

## NEGOTIATION SKILLS IN BUSINESS

This is the process of bargaining that precedes an agreement. It is a meeting between two or more parties with an intention of creating an agreement or compromise on issues that is of mutual interest.

The aim of negotiation is to reach an agreement rather than to achieve victory

Negotiation originated from a Latin expression negotiatus which means to carry on with business. Therefore negotiation can also be defined as a process of discussion between two or more parties who seek to find a solution to a common problem i.e. one that meets their needs and interests.

There are two types of negotiations as seen below.

**Distributive Negotiation:** This negotiation usually does not involve people who have never had a previous interactive relationship, nor are they likely to do so again in the near future. Simple everyday examples would be buying a car or a house.

**Integrative negotiation:** The word integrative means to join several parts into a whole. It involves a higher degree of trust and forming of a relationship. Both parties want to walk away feeling they have achieved something which has value by getting what each wants. It is often described as the win-win scenario.

### The needs for negotiation

There are reasons to why individuals negotiate these include;

- ✓ To reach an agreement i.e. normally people negotiate in order to reach conclusions and this helps to avoid bias.
- ✓ To beat the opposition, when two parties negotiate there is always a winner who emerges the best.
- ✓ To compromise, that is negotiation helps people to appreciate what the others party is up to.
- ✓ To settle an agreement, i.e. one of the ways to help some understand is when the two parties negotiate and then they settle after agreeing by writing an agreement

### NATURE OF NEGOTIATION

1. Negotiation is a balanced process i.e. both parties are on equal level in terms of information, facts and approach either party can go soft or tough.
2. Negotiation is not finite; moves can go in all direction. This means that there is no determined winning strategy especially when various elements of the situation are not known.
3. Both learners parties anticipate and react, during the process of negotiation resulting in double motivation, different behaviour could be presented in different situation hence an effective negotiation must be accommodative.

### PRINCIPLES OF NEGOTIATIONS

- ✓ You don't have to be right to settle in the process of negotiation, that is to say emotions arising from the feeling that one is right to have no space hence when

either party wants to hear its right, obsessed with the principle then negotiation is likely to fail.

- ✓ Look to the future, there is no need to base mainly on what took place in the past but looking for how the current issue can be settled.
- ✓ Focus on the goal i.e. one should be very specific on what he/she wants by one asking him/herself what is the purpose of this negotiations.
- ✓ Set the tone and look the part, i.e. therefore there is need for one to create interest in what the other party is presenting by being knowledgeable about the issue being discussed, maintaining eye contact and a good listener.
- ✓ Be prepared and do your research, negotiation required a lot of knowledge and skills about what is being negotiated hence if one is not prepared for It, will cause the negotiation to delay which is not good.
- ✓ Know what you want and what the other side wants before you go into negotiation, it is important to plan on what to give up and what not to give up.
- ✓ Always have plan B, it is always important to have the second alternative so that negotiation becomes flexible and the goal counted is always achieved easily

## PERSONAL ATTRIBUTES OF GOOD NEGOTIATORS

- ✓ **Integrity:** A good negotiator should be honest and builds mutual trust and cooperation with others during negotiation to create a free and open exchange of ideas.
- ✓ **Discipline:** The internal focus that gives us the drive, desire and dedication we need to be at the top of our game. Discipline is what will give us the winning attitude. Without it, there is no motivation and no way to be at the top of your game.
- ✓ **Endurance:** Also called "stamina," endurance is the ability to keep going when others have quit. People have always endured in order to be credible negotiators. They are in the fight for all 10 rounds and never, never get knocked out. They keep going and going and going.
- ✓ **Respect:** Negotiation needs people who give respect to all those they are negotiating with. Know two things about respect. This will earn them good reputation and promote a health environment for further negotiation. Respect the other party and they will also give it you for health negotiation
- ✓ **Patience:** You may need to overcome many obstacles to reach your goals. If you persevere and add a sprinkle of patience, in most cases your outcome will be what you desired.
- ✓ **Empathy:** A good negotiator should put himself in the same shoes of those he is negotiating with than only minding about himself. Empathy is the ability to view the other person's feelings and to put yourself in his position or foot. This is one of the most important traits to carry every day, throughout your life, no matter whom you meet.
- ✓ **Trusting and trustworthy:** A good negotiator should have trust in people. If a person is unduly suspicious, he will mistake the other party's motives. Similarly, a negotiator must come across as worthy of the client's trust. If he fails in this, the client may impose additional terms to safeguard his interests.
- ✓ **Confident:** A good negotiator need to be confident when of what is being negotiated about boy not fidgeting and guessing. When a client senses lacks confidence, he questions your abilities.

