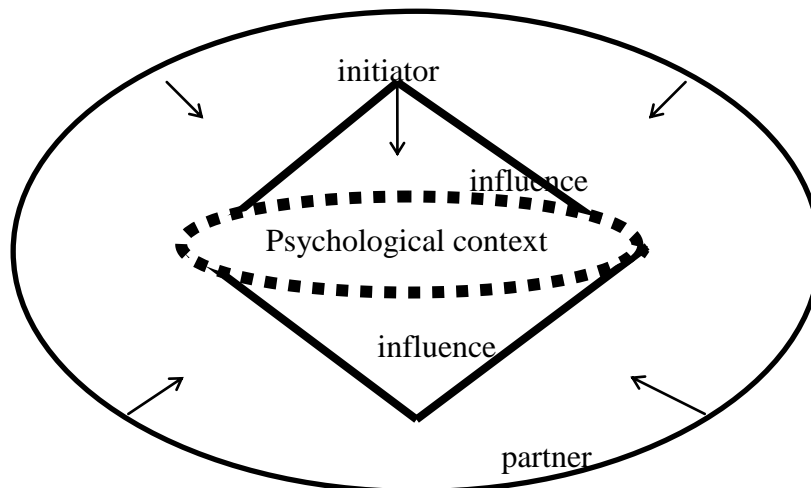
Interactive - contextual and situational determination

At the beginning arises the question what is the context, interaction and how to determine the situation? Is it about synonyms which have the same meaning or it is still about terms that differ? The theory allows their synonymous use in places and situations where one wants to emphasize the importance of mutual, most direct, mutual influence of two separate entire personalities, individuals, at certain times and certain places. Thus, it is about situations of interactive meeting, which is limited by a particular context.

In this paper we mention the attempts of various scholars who have tried to clarify the overall complexity of a current manifest situation in the meeting between two. (Argail, Roman Jacobson, Janakov). Here we will also mention the term “dyad interaction” (Figure 1), indicating a situation of mutual interaction in a specific and known interactive context.

According to its structure, this model can be fully applied on the negotiation process for the simple reason, which includes the same psychological field of the context, as a result of the emerged mutual interaction and the direct connection of the two individuals. Its features here are the direct resultant of the communication of observation; diagnostic communication, lingual communication where the partners mutually complement each other and receive new information, gain experience, apply the acquired knowledge - means continually build and learn.

Figure 1. Dyad interaction



For more precise determination of the interactive - contextual and situational variables of the negotiation we take into consideration the aspects, summarized by the professor Lazarevski (Lazarevski, 1992:123), then the concept of understanding the behavior of individuals in different situations. In this context, we point out George Kohlreiser, who speaks about seven types of affiliations (or situations): a secure affiliation; unsecure affiliation; hostile affiliation with the subtypes (permanent - conditioned), ambiguous affiliation; salvation affiliation; short time affiliation between the lonely people and the, so called, morbid affiliation (Mandic, 2003:39) and certainly the other theorists in the field of transaction analysis who have treated the concept of “the games in the business world”.(Bern, 1988:41)

Research results

Our research was set out in order to detect and classify the relevant determinants of negotiation - with special emphasis on the so called environmental, situational factors. In that order, (contrary of the considerations that describe it as an “elusive phenomenon from twilight zone”), we set off from the position that negotiation is a widespread social phenomenon, present in many types of social relations, and as such it can be and should be researched.

It covered more than 150 business people from all major cities in Republic of Macedonia, from which 25 besides the field of surveying and testing the battery of instruments for business negotiation - DEP/04, agreed to participate in the phase of direct observation of real negotiations that they led. In that case, was used the protocol for tracking the negotiating process - P3, which is a original instrument. It is built on the basis of theoretical knowledge from the “Strategies for collaborative problem solving” by Texas LEADership Center / Raider and Coleman, and our experiences in using various forms of monitoring the lesson (Flanders protocol) and transactional relationships between individuals (Analysis of transactions), as well as, the idea of “double dimensioning” of the negotiation process (diagram of the conversation) given by Micic. (Micic, 1988:174)

