International business negotiations: innovation, negotiation team, preparation

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Abstract

Negotiating communication has created new challenges, as business becomes global, and the distance between the two parties do not allow to negotiate fully – to take full advantage of the bargaining power remotely. The use of innovation can be beneficial not only to support the negotiation process but also in the preparation phase of the negotiations. In order to properly prepare for negotiations is need to form an effective negotiating team whose analytical work and skills could help to achieve the highest outcome of the negotiations. This is particularly important in the preparation and in the course of intercultural negotiations, which require an understanding of other cultures, other languages, possession of legal knowledge, knowledge of the negotiation context, etc. In preparation for the negotiation phase is needed to know the best way possible about the other side of the negotiation. Knowing the technical communication capabilities of other negotiation side it is possible to prepare effective negotiation support tools. Negotiation's success often depends on the effectiveness of the preparation - the better it will be known the other side of the negotiation and negotiation context, the better results will be achieved. In this article is made the analysis of global scientific literature in international business negotiations innovations. As well there is examined the preparation of business negotiations and considered the formation of negotiating teams. In the conclusions the author provides suggestions for further negotiations research.

Keywords: international business negotiation; innovation; preparation for negotiations; the negotiating team.

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1. Introduction

Relevance. Negotiated communication has created new challenges, as business becomes global, and the distance between the two parties do not allow to negotiate fully – to use all the bargaining power remotely. Existing e-mail bargaining systems can perform many functions, but cannot to determine the context of the negotiations when dynamically changes the negotiation issues. Innovations use can be beneficial not only to support the negotiation process, but also in preparation for the negotiation phase. In order to save the time and knowledge resources it can be used for the collection and analysis of algorithms in the online space to help prepare for negotiations, learning more about the other side of the negotiating organization, its current situation, relationships and organizations represented negotiating expertise and experience. Creativity, as an integral innovations part, of the negotiators’ ability to act as the possible existence of a negotiated solution to the various problems of interference, information gaps or potential incompatibilities. Creativity is especially important in international negotiations because of them there may be complex, difficult to reconcile situations where negotiators have to deal with situations in a creative way.

In order to prepare for a negotiation properly it is necessary to form effective negotiating team whose analytical work and skills could help to achieve the highest outcome of the negotiations. This is particularly important in the context of preparing for, and intercultural negotiations, which require an understanding of other cultures, other languages, in the possession of the knowledge, knowledge of the negotiation context and others. In terms of experience in the market is complicated to know new businesses, business context of your own and other countries, it can take a lot of time, so in this case without expert help, it would be difficult to achieve effective results in the negotiations.

In shaping the negotiation strategy it is the need to become familiar with the negotiation context. In phase of preparation for the negotiation is necessary to know better the other side of negotiations. Knowing technical communication capabilities of the other party it is possible preparation of effective negotiation support tools.

The problem – in remote international business negotiations is insufficient use of whole negotiating power.

The object of investigation - international business negotiations innovations.

The aim – to carry out comparative world literature and practice analysis on international business negotiations innovations.

Research methods - the systematic, comparative, logical analysis and synthesis of scientific literature.

2. Innovation and negotiations

Modern technology allows to facilitate a variety of business processes, and communication in that the number. Negotiating communication has created new challenges, as business becomes global, and the distance between the two parties do not allow to negotiate fully – to take full advantage of the bargaining power remotely.

In this section will be reviewed innovations influence on the talks. Published in the literature can be found different treatment of the concepts of “innovation”, “invention” and “creativity”.

The word “innovation” comes from the Latin word innovare which means renewal or a new entity and is seen as development of new ideas and their implementation in practice (Jakobsen and Rebsdorf, 2008). The invention relates to researchers and inventors, the creation of technical ideas, patents and research results of the technical world. Innovation belongs to the industrialists and businessmen commercial world in which are important factors of the economic growth potential, and innovation defines the efforts necessary on development of already available item up to practical – commercial exploitation and recognition of the element entered into the market (Jakobsen and Rebsdorf, 2008). Amabile treats innovation as the successful implementation of new and adaptable ideas (Amabile, 1996; Amabile et al., 2006).