- ✓ **Composed and detached:** Emotions often hinder negotiation. Even in a heated discussion, a skilled negotiator should have self-esteem and be composed. He works through disagreements without provoking others and quickly diffuses arguments.
- ✓ **Persuasive:** A good negotiator articulates issues aimed at convincing and persuading the other side. Rather than confronting, be open-ended and allow the client to accept your side.
- ✓ **Listens well:** Always listen and give the other side time to talk as negotiation is a two way communication. Let the other side talk and reply later so as to have a good negotiation process to reach a good deal for both sides.
- ✓ **Tolerance for ambiguity:** A good negotiator has a high tolerance from the other side than dictating. Instead, as negotiation unfolds he juggles the various issues, and then weaves them together to devise tradeoffs that balance the needs of both parties.
- ✓ **Strategic and fast thinking:** When challenged, he crafts a response that furthers his objectives but presents it in terms that his client recognizes are in his interests. He pre-empts impasses by suggesting trade-offs or conceding on minor points.
- ✓ **Perspective:** They are aware of which items top both his own and his client's agenda, a skilled negotiator knows when to lose the battle or to win the war.
- ✓ **Understands people:** While a negotiator is neither a therapist nor a mind reader, an ability to understand people and what motivates them is indispensable. Essential skills include predicting how people will react, reading subtext, interpreting inflections and body language.

### **Skills necessary for effective negotiation**

- Listening
- Writing
- Knowledge base
- Being a good communicator
- Controlling emotions
- Occasionally showing anger.

### **Factors that is necessary for the negotiation to succeed**

1. Negotiation should come out with a win-win situation i.e. no party should win at the expense of the other.
2. Both parties should feel satisfied with the results, the goal focused on by each party needs to be achieved after negotiation.
3. Upholding emotional/feeling i.e. when anger overrides a person in negotiation the goal may not be easily reached.
4. Negotiation should focus on solving the problem at hand i.e. whatever happened in the past should not surface while negotiating.
5. Using the negotiation styles of the other party to achieve positive outcome, negotiation styles need to be like that of the other party in the negotiation otherwise it may be difficult to achieve the desired goal.
6. Being flexible in demand i.e. some demands need to be given up for the sake of positive results otherwise negotiation may fail to achieve its intended goal.
7. Always being prepared to be compromised i.e. let not all the demands presented be achieved i.e. each party should be flexible in a manner that each party wins.

8. Always asking relevant question and quoting from relevant source of information.

### **Features of negotiation**

- There must be a minimum of two parties.
- There must be pre-determined goals in the negotiation.
- There must be an outcome i.e. the results.
- Resolutions and consensus is reached is written down.
- The two parties must be willing to modify their positions.

### **Elements of negotiation**

Negotiation has three basic elements:

**The Process:** This is the way in which individuals negotiate with each other. The process includes various techniques and strategies employed to negotiate in order to reach a solution.

**Behaviour:** This refers to how the two parties respond to each other during the process of negotiation i.e. the way e.g. interact with each other, the way they communicate with each other to make their points clear.

