

# Determination of the Time and Quality Frame of the Bussines Negotiation Process and its Internal Structure

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*What does it mean to negotiate in the world of business, anyway? Is this essentially the same conceptual framework or is it entirely something else? Both theory and practice maintain that it is absolutely the same relationship between two or more parties looking to reach agreement on a set of issues, who have a deep understanding of the similarities and differences of their own interests led by the desire to be mutually defeated or fulfilled. What is different is the subject matter of negotiation which is defined by the specific field it belongs to. The main motive is by and large the profit that leads to a privileged social status, but also to alienation. However, there are other motives. Old clothes, paper, iron can also be a subject matter of business negotiations to companies that negotiate with the suppliers of these goods. It seems that in cases like these profit is not the primary motive. Nevertheless, the elements of negotiation to reach divergent interests are present in each case. Even in the most simple case of a pauper who rings at your doorbell offering to clean out the trash for a minimal compensation you can find the the same elements of negotiation that are present in negotiations used by large corporations in large transactions. The parties involved in the negotiations, their interests, demands, positions, the negotiation climate, the social rank of the negotiating parties are all factors that determine the particulars of the negotiation process. Let us not forget that even the local businessman ensures better placement of his goods/products/services by 'knocking at the door' of the more powerful entrepreneur to gain a broader market representation.*

## 1. Introduction

Speaking about (bussines) negotiations, we actually speak about an imminent relation between co-workers, partners, customers of goods and services in different enterprises, organizations, companies. That is to say we speak about a type of communication which can be applied very successfully, can be planned, guided and practiced. Here, the same as the business communication, the issue is the business traffic of information which is exchanged, to only one purpose - setting a mutual agreement. The everyday contacts with employees, customers, suppliers, authorities, competition, transporters, most frequently gain the shape of formal or informal transaction, negotiation, which as a form of communication is of crucial importance in the business world.

The crucial moment on which the successful negotiation depends is the determination of the factors-determiners; the characteristics which mean a lot and which guide us towards the cooperation and successful deal are the true challenge set up in front of this scientific research work. This work is an attempt to establish a certain order in the variety of chaotic experiential knowledge and unfinished scientific elementary explorations and assumptions; and also to open a field for further research into the problem of negotiation in Macedonia.

## 2. Structure of the work

This work is divided on two parts (theoretic and researching). In the first, theoretic part, the attitudes of many well known authors are elaborated about psychology, sociology, communicology, whose suggestions could be connected correctly and entirely to the contemporary conception, understanding and perceptions of some issues of negotiation. The second, researching part contains a presentation, analysis and interpretation of the results of the conducted polls and actual records (of real-time negotiation situations) obtained in several towns in Macedonia (Bitola, Kumanovo, Strumica, Veles, Skopje, Tetovo, Demir Hisar, Krushevo, Kavadarci and Shtip) performed by 130 bussines respondents, who act in the condition of transformation of the overall relations and restructuring of the capital.

## 5. Issue and object of the research

The issue of the research is focused on the issue of influence of the situation factors over the quality of the negotiation process. Such determination of the problem, emphasizes the predominantly explorative character of this work. (How do the situation factors exercise their influence? Which are the main characteristics of these relations?) Thus, considering the current scientific knowledge regarding the nature of the so-called "situation factors" it was necessary that they be specified

through several levels and sub-problems which are treated by this research: 1) *Problem of classification nature*, actually whether or not the determination variables of the negotiation process could be established that are “strong” enough on their own to have an impact in all the situations of the negotiation and to be separated from the others? 2.) *Problem of exploration nature*, actually what is the interaction between the situation and other factors in the real-time negotiation situations? and, 3.) *Problem of descriptive nature*, related to the profile of the average negotiator in Macedonia, regarding the determined aspects of negotiations.

The objective of the research is to review the mutual dependence between internal psychical personal factors (trustiness, collaboration, level of frustration tolerance, possessed potency) and external variables (kind and character of the activity), which are treated as possible determinants of the preferable mode of behavior due to the fact that in their mutual interaction they have their strong impact upon the quality of negotiation from the aspect of the climate, approach and time of negotiation.