Protocol is composed of several sections as follows: Title of the instrument with code and space for general information; large table, divided into two parts (x, y) - one for each of the parties made finite by a vertical arrow up-down and divided into five vertical columns, marked with the initial letters of the characteristic styles of communication in the negotiation process: (a) attacking, (e) evading, (i) informing, (o) opening, (u) uniting and (t) last pillar of recording time, which is found in the latter part of the table. (From 0 to 90 minutes)

Then, a left vertical table recording the characteristic phase in which is the process at the certain time (ritual exchange RE, positions P, interests I, reformulations R, agreeing A), and the flow of the process marked by arrows and point (downward, stop, back / upward). Completing the protocol is not possible without knowledge of the keys for understanding the characteristic sets of behaviors that involve attacking, evading, informing, opening and unifying behavior and the characteristics of the stages in the process of negotiation. All general information is completed at the beginning of the negotiation process with guidance or rounding, except the data about the detected phases which are listed in the analysis.

During the negotiation process, the objective observer is tasked to carefully monitor the course and to perform the recording by placing points every two (2) minutes of the negotiations at the appropriate place inside the columns a, e, o, between the two sides. On the other hand, every five (5) minutes, with rounding is indicated the phase that is detected as dominant in this interval and the course of negotiations.

After the negotiation process with simple counting and drawing operations are obtained: The values of frequency (frequency) of occurrence of specific behaviors that are entered as a number - in the marked space at the bottom of the protocol, individually for each pillar; the number of detected phases - in the place for the general data; curve - linear display of negotiations linking the marked points for the typical communication and behavior, which visually shows the participation in the process of negotiation of each side separately; qualitative analysis - comment on the negotiations.

The obtained data in the protocol (linear, numerical), give an opportunity for representation of the functional relationships and performing a certain formulas for calculating of indexes (index of collaboration; competitiveness; index of withdrawal, etc.), as well as, formation of certain key for assessment of the character of the negotiations by comparing the obtained linear intersections of the behavior, of course after setting the standard boundaries of a desirable – collaboratively negotiation.

Presentation of real negotiation processes - case studies

The case study is a special method of systematic observation and derives from the need to detect, identify, record and explain, emerging specifics, new relevant information in a specific negotiation process - specific situation.

When it comes to propositions of the study, they are rounded to adequately determination of the areas in terms of: 1) initiating questions (who, what, where, when, how), 2) current context (the specifics of the situation regarding the nature of the meeting, the manifest power, seating arrangement, etc.). 3) Connecting links with the criteria for interpretation (identification of indicators).

Regarding the first determining question “who”, in our study is recorded the behavior of the 25 respondents, and here we will present just one of the most impressive real negotiation situations. Regarding the question “what” – it is recorded the frequency of the manifested types of behavior, grouped and named by the mentioned authors Raider and Coleman such as attacking, evading, informing, uniting and opening. In terms of the questions “where” and “when” the monitoring was performed on a scheduled meeting place in the scheduled time (office, business club, other premises). Regarding the question “how”, anecdotal notes were made, but also were entered the frequencies of the emerging types of behavior (a, e, o, u) in the prepared protocol P-3. The actual context is defined by the description of the immediate environmental conditions in which is negotiating (location of the company, layout seating, ambient, ambiance) with special emphasis on the specific particularities of the situation regarding the nature of the meeting and the current manifest

power of the negotiators. In terms of indicators as criteria for interpretation, the following are pointed out:

- Degree of match between the resulting image about the negotiator after filling a special instrument - battery DEP/2004 with the current frequency of the types of behavior included in the P-3, depending on the situation;
- Detected characteristic elements of the negotiating style, listed by Mandic, who would have pointed to "elements of gaming";
- Personal statements of negotiators during the introduction;
- Other information regarding the negotiators, relevant to the current situation (previous acquaintance, number of meeting in a row, previous experiences of their collaboration, etc.).

The reports from the recording, the case studies, are presented in appropriate form, which is usual for this kind of techniques (V.Muzhic; T.Mandic; K. Kondic; T.Popovic; R. Burns).