As for the “creativity” can be said that it is an integral part of innovation. There are approaches that it cannot be separated concepts of “innovation” and “creativity” (Jakobsen and Rebsdorf, 2008). De Pauw et al. (2010) argues that creativity, which is used for research purposes, is specialized at solving a problems, and creative thinking is involved in the process of identifying disturbances of problems, gaps in information, missing elements; creativity make guesses or formulating hypotheses about these deficiencies, perform tests, and distribute the results. Creativity can be considered as a multidimensional concept (Kim, 2006; Han et al., 2013) consisting of different components. De Pauw et al. (2010) suggest the following components of creativity:
• Fluency: fluent generation of ideas.
• Flexibility: Generating ideas of various categories.
• Originality: Rarity – The strangeness of each idea.
• A more comprehensive description: An Update of relevant information.

Most creative researches are associated with creative thinking. There are distinguished characteristics of the creative person, creativity development opportunities within a reasonable period of time, and social environmental factors creating the environment for creativity (Simonton, 2000). Model for the realization of creativity can be described in the following order:

• Fixation phase of problem tracking and identification or needs. The need or problem tracking can take place unconsciously, but after it is determined and fixed, analytical thinking and creative processes can start.
• Preparation. In the preparation phase is searched and analyzed factual information about the situation.
• Incubation (suspension). In incubation phase idea is matured, until the idea highlights in full systemically (other authors call it enlightenment waiting).
• A systematic description of ideas. In this phase is invoked creativity when the other phases can be used for analytical thinking.
• Figuring out a solution. In this phase are generated possible courses of actions on implementing the idea.
• Evaluation. In the evaluation phase the ideas results are estimated.

Negotiators' ability to create alternatives is intrinsically linked to successful negotiations (Thompson, 2005). Therefore, the outcome will depend significantly from creativity of the negotiator (De Pauw et al., 2010). In order to determine how creativity influencing on his results as negotiator does it is important to define the negotiating context. Various characteristics can limit a possibility to transfer desired expression. Negotiation context can act an individual expression of negotiators creativity and can cause both positive and negative effect on the outcome of negotiations. Negotiating context may be defined as integrative or distributive. In the context of integrative negotiating increases the relative merits of all the negotiating parties, and in the context of distributive negotiating is going on the division of pie, that is to say each side of the negotiating fights just because of higher benefits for themselves.

In the context of integrative negotiating (as opposed to distributive) negotiators can provide more creative solutions that can meet not only the interests of both sides, but also to increase the total value of the agreement (Galinsky and Müllweiler, 2001; Park et al., 2013). With a mutually agreed unique and complex context of negotiating, negotiators may be more revealing their creative powers in processes of negotiation. INSPIRE (InterNeg Support Program for Intercultural researches) is the first system which was designed to lead negotiations in internet (Kersten and Noronha, 1999; Kersten et al., 2013), this system deals with negotiations as a process resulting in the relevant context. The process includes the preparation for negotiations, negotiating, and the agreement (Kersten and Noronha, 1999):

1. Preparation includes understanding the negotiation issues, challenges and opportunities, leading towards the construction of function.
2. Negotiations includes assistance for offers, evaluation of the offer based on the function values of benefits and provides a graphic representation of dynamics of the negotiations.
3. The agreement covers the calculation of the potential proposals that dominate in compromise or renegotiation.

Examination the effect of innovations to negotiations results it is noticeable their undeniable influence on communication of negotiating sides. Interferences of intercultural communication can have a significant impact on the negotiation result. Therefore, it is necessary to look at influence of cross-cultural communication on negotiations, to examine cross-cultural communication processes and their potential impacts.
3. Formation of the negotiation team

In shaping a negotiating team is necessary for to have goals and strategies for negotiation. Personal characteristics and abilities of negotiating team members can make influence on what role they will have in negotiating team. Next is an overview of key moments of formation negotiating teams.

To highlight the cultural diversity can be used three discrete settings (Figure 1): culturally homogeneous, moderately heterogeneous and fully heterogeneous (Guo and Lim, 2007; Guo and Lim, 2012). Such discrimination can be quite clear and appropriate in groups of three members (Guo and Lim, 2007; Guo and Lim, 2012): coalition is homogeneous, when all three members are from the same cultural background, on average, heterogeneous, when two members are of the same origin, but a third of the other; completely heterogeneous group is considered when three members come from three different cultures.