#### **4. Relevance and scientific justification of the research**

Today, there is a huge amount of material, experiences, models, patterns, rules and acts about the negotiation worldwide. (William, M.:1955; Pruitt, G.D :1981; Micik, P. : 1988; Plenkovic, P.: 1991; Tudor, G. :1992; Ninberg, H.: 1993; Gnjato, V.: 2003; Mandic, T.:2003; Lax A.D and Sebenius K.J. : 2003; Harvey, B: 2008) Many schools were popularized; many methods and approaches were offered as the best ones. Many seminars, courses and trainings were organized allocated for various structures of individuals as well as groups who were trained for such activities. Numerous handbooks, brochures, books were published as a groundwork for additional systematization in the direction of theoretical and scientific comprehending of the problem. At the same time, the literature does not offer exactly the precise data and time frames, but it is also said that in the western countries “since earlier times” there are certain forms of organized training and qualification of the businessmen, who gain their knowledge about business communication and negotiation through the intensive courses. Anyway, the beginning was set in the year of 1924, when the author Mary Parker Hayward wrote about the so called “integrative negotiation”.

In the Balkans (former Yugoslavia), what is considered to be a successful and the very first attempt of theoretical and practical application of the issue of business negotiation, is the work of Predrag Michic “*How to guide the business conversation*” published in 1980. In Macedonia, this issue was vividly initiated after the in-

dependence was proclaimed in 1991, actually after the implementation of the parliamentary democracy and the market economy. However, the former academic treatment of the negotiations, as an issue of a scientific interest is not satisfactory. It is worth mentioning that the number of published titles about this issue in comparison to those in the neighboring countries is negligibly small. Namely, only a few books about the business negotiations were published in Macedonia, most of which were the translations. Only the work of Arsovska T. (1995) “*How to perform successful business conversation*” presents a humble initial attempt, which could only partially be called “originally author work”.

On the contrary, the facts about the global connection, the existence of huge data banks, limitless time and space opportunities speak about the fact that the business world penetrates deeply into all spheres of business existence thus emanating its resources of influence. Thus, the awareness that the successful business functioning is one of the key factors for the enhancement of the overall relation of the social and business life, is the great fact that must be accepted. In that context, the negotiations truly may be only a small cause in those relations, but a very essential one. Their dynamics, development, and achieved results will have a great influence on the subsequent endeavor in any business sector.

That is the reason why all our efforts are devoted to the establishment of the scientific research goals of negotiations (such as examination and amendment of the knowledge about determination of the negotiations, examination of the approaching methods and enrichment of the research instruments, finding practical solutions and instructions needed for business practice and negotiation trainings) seem to be quite actual and justified. Those efforts and attempts offered many answers about some very important issues in this sphere (such as the average time frame of the negotiations in Republic of Macedonia, the quantity of theoretical knowledge about the negotiation mastered by businessmen, the awareness of the importance of this issue, the attitude on research of this issue, the average profile of the negotiators in Macedonia, etc.).

#### **5. Research hypothetical frame**

The general postulate is set affirmatively saying that: There are certain external (environmental) and internal (personal) factors, that possess equal level of prognostic and determination power over the quality of a negotiation process, in any conditions and situations of negotiations. Comprehension and understanding these factors results in improvement of the quality of negotiations thus reducing the time of negotiations. In essence, the kind and the character of the branch of the organization on behalf of which the negotiations are

conducted, the level of management, as well as the elements of the latent maturity of negotiators, are the key determinants of that process. This postulate is achieved through three additional and eight individual hypotheses which directly lead to the current indicators.

## 6. Method approach

In the course of exploration of the problem of our research, we primarily start by the theoretical analysis of the knowledge of this issue, offered by the scientists and performed by two different approaches. Namely, in the domain of negotiations following explorations are evident: 1.) Explorations generated by analysis of profiles, conclusions and acts of previously distinguished managers, systematized personal experiences and 2.) Classical experiments, psycho-metrical and other tests in the aim of evaluating the relations between established variables. The first approach is distinctive for various profiles of practitioners (solicitors, lawyers, engineers) who have systematized their negotiation knowledge and personal experiences thus offering them as original models, manners and schools. The other approach is notable in the work of sociologists, sociology psychologists, management theorists who performed direct exploration of negotiations, or indirectly have made their conclusions based on the investigations of other problems and aspects of negotiations (Deutsch and Krauss; Chertkoff & Conley; Baron; Hofstade and Crozier).

The research is based on the analytical-descriptive methodology, whose goal is to select the relevant perceptions about the interpersonal relations, present in the negotiation process, and by the application of the adequate statistical procedures and conclusions will answer the questions of the research. Also, during the determination of the interaction between the different kinds of variables (like personal touch, environment elements, and interaction conditions) the most applicable proceeding is the immediate exploration of the events recorded during the real-time negotiations. It means that the classical analytical descriptive exploration is enriched by the case study.

All in all, the exploration primarily gains an operative character, as regards the time it is allocated in, to the immediate research of the actual, real, transitional period of living and acting.