Case study „Man of a word”

Observation object:	Negotiator A
Type of activity:	Trade - services
Property:	Private
Obtained scores on DEP/ 2004 :	Collaborative - informal

On the main street leading towards the exit of Bitola to Prilep there is well equipped facility, where are located the office premises (sales area, office and several additional rooms), where passes the biggest part of the working hours of the person – negotiator A. His 15 years experience in trade knows several ups and downs that are reflected in:

- The oscillation of the “businesses” (trade, catering, services);
- Change the number of employees from three initially, to eighteen in the “best times”;
- Change the number of facilities where the activities are exercised - from 1 to 5 sales, with several warehouses, in different cities of the country, to the moment of recording have two buildings with five employees.

The facilities are located in the best parts of the city and correspond to the activities that the negotiator A performs. It is important to mention that throughout the whole period, all objects where the activities are performed, are rented.

The working time, as he points out himself, is without limits – “do not know neither beginning nor end”, he manages at the same time the two businesses in the area of trade, but with different goods. *“These are weak – they cannot without me. I cannot find someone stable to replace me”* – are his comments about his employees. *“And I cannot do it everything myself.”*

The office is modern equipped, sufficiently spacious, bright, with all the technical devices (phone, fax, air conditioning, desk, table accessories). The room is well decorated and clean and gives the impression that there is special concern about it. It is noticeable that his employees have clear responsibilities, which do not correspond to the size of one job. They are responsible for selling, loading-unloading, digestion of coffee, walking to the bank, the purchase of breakfast etc. Often stay after hours. However, all are insured and receive timely payment.

With the negotiator A was worked twice and four cases of negotiation were recorded.

Case no. 1 „Compensation instead of debt”

Protocol number: A / 1

Quantitative data

Frequencies in A (6, 3, 7, 5, 9)

Frequencies in B (2, 1, 8, 11, 9)

Difference (4, 2, 1, -6, 0)

Time: 62 minutes.

General impression, analysis and comments:

Despite the long time cooperation between the negotiators, the negotiation takes place in a rather tense atmosphere with hard set positions. The subject of negotiation (returning of a debt) is actually a result of unpaid materials taken from the first negotiator (A) and built in third party by the second negotiator (B). Surely that is a long standing practice of such work and cooperation, but because, for objective reasons, the first negotiator says he is unable to continue such work. The second negotiator, although he announced a changed attitude, probably caught by surprise by the new situation requires the extension of deadlines and the possibility of compensation payment on which the first negotiator opposes.

The meeting flows into full initiation and domination of the first negotiator, while the second one balances and evades, appealing mostly on the previous experience, practice and already established relationships. The reasons for changing the relations are just a little touched, but are sensed. Hard existence on the positions and the general atmosphere of pressure - despite the high scores of “o”; “u” (5.9 / 11.9) assumes the existence of a hidden agenda, purpose and likely suggests a desire to stop cooperation, which will surely be announced after the settlement of the mutual debts and obligations.

Negotiation was hard positioned on the lines:

- “pay me” – “I can’t”
- “wait me” – “I can’t”
- “let me pay you with goods” – “I need money”.

The negotiating flowed continuously, thus differed only the 3 phases that dominated. The transfer to the other phases really happened (the stage of offering solutions was touched). However, the rapid passing through them and the short-term occurrence of elements from other phases, gives us the right to limit to the aforementioned three.

So completely were passed the following phases:

- Short “ritual exchange”, general casual conversation.
- Highlighting the “positions” after which only briefly was entered in the stage of:
- “Needs – interests” to return back again.

Case no. 2 “New player”

Protocol number: A / 2
Quantitative data

Frequencies in A (0, 0, 11, 5, 8)
Frequencies in B (0, 3, 6, 6, 9)
Difference (0, -3, 5, -1, -1)
Time: 48 minutes.