![Fig. 1. The possibility of forming a coalition with different cultural entities (Guo and Lim, 2007)](image)

Negotiating between the groups are the most common negotiations. Negotiated productivity is inseparable from the focus groups and negotiation team member satisfaction. Negotiating team member satisfaction may result on his input, responsibilities and interaction in the group. Contribution of the negotiating team member may depend on his individual performance, group performance, and external factors. The negotiating team member may have duties such as relations, persuasion, conflict resolution and problem solving. Individuals in these groups also have specific negotiating positions:

1. Emotional leadership.
2. Leadership oriented to discipline.
3. Evaluation.
4. Analysis.

Group interaction is due to variable tasks, the tasks procedures and the individuals’ personal change. Collecting the negotiation team leader must take into account that this is necessary for group discipline, goals achievement or emotional coordination. You can also have a few team leaders: one is the discipline-oriented, aggressive leader who demands and submit proposals, and the other team’s leader manages emotions and coordinate the entire team. Emotional leader might to heighten / humbling teams members, to maintain tension, to easy atmosphere, show approval / disapproval. Discipline leader provides / requests proposals, course of action, explains, it can also ask questions or give an opinion, and coordinate information.

Next illustrates the roles individuals in negotiating groups (Fig. 2).
In order to efficiently exploit the negotiating powers it would be appropriate to provide the use of negotiating power in different negotiating phases: pre-negotiations, exchange of information, negotiation process, the outcome of the negotiations assurance, and analysis in post-negotiation phases. Determining of one country's negotiations objectives must be taken into account the other side potential targets. Information gathering and exchange process are very important, since this depends of negotiations power, power increase, the process of negotiations course and result. It is also important not to disclose fully all of your goals for the next side of negotiations to prevent from its utilization.

Power production is going on by increasing resources and communicating with the other side of negotiations – by increasing the amount of information available. It is also possible to form a coalition negotiating, connecting with potential partners of negotiations, and growing negotiating power. Before negotiating it is necessary for to prepare a list of questions to be asked. If you have any doubts about the questions benefit, or it can lead to more negative consequences than positive, then it is better to refuse it. Depending on the issues there are formed negotiating plan and agenda. In order to mobilize team to achieve high performance is a clear need to provide it with available resources and goals. There are also prepared presentations to the other side of negotiations. In negotiating phase takes place negotiating process and there are used various tactics of negotiations. Possible results: the agreement, break, non-agreement. In post-negotiation analysis are presented conclusions of negotiation results.

According to Mintzberg (1983), goals and power are inseparable. Negotiating parties have to decide what are his power goals and the other side. The perception of power and power growing is depending on negotiator's objectives and their nature (Mintzberg, 2001; Mintzberg, 1983). Coser (1967) presents two power principles:

- Power efforts results. Depends on the ability to adapt sanctions, to obey.
- Power always depends on the social relations between at least two sides.

Kim et al. (2005) published dynamic model of negotiations power (Figure 3.).
Fig. 3. Dynamic model of negotiation power (Kim et al., 2005)
Karrass (1970) suggests the following power principles:

- The power is always relative. It rarely belongs to one side.
- Power can be a real or not. One side may have strong force positions, but if the other side does not notice or do not understand, then it's worth nothing.
- Power can be tested without action. If one side thinks that the action can be used against him, then it is better not to use the action.
- The power is always limited. Size depends on the situation, law, ethical standards, and existing or future competition.
- Power exists to the degree at which it is adopted.
- The ultimate goal of power does not differ from the substance. Other side may not want to re-negotiate if feel exhausted.
- Power efforts always include prices and risks.
- The power ratio varies in the long run. The power ratio is changing due to the advantages of the negotiating parties and the deposit changes.

In the negotiation strategy formulation are necessary to evaluate of negotiations team's ability to discover, develop and use negotiating power. In the international business negotiation, preparation can be complicated due to the availability of these powers in the linguistic and cultural barriers, as well as the negotiation of context changes. Next section will examine the importance of preparation for intercultural negotiations.