**Subject:** This refers to the subject on which individuals negotiate i.e. a topic for negotiation.

## **NEGOTIATION PROCESS**

Determining the subjects and objectives on negotiation. This involves being clear about what you want to achieve. This is set out by the subject matter and the interests you have in that subject matter. A subject matter sets the scope of the negotiations. The interests determine the outcomes

Preparing/ planning for negotiation. This stage involves preparing the road map to achieve the desired outcome. It develops thinking through the subject matter and arriving at the outcomes

Evolving negotiation strategies. This involves considering different options of handling negotiation to achieve desired goods and objectives and selecting what you think to achieve what you want

Actual negotiation. This involves getting all the necessary documents about the subject matter as you may have gathered during preparations and any other information you want. It also involves going through the documents for final time in preparation for the actual negotiation, if it is a team, you need a final meeting before negotiations start so as to recap what is supposed to happen

## **GUIDELINES FOR EFFECTIVE ACTUAL NEGOTIATION**

- ✓ Determining your negotiation tactics
- ✓ Creating the right climate
- ✓ Stating the subject matter and objectives of the meeting

- ✓ Depending on the strategy you have selected either state your position or left the other party respond to the opening statement
- ✓ Depending on what strategy you have set out to use to state your interest but put emphasis on commodity
- ✓ Seeking agreement
- ✓ Ending negotiation

## **NEGOTIATION TACTICS WITH CUSTOMERS**

Communicating frequently with customers, this is in relation to the company products, changes in the company activities etc

**Offering customer rewards.** This involves offering in kind rewards that remind customers of your goods and company. Rewards include price reductions, prizes, and gifts like calendar, T- shirts, shopping bags, umbrellas, and drinks with the company's name or logo is imprinted.

**Holding special events.** This involves holding special company's sponsored events which allow the entrepreneur and his staff to interrupt with the best customers

**Ensuring that negotiations promote two-way communication.** When it comes to customer relation "listening" can be as important as "telling" use opportunity to create interaction with customers as well as asking for feedback through appropriate means

**Enhancing your customer service.** It is very important to have a dedicated staff or channel for resolving customers' problems quickly and effectively. Usually customers make choices between goods and services based on perceived (customer experience superior customer service) therefore helps the entrepreneur to build repeated business sales, create positive word of mouth and increase sales from new customers

**Launching multi-cultural program.** They motivate different customers because they use many languages. For example translation of your adverts or use local/ ethnic print and broad cast media to reach markets. Today most businesses have resorted to carrying out adverts in different languages depending on region, like MTN, Airtel, Nile breweries advertise using different languages

**Visiting customers.** This involves occasionally getting out to customer's location so as to understand the challenges they face as well as helping them to meet these challenges.

## **SALARY NEGOTIATION TACTICS WITH EMPLOYEES**

**Setting the ceiling.** This involves the establishing of how much you can spend on salary. Setting a ceiling before starting salary negotiation with employees prevents wasting time on candidates who are too expensive

**Setting the floor.** This involves establishing the last amount you will pay out. This is often the ruling market rate

**Deciding how to make payments.** Here the entrepreneur decides how he will make payments to workers. Payments on hourly basis is best suited for temporary workers while fixed monthly salary is what white collar employees expect. However, both options have different implications

**Making the salary attractive.** The entrepreneur should make the salary attractive in order to get good workers. An entrepreneur should also give a benefit package. This includes giving bonuses and allowances or offering employee stock options especially if a company is growing rapidly

**Avoiding legal tussles.** Before the entrepreneur decides the salary he should know the minimum wage given to employees in order to avoid the labour laws

**Being sensitive.** This involves keeping employees' personal needs in mind. Before offering a compensation package for instance when you hire part time employees and there happen to be mothers working in their free time. You need to pay them well enough to afford a day care service

## **CHALLENGES OF NEGOTIATION**

- ✓ Time pressure: Time may be limited to gather all details required for in order to have a balanced negotiation.
- ✓ Influence of another decision maker: An entrepreneur may delegate another employee to negotiate on his or her behalf, this makes it difficult to achieve an agreement easily.
- ✓ The delay tactic: Boss always give excuses or keep one waiting for a long time such that a shorter discussion is realized and agreement is reached.
- ✓ Last minute wavering: Towards completion of negotiation one party may bring a new point, forcing negotiator to change on allowed agreed position.
- ✓ An earlier concession: Some negotiators show an earlier agreement and expect the other party to behave in the same way.
- ✓ Aggressive behaviour: Such behaviour include bullying, an attempt to make sarcastic comments during negotiation which makes difficult to reach an agreement.
- ✓ Negotiating the other party problem: Some negotiators have concern for only their problems therefore it requires understanding and addressing problems of the other party.
- ✓ Letting positions over ride interests. Despite the clear advantage of reconciling deeper interest people have a built in bias towards focusing on their own positions instead this leads to a situation or pre-determined results.
- ✓ The linking logic: This is based on the assumption that if a person is correct in one thing he/she must be correct in another. This therefore compromises the outcome of the negotiation.
- ✓ Neglecting the other side's problem, negotiation can be effective when the two parties involved in the process don't take into account of each other problem