General impression, analysis and comments:

It is the second meeting, which takes place mostly on informative level. The first phase of “ritual exchange” lasts quite long. Negotiators actually meet by recommendation of the third party - business partner of (A), a close friend of (B), who would like to join to the “business” offering electrical supplies as compensation for white technique. The negotiator (B) comes before the scheduled time, stating that is “crowded” and is in hurry. He has performed extremely open, acknowledging his confusion when (A) informs him that the deal is not yet finished, although informally everything was “completed”. Nevertheless, he accepts quite calmly the pace of the conversation which imposes (A). The conversation at the beginning is quite casual. Questions regarding the mutual knowing are set exclusively by the negotiator (A), on which, the other negotiator responds without reservations and hesitation. Although the mediator (B) acts correctly and behaves like an “old friend”, though (A) refers inquisitive, and after 20 - or so minutes touches his true intentions, revealing the real position - “the white technique is required more than the cable .. but .., to which the negotiator (B) preparedly answers that he is “aware of that and of the favor made to him, but .., making allusion that “in future he will compensate” or he personally or their common friend. However, the negotiator (A) does not pass easily through it, explaining the facts – “how big is actually the favor”, which is required from him, while in a minute touches his to conclude that “all this is not in his interest and would not like be a loser”, after which agree to realize another meeting where will be present the three of them, after which they would agree about all things and complete trust between partners would be gained.

Negotiating meeting flows into full initiation and domination of the first negotiator, while the second mostly answers. The reasons for this are certainly the clearly stated “fear” that many things “are hanging in the air”. That is, implicitly, the insufficient and incomplete “trust” in the new player. Perhaps this attitude “initiative mistrust” and the imposed pace of negotiations is expected by the negotiator (B), who, although initially tried to speed up the decision making, however, readily accepts a third meeting, for which probably is sure to be in his favor. Thus, although negotiator (A) is trying hard to survive on its position, there is certain atmosphere of pressure, which is the result of the involvement of the common friend, whom they should help.

Negotiation is soft, positioned on the lines:

- “we will arrange – but I need more”
- “don’t worry – we will make a deal”

So completely were passed the phases:

- Short “ritual exchange” general casual conversation.
- Highlighting the “positions”, after which only briefly was entered in the stage of:
- “Needs – interests” to return back again.

Summarized conclusions about the characteristics of the negotiator A

Generally, from the analysis of protocols for the four negotiation processes conducted by the negotiator (A), the following can be concluded:

In person - negotiator (A) is noticeably present forcing of the traditional style that is felt in comments like: "We are human, no problem; the profit and the loss are brothers; if I am tricked by him, I will trick someone else, forcing the friendly relations; friendship with business partners, not preference of written contracts - clarifying clauses etc.

The probability that through forcing extremely long stages of ritual exchange, the respondent is trying to leave the impression of a "broad human", but also to intuitively sense certain intentions of the interlocutor is great. On the other hand, the discrepancy of quantitative indicators of the frequency of certain types of negotiation behaviors, received on the test and those from the actual situations, refers to dishonesty in answering or talking on the existence of elements characteristic for certain "business games". For the latter speaks the fact of the extreme violent reaction when negotiating with his "good friend and man of confidence" (case no. 1) on a problem which financially is minor, given his capital.

Hence, the respondent may be included in the group of "business players" tend to play the game "you came on my foot" for which is characteristic that is played by unconfident individuals (confirmed by DEP / 2004), which through formally undefined relationship on which constantly insist, simply are waiting for an opportunity to show how other people are "incorrect" (confirmed through additional general conversations about the frequency of such experiences in his practice, speaking on several occasions that "he was tricked and he believed in them because he is too honest and fair") which is characteristic of players who play well the role of "sacrifice". These findings are consistent with his extreme and frequent fluctuations in the business, which suffered several ups and downs.

When it comes to the grouping of situations of negotiation, involving negotiator (A), they can be grouped into the following three groups, types of situations, including:

1. Initial - starting situations;
2. Column situations with a partner in whom the trust has been lost;
3. Situations in which is negotiating with a reliable partner.

Moreover, depending on the situation, the negotiator (A), although according to the findings of DEP / 2004, is collaborator, however, in different situations, takes a different attitude in relation to the basic position (collaboration - competition), but in terms of the basic access (formality - informality), he always pushes informal approach, admiring the talks about the past when "guilds people" lived in which "the word was a word". This is consistent with the findings of the DEP / 2004.