4. **The importance of preparation in international negotiations**

Negotiation strategy formulation is necessary for access to the negotiating context. In the international business negotiation, preparation can be more complicated than the negotiations between the entities in the same country or region. Possible obstacles in preparation for international negotiations: the more parties are involved than in local negotiations, dimensions of cross-cultural differences, communication interference (understanding of symbols) the legal, political and other differences. Adoption possible alternatives of choice of other entity of the negotiations can be better for management of negotiation process. This can be especially effective if the other party does not know.

Negotiating parties which are well acquainted with negotiating environment has great advantage over those who do not know the environment (Suvanto, 2000). This author argues that the language barrier is another critical aspect, for example Americans often do not even attempt to use another language, but only their own. Negotiating teams are suggested to hire a local legal expert to assist them in the negotiations, the expert who is better acquainted with the country, its cultural values and ideology, and the legal system (Suvanto, 2000). Blankley (2006) writes that in the negotiations preparation is the most important thing is - cultural awareness and possible negotiating point of view. Negotiator can greatly assist in the negotiations. It is important to understand the values of the other side, it is also necessary to provide that the objectives and negotiation techniques can vary in different cultures (Blankley, 2006).

Munns et al. (2000) writes that in order to prepare for intercultural negotiations is necessary to know the following information about the environment (Figure 4):

- Macro information – politics, economics, language, decision-making, the government, the legal system.
- Micro-level information- objectives, bargaining range, the legal agreement, financing, profit sharing, management structure, life cycle, closing.

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Fig. 4. Intercultural negotiations information (Munns et al., 2000)
Culturally-oriented strategies can be organized according to (Weiss 1994) the following guidance:

- The negotiator’s accessing degree with culture of another country.
- The other party's degree of accessing with culture of your country.
- Coordination possibility of clear view.

Choosing a strategy negotiator must know his and other cultures, to understand the specific factors in the existing relations and to provide for / trying to influence the viewpoints of other side (Lewicki et al., 2001). According Lewicki et al. (2001) strategies are divided into three groups, which are based on familiarity (low, medium, high) which has the negotiator with other country's culture:

- Given a low familiarity with another culture, are hired agents or advisors, held agent, or the other side is encouraged to use your approach.
- At the average familiarity one side is adjusting to other side's perspective, and is coordinated negotiating regulation.
- When there is high familiarity, then can be exploited view of the other side by making improvisations and to make a high impact on the negotiations.

Opportunities for negotiators to develop a strategy and to choose tactics are based on the knowledge about other side's position and goals and his ability to track and analyze everything.

In strategic planning partners are chosen (the negotiating parties) with whom we can improve the company's competitive position. It is necessary to decide which strategic goals are most important, how much they are needed and how best to achieve them. Strategic negotiation planning is based on market and product (produce or purchase), constraints (clients, environment). It is selected decision-making structure and competition philosophy. Also there are defined main objectives – the technical, cost, delivery, management. One should not forget and possible compromise situations. The conditions should be foreseen in advance. In strategic planning there are determined risk and foreseen which of them will be assumed. At this stage are chosen fact-finding techniques and measures of information control. The negotiations must have and ethical values, which cannot be overcome, they are like the devised activity path. And the most important element is the selection of the negotiating guide, who is delegated for bringing together the negotiating team. To the chief of negotiations are presented earlier discussed elements and resources for goals achievements are given.

Objectives of the strategy may be conditioned by monetary resources and expectations of the available power and competence to achieve the desired positions. Often negotiations are determined by ardor, pursuit of recognition and status, available sociability skills. However, goals may restrict the risk aversion, security or existing convenience. Negotiation process is organized in such a way that human and information power resources are used so that the course of the negotiations would be optimal. These resources are managed, acquired and developed. It must be foreseen how will be assistance for negotiating team, how will it be organized, multi-supply and support. Information resources for management are sought. Facts and channels of information are analyzed, stored, made assumptions. Negotiating team must be requested personnel, the various measures, trainings, developed infrastructure and made use of the third parties.

In tactical planning of negotiations is foreseen how could be the best realized negotiation potential. In this planning level, the higher-level objectives are broken down into smaller ones so as to achieve a strategic objective. There are also attempts to predict objectives of other negotiating party. In planning of tactics realization there are highlighted specific issues, problems, objectives, statements and simulation of negotiations.