The implemented techniques of exploration are the following: a scale poll questionnaire, evaluation technique and especially the technique of systematic observation set as case study. The poll questionnaire evaluated the essential basic indicators and facts about interpersonal characteristics of the individuals relevant for this research. The grading of the examinee answers (given in

the questionnaire form) was performed by the evaluation scale, and was described from extremely satisfying to unsatisfying regarding the knowledge about some distinctive elements of the negotiation process and their relation to it. In the end, the case study enables us (on the basis of certain positions) to perform impartial observation, confirmation and description of various specific and relevant information that occurred in a concrete negotiation process - a specific situation. Worth mentioning are the appropriately organized individual meetings with interested individuals, as well as a seminar where the following methods were performed: a method of teaching, a presentation technique, playing games, a video projection etc.

## 7. Conclusive anticipations

This research is conducted in order to identify and to classify the relevant determinants of negotiation, with a special accent put on the so called environment (situation) factors. At that point, (contrary to the anticipations that speak about it as an "intangible phenomena of the twilight zone") the research starts with an attitude that the negotiations are a widespread social presence, noted in many kinds of social relations, and they may and should be explored. The fact that a huge number of theoretical concepts were separated did not contribute to the foundation of some eclectic theory of negotiations, on the contrary, it serves as a background to our own approach to the treatment of this problem.

The general hypothesis about the influence of the inter-psychical and environment factors over the negotiation process is not yet confirmed (the three particular hypothesis are only partially confirmed), the only confirmed influence is that of the degree of frustration tolerance over the negotiation time (which belongs to the group of the inter-psychical variables) and the influence of the type of ownership and branch of activities over the dependent collaboration and formality (which belongs to the external-environment variables). What is this due to? Reasons are found in the confirmations and notes of the representatives of so called "social revolution". Namely, the negotiations, as a social situation, mostly depend of the interaction between the particular personal contacts of the negotiators and the external situation conditions, which create the so-called "negotiation context" (particular and unique for each new situation). There is a great probability that exactly those anticipations contribute that phenomenon should be declared as "intangible". Generally, we think that the solution to this problem is offered by the above mentioned anticipations (like the theory of the games, concepts of correlation). Thus, if the determinants (a degree of frustration, type of ownership and branch, and probably others) which are "strong" enough to influence any negotiation situations are to be separated,

then the third group of interaction determinants could be best understood and explained by the abovementioned theoretical concepts. Actually, this is the essential concept of the authors who deal with the situation determination of the interactive context of dyads (E. Bern; C. Stayner; T. Mandic).

The variables, which appear to be important determinants of the negotiation process, are the first to indicate the ownership. Its influence upon the quality of negotiation is statistically confirmed regarding the aspects of: basic attitude (collaboration-competition), ( $X^2 = 8.7 > 5.99 * 0.05 / \text{s.s. } 2$ ), basic approach (formal-informal). ( $X^2 = 7.62 > 5.99 * 0.05 / \text{s.s. } 2$ ). All in all, we can with certainty declare that the: Private company owners are more cooperative and they prefer formal approach. ( $t = 2.98 > 2.57 * 0.01$ ) This information probably emerges from the essential needs for survival and development of the company which is "on its own". This speaks about the expected and justified choice (when the private company owner claims that they are always responsive to cooperation, treaty, understanding, making compromises which guarantee survival and development). His manner of proactive cooperation, as a personal feature, is more necessary to him than to those who work in a public sector, who, as regards the type of ownership of the capital, are less motivated to force observance to the principles of "cooperation" to a maximum. As a matter of fact, this is confirmed by the comments of those who worked in a "civil service" before they started their own private businesses. Equation with their own business is very common among all respondents included in the research from the private sector, which is not the case with those from the public sector. On the other hand, the tendencies of ultimate exchange between the personal and social interests of the company most commonly are declared in public and commented among those respondents who work in "civil service" but have their own private businesses.

Similarly, the private company owners prefer the formal approach (which can be noted at the undersigning of the documents, asking for verification, confirmation, facts, accurate data, arguments etc) which provide them an appropriate protection and which guarantee trustworthiness in the actual activity and in decision making. The principle of "short reckonings make long friends" is normally more preferable when it comes to the negotiations of common interests, although probably there is also a space for the "private" interests, contrary to the fact that many issues are left as "open questions" (which means undefined stipulations).