- ✓ Price only negotiation. Negotiators who prefer only price of the deal tarnish negotiation. Successful negotiators believe that economics is not everything and thus focus on no price factors such as relationships and interest
- ✓ Language difference, this a situation where the negotiators do not have a common language to use during negotiation process, this hinders effective communication and negotiation

### **WAYS OF OVERCOMING CHALLENGES IN NEGOTIATION**

- a) Making reference to the previously agreed upon points in order to overcome last minute wavering
- b) Avoiding an early concession to allow enough time to go through the matters under negotiation
- c) Rescheduling the negotiation meeting more so when one realises there is delaying tactic
- d) Focusing on important non price issues that are more important in negotiation such as interest, value relationship etc
- e) Reconciling interests to consider values of all parties involved in negotiation by being accommodative and patient
- f) Communicating with the other party politely, openly and respectfully to avoid showing aggressive behaviour during negotiation
- g) Requesting to discuss matters of negotiating with the final decision maker in case of another decision maker in place
- h) By addressing the other party's problem while negotiating to overcome challenge of neglecting the other party's problem.

### **WAYS OF OVER COMING CHALLENGES IN NEGOTIATION**

1. If the work load is increasing, this can be overcome through / by

- ✓ Looking for tasks to eliminate.
- ✓ Reviewing work you could handle yourself.
- ✓ Reviewing ways of combine similar jobs.
- ✓ Considering the use of temporary or part time help.

2. If there are problems of turnover (rate at which the workers leave the organisation)

- ✓ Helping new employees identify with their groups.
- ✓ Trying to develop stable work force / groups with which members can identify.
- ✓ Reviewing the status implications in jobs. This means employees seeing equal jobs as higher or lower rated.

3. If the work load is declining

This can be overcome through / by;-

- ✓ Working on improving efficiency
- ✓ Doing housekeeping that has been postponed.
- ✓ Starting projects that could generate new work.



4. If there is a group of employees who are controlling production
  - ✓ Removing misunderstandings if they are there.
  - ✓ Finding out if it is to a group advantage to slow down.
  - ✓ Finding out dealing with the real problem.
5. If employees are dissatisfied with their pay
  - ✓ Reviewing benchmark Jobs Company with the similar jobs in other enterprises.
  - ✓ Comparing pay with comparable jobs in the area.
  - ✓ Adjusting inequalities if they are any.
  - ✓ Adjusting the assignment.
  - ✓ Communicating on the broad pay issue.
6. If workers are spending too much time on any one job, this can be overcome through.
  - ✓ Reviewing management's objectives and the standards for the job.
  - ✓ Clarifying the degree of perfection needed and why.
  - ✓ Setting specific targets and making follow ups on the.
  - ✓ Asking the group for ideas on cost reduction and work specification.
  - ✓ Re-assuming the group members on the quality of their work.
7. If you go over the budget; deficit. This can be solved through;-
  - ✓ Identifying the sources of increased cost of expenses.
  - ✓ Asking for suggestions on control reduction and waste control.

Sample questions

Question 1

- a) *What is meant by the term negotiation*
- b) *Explain the personal attributes of good negotiator*

**Question 2**

- a) *Explain the major principles of negotiation*
- b) *What negotiation tactics which can be used when negotiating with business customers and employees*

**Question 3**

- a) *Describe the steps followed when conducting negotiation process.*
- b) *What are the challenges associated with negotiation.*  
*Suggest measures to overcome negotiation challenges*