Combined negotiating technique consists of the agenda, questions, and other side of the negotiating, knowledge of the essential steps of potential threats and bargaining deadlocks, non-verbal communication, the possible concentration points. In tactical planning there are possible various maneuvers, varying the length of time, status, associativity, friendly display. Often, the negotiation process is the result of previous efforts, for example: the seller is looking for potential customers and when finds some, then begin negotiate with them, the company is looking for potentially factories and when found them negotiate and so on. Negotiator's effectiveness can be measured by three criteria:
• Quantity – the effort to identify potential subjects to make the transaction, collecting information about the other side of the negotiations and so on.
• Direction – the search of direction choosing a potential transaction partners, collection information about the products (or services), the assessment of proposals and so on.
• Efficiency – the bargaining process quality, determined by negotiator's bargaining power abuse.

The most difficult is to improve the efficiency criterion because efficiency is achieved in time not right away. This requires a constant negotiation practices in order to maximize the use of existing powers. Most probably can be improved quantitative criteria, as in this is placed search of efforts in time. Directionality may reflect merit of the proposal.

To ensure correct prepare the negotiations is needed to set goals, to know the different cultural needs and understanding of the situation:

1. How negotiator / opponent looks to own / other’s goals.
2. How negotiator / opponent thinks about the opponents attitude to his goals.
3. How negotiator / opponent wants to see to his opponent targets.

Preparation for negotiations may request a lot of time, economic, intellectual and other resources. In preparation for negotiations, the team should establish the boundaries that could not be overcome, thus formulating its negotiation and business ethics. Intercultural negotiations values can differ, so in preparation for negotiations should be known the other cultures, key moments in the negotiations and principles, which could assist in the negotiation process. In negotiation communication works many dynamic variables, therefore during forming negotiating team it should be taken into account its members experience in different cultures also. Negotiation's success often depends on the effectiveness of the preparation – the better will be known another side of the negotiating and bargaining context, the better results will be achieved.

5. Conclusions

Negotiating communication has created new challenges, as business becomes global, and the distance between the two parties do not allow to negotiate fully – to take full advantage of the bargaining power remotely. Existing e-negotiating systems can perform many functions, but can’t determine the context of the negotiations when negotiating questions are dynamically changing. The use of innovations can be helpful not only in the process of negotiation support, but also in preparation for the negotiation phase. In order to save resources, algorithms can be used for data collection and analysis in the online space, which would help to prepare for the negotiations, learning more about the other side of the negotiating organization, its current situation, relationships and organizations represented negotiating expertise and experience. Modeling negotiation strategies can be deployed in organizations websites ranking systems with the purpose to see the essential differences between the two parties.

Studies of international business negotiations team building processes showed that are significant the personal qualities and skills on the negotiation process and the end result. To ensure correct preparing for negotiations it is necessary to develop an effective negotiating team whose analytical work and capacity could contribute to the achievement of the highest results of the negotiations. This is particularly important in the context of preparing for intercultural negotiations, which require an understanding of other cultures and other languages, possession of legal knowledge, knowledge of the negotiation context and so on. Before you start international negotiations it is required to be familiar with the features of another culture or even to hire a mediator familiar with that culture. In preparation for international negotiations should be taken into account that negotiator may not necessarily be representative of the same country and culture. Negotiating parties can also hire representative / expert from the other side of the negotiating party which will help in the negotiations. Therefore, prior negotiations it is necessary to take this into account. To hire an expert from another party can be useful for the possibility to learn more about the context of the negotiations, prevailing in the market of that country / region.
In preparation for negotiations phase is necessary to know better the other side of negotiation. Knowing capabilities of technical communication of other party in negotiations it is possible to prepare effective negotiation support tools. Having experience in another culture of the business sphere it is possible to avoid misunderstandings that could undermine the smooth functioning of information exchange. In view of cross-cultural negotiation principles it is appropriate to foresee the potential of other negotiation side steps. The better we know the other side of negotiations the more accurately we know its needs, available alternatives, resources, and so on. In negotiation communication work many dynamic variables, therefore during forming negotiating team it should be taken into account the experience of members in different cultures also. Negotiation's success often depends on the effectiveness of the preparation – the better will be known another side of the negotiating and bargaining context, the better results will be achieved.

References