The type of work (operation) is a variable which has a strong impact upon the negotiations. But contrary to the type of ownership, the type of working operative has an immediate influence upon the time of negotia-

tions, however, it does not have any influence upon the basic attitude and the approach. Namely, the estimated values show that the attitude and the approach during the negotiation among traders as well as among service providers is very similar, but they have different "time duration". ( $t = 2.69 > 2.57 * 0.01$ ) The explanation of this involves two probable reasons: 1) the "longer time of negotiation" probably. Neither they nor the level of originality in their experience and skill gained by their everyday practice to haggle, bargain, shopping, sales and 2) the different types of goods (items of trade) impose the different times for negotiation because many questions are to be answered about their quality, price, conditions stipulations of payment, stipulations of refusal of goods, servicing and guaranties, transport etc. Service providers on the average spend less time in negotiations (1 hour on the average) because they have fewer issues to negotiate about and the price is already determined and it is not varying so often because it does not depend on the market.

When we speak about personal variables, of only significance is the level of tolerance of frustration which has immediate impact upon the negotiation time. There are no statistical data of exclusive importance about other conjectural relations that will point out their connection. Thus, the cooperation ( $X^2 = 3.97 < 12.59 / \text{s.s. } 6$ ) and the confidence ( $X^2 = 2.26 < 9.49 / \text{s.s. } 4$ ) as features of latent maturity in their exclusiveness do not have any kind of impact and influence upon the negotiation. Neither they neither the level of their legitimate power. ( $X^2 = 4.24 < 5.99 / \text{s.s. } 2$ ) But this stands quite on the contrary relating to the above mentioned researches. Why is that so? The reason is very simple, namely, the power presents the functional relation between the carrier of the power and the dependent on the power. Actually, the essence of this relation is the equilibrium, but there is not enough "power" to produce action in any type of negotiations (the respondents are very aware of – "it depends who I negotiate with and about what"). So the power could be observed only as a personal variable which has different impacts in different situations. In fact, this is quite amenable to the defining of the power as a function, correlation of power on the one hand and the dependence on that power on the other hand (Blau).

Similar is the relationship between the cooperation and the confidence. Namely, the cooperation and the confidence – as personal features (observed separately) show no influence upon the quality of negotiation. The influence of those personal features rise and decline depending on the specificity of situations. How to describe this obvious contradiction?! The explanation emerges from the essence of the interaction of communication relations and their complexity (Rogers; Bern, Janakov; Beshka; Mandic). Thus, the quality of communication

depends of the perception of the partner, but also depends on the accord of the initiator. This means that in a very sensitive sphere of social interaction, as the negotiations are, our cooperation and confidence could always be perceived and accepted differently by the partner, which again proves that "it depends on to whom, when and how" But this is not the case with the level of tolerance of frustration. It is well known that it has no influence upon the basic attitude (cooperation-competition) ( $X^2 = 7.67 < 9.49 / \text{s.s. } 4$ ) nor over the basic approach (formal-informal), ( $X^2 = 7.46 < 9.49 / \text{s.s. } 4$ ), but it does certainly have influence upon the negotiation time in every situation of the negotiations ( $X^2 = 7.4 > 5.99 * 0.05 / \text{s.s. } 2$ ), which as a data is explained by the essential characteristics of this issue and its physiological pose regarding the reactions and manifestations (gestures) which emerge from the frustrations.

The question is: Could the distinctive situations of negotiations be determined so that they could be defined as representative types? The case study allows for this. According to the distinctive interaction characteristics those cases were grouped into several groups as follows: 1) negotiations with an unknown partner, 2) negotiations with a well known partner with lost credibility 3) negotiations with a well known partner with good cooperation. The first one we called initiative, the second one culminative and the last we called negotiable (This division is made after the Blau theory). The last group was entitled as "negotiable" regarding his considerations that "the negotiation is possible even in the conditions of power absence, which does not mean weakness, but means that the relation is constructed over other postulates". And probably this is the confidence, which according to the author, but also to the practice is confirmed to be a most favourable tool for bringing up some new solutions. Many authors suggest some new models in which the main stress is put on the issue of re-formulation of the positions of observing of the negotiation process as a problem that urges a mutual creative solution, actually that needs the answer to the question of how to...?! So, that is the key moment and key step in successful negotiations. That is the moment when both sides are brought into a so called "situation of alert" (through a variety of "culmination situations" in which the power is the strongest tool) when they start to search for the most acceptable solution.

From the above mentioned, in a context of the methodology goal of the research, it turns out that the theoretical models in which the moment of "re-formulation" is accended, as a separate step, seems to be more acceptable and superior (Rayder, Koleman, Mandic). Talking about the approach of observing, analyzing and exploration of the negotiations, the most impressive is the approach represented by the transaction analysis. Here

we notice a maximum simplifying of the understanding about the mutual relations between two or more individuals caught in the act of negotiating. The analysis of the transactions which "come one after another" during the time of negotiation, amended by the knowledge about the "games" which occur in the business world, offers a different kind of opportunity for a scientific treatment of this problem.