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Annexes:

PROTOCOL OF A NEGOTIATING PROCEDURE

P3

Subject: Compensation / debt

Meeting 1 2 3 4 5

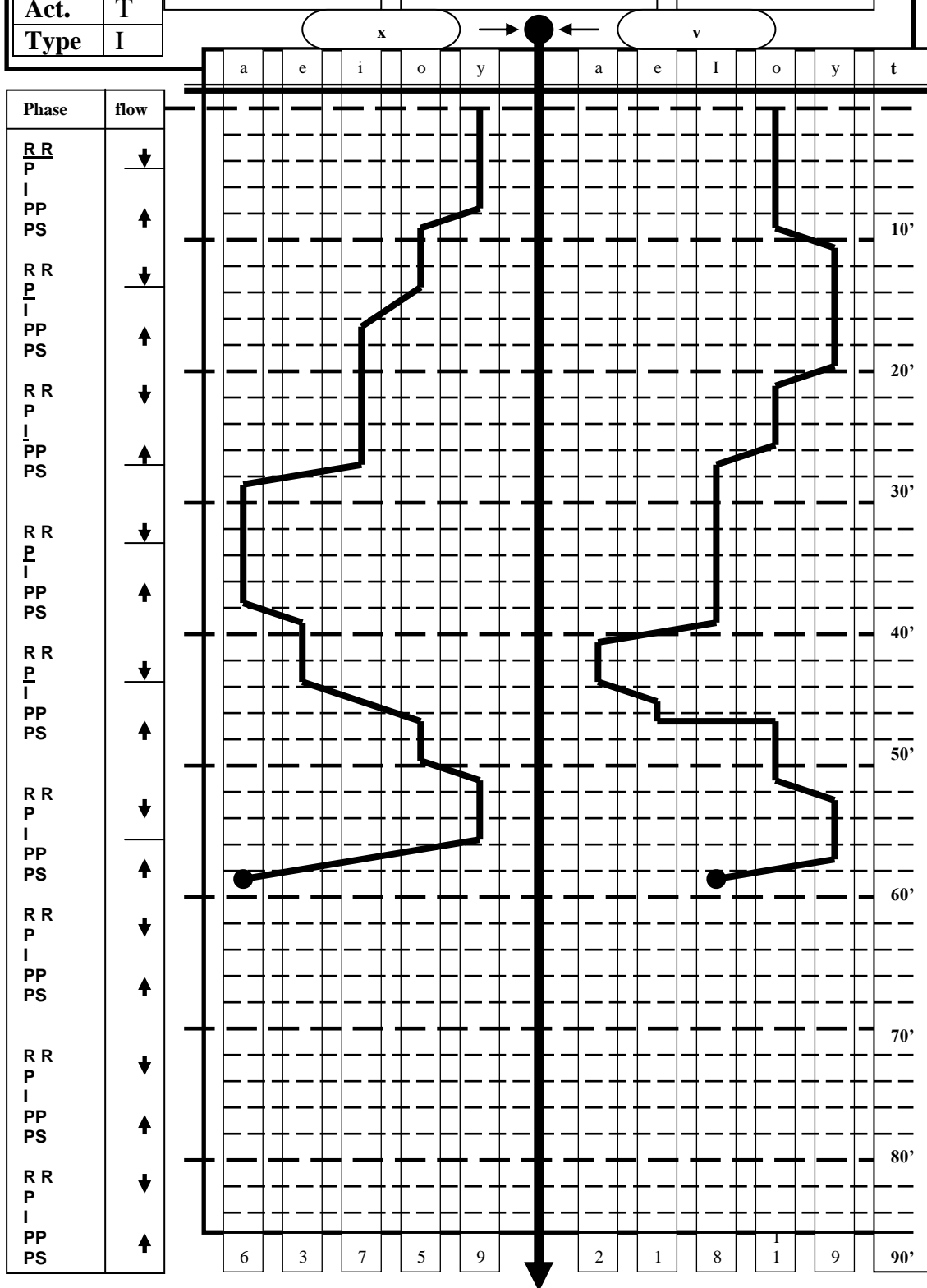
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Own.	P
Act.	T
Type	I

Time: 60 min.

Place: Bitola

Phases: 3



PROTOCOL OF A NEGOTIATING PROCES

P3