This certainly does not mean psychologizing the business operation, but yet it calls for acceptance of the obvious facts that, when we speak about analyzing the external manifestations, in no circumstance is it allowed to neglect their connection to the elements which create the "man as a whole". That is the reason why we are closely related to those authors who especially emphasize the science about mankind (Cicourel), rather than those who classified this problem as an "intangible phenomenon", that anyone can "juggle" with. The fact about existence of a lot more schools, branches, seminars, trainings for negotiators, compared to the number of relevant scientific research of this sphere speaks about the inadequate approach to the observing of this problem.

We do hope that the previous statements about the distinctive character and interdisciplinary feature of the phenomenon of negotiations will reach those who in R. Macedonia have the intention to legally protect the exclusiveness to practice this skill (negotiation-meditation in judicature). They should understand and accept the essential differences between the above mentioned approaches. Namely, practicing activities that should stand for the act of negotiation, and meditation, are open to everyone, but the exclusiveness of their scientific treatment belongs to the science about the man, whose superior behavior regarding his acts and tools were elaborated several times in this research.

The profile of the average negotiator in Macedonia points out that the differences between various negotiators, coming from various hierarchy levels, different types of ownerships and business operation have no statistical significance and mainly they remain neutral. Only several concessions toward extremes were noticed considering the issue of need of training and emotional attitude toward negotiations. All in all, the average Macedonian negotiator prefers individual negotiations, where the decision sphere is accepted as an exclusive act and business secret. He does not accept too much risk, nor does he take any immediate steps during the negotiations. He has only a modest knowledge about this process, but he is not always aware of that. In fact he appreciates this activity as a key one and he is always ready to edify himself. According to him, the key determinants of the negotiation are the partner and the problem of negotiation.

| Dimensions<br>Variables                  | Extreme 1<br>1 2 | Neutrality<br>3 4 5 | Extreme 2<br>6 7 |
|--|------------------|---------------------|------------------|
| Basic approach                           |                  | 3.18 3.04           |                  |
| Waz of persuasion                        |                  | 4.03 4.41           |                  |
| Level of risk                            |                  | 4.01 4.08           |                  |
| Stzle preference                         |                  | 4.19 4.56           |                  |
| Training needs                           |                  |                     | 5.48             |
| Emotional attitude<br>to the negotiating |                  | 4.08                | 5.28             |

Tab.1 The profile of the average negotiator in Macedonia

Regarding the above mentioned variables only the issue of the decision making risk is seriously elaborated (Stoner, Kogan & Wallach, Miller, Moscovici & Zavalloni, De Goulleu). From the entire theoretical argument (regarding the various aspects of risking issue) the following conclusions are of great importance: 1) the level of risk taking is in correlation to the value system and the culture of the individuals who make decisions; 2) the risk is greater when the decision is made by a group. That attitude could represent the base for status determination of the average Macedonian negotiator, regarding his relation to the negotiators from various social milieus.

Unfortunately, we do not know anything about the results of similar serious pieces of research conducted in this country, besides, perhaps, the research into the motives for achieving the goal (Lazarevic, Havelka; T. Nikolovski), which are highlighted as important determinants for setting and achieving the goals. The above mentioned authors noticed an unsatisfactory low level of existence of such a motive in this country, which could probably be connected to the influence of some characteristics of the previous social system (anti-entrepreneurship, contract economy, phobia of the private ownership, tendency of averaging, lack of initiative), as well as to the influence of some traditional values. Observing several popular sayings such as "Do not distinguish yourself", "Golden mean", "Measure twice cut just once", "A humble head suffers no sword" indicate that our value system always forced the "modesty and balance" which makes us different from the societies in which the competition and risks are systematically enforced (even in the education process). Probably, the new social system that is promoted, in which the individuality, free competition, team work and entrepreneurship are part of the instrumental values will contribute to change of awareness and their greater acceptance.

In the end, we can conclude that the majority of the set goals of this scientific work were achieved. Emphasizing of the influence of situational factors as key determinants of different social relations is quite justified, although when we speak about negotiations, the key factors of influence should be searched for among the interaction between the situational factors and some personal features of behavior.

It is worth mentioning that as a special contribution to this science work we emphasize: 1) Detection of several so-called "strong" determinants of negotiation; 2) Establishment and constitution of the three types of negotiation situations and 3) Preparation of the new instrument "The Protocol of recording the negotiation process".

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