



The Art of Negotiation in Business

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Abstract

When two parties get down to discuss a topic, they negotiate. The parties to negotiation may be two buyers or sellers, a prospective employee and employer, or even two or more governments. When dealing, it is crucial to consider all parties' views. The goal of every negotiation is to get the two sides to some compromise so that the dispute may be resolved. Whether you operate your own company or work for someone else, you need to be able to negotiate effectively to figure out solutions to everyday business challenges. Learning effective negotiation techniques is essential before venturing into commercial negotiations. Learning about the problems and viewpoints of the other side is crucial. Effective negotiators know not to dominate the discussion. They take the time to hear the other side out and then answer rationally. Understanding the other person's priorities might help you discover common ground and find a solution to the situation at hand. Negotiations should be professional and respectful to foster a positive connection with the other party. As a company owner, you want to be known for your politeness, ability to get along with people, and willingness to compromise. A first draught of any contract you intend to construct should be made before entering into commercial negotiations. This will allow you to set the stage for the talks by outlining the main issues you want to raise and providing a framework within which to do so. Include your desired terms here so the other party may understand what you want in the discussion. It would be best to avoid being mired in a single point of contention during negotiations. If there is significant disagreement about a single issue, it may be prudent to recommend moving on to another topic and returning to the contentious issue later.

Keywords: *Negotiation, Business, Pre-agreement stage, Agreement stage, Post agreement stage*



Introduction

Many people avoid negotiations because they feel unprepared, but this is only because they need more knowledge and tools to be successful. Whether you're new to the talks or want to sharpen your skills, "The Art of Negotiation" is a comprehensive handbook that might be useful. Learning and practising negotiation skills is possible. You'll learn the psychology of motivation, what drives the desire for negotiation, how to resolve conflicts via various means, and how authority and power are exercised in society. You will also be guided step-by-step through the negotiation process and introduced to techniques you may use to achieve your goals and reach an agreement that satisfies everyone. In this course, you'll learn much more than simply how to bargain a price with another party. The negotiation process may be affected by behavioural factors (such as your beliefs, perceptions, and attitudes) and motivational aspects (such as your requirements and how determined you are to meet them). As part of your education, you will learn effective negotiation tactics, such as setting objectives, gathering data, and establishing authority. You may improve your negotiating abilities and create the framework for future discussions by reading up on techniques and approaches, such as quiet and emotional detachment, setting floors and ceilings, and the salami approach. You can only enhance your bargaining abilities by engaging in negotiations; this course will give you the confidence to do just that. (Shane & Venkataraman, 2000)

Objectives

1. Discuss about Effective Negotiation Techniques
2. Discuss about The Importance of Negotiation in Business
3. Discuss about Essential Of Business Contracts

Effective Negotiation Techniques

Although the benefit of good negotiation skills is evident in many contexts, its significance in the corporate world must be recognized. One of the most sought-after qualities in a leader in today's competitive market is the ability to negotiate successfully. Successful negotiators are in great demand for positions involving public interaction, such as sales management and



executive positions. Successful negotiation skills might determine whether or not a commercial deal turns a profit. The financial line isn't the only thing that benefits when firms participate in successful negotiations; their reputations do, too. Negotiation skills are valuable not only in our careers but also in our relationships. Successful negotiators have mastered the numerous facets of relationship management, including communication, strategy development, persuasion, conflict resolution, decision-making, and rapport building. More specifically, skilled negotiators will analyse a problem in a manner that accounts for the concerns of all parties involved and identifies the other side's goals. Then, and only then, can effective solutions be reached. A savvy negotiator will prepare for the negotiation in advance, looking for areas of common ground and synergy with their counterpart and analysing them to find parallels that may be used during the discussion. (Eckhardt & Shane, 2003)

Listening attentively to the opposing side is a crucial skill for every negotiation. To accomplish this goal, it is necessary to use words and read each other's body language. Active listening helps you determine whether your opponent will likely accept your offer by identifying common ground you share with them. A skilled negotiator can use language in such a manner as to consciously construct their comments to exert influence on their opponent, and not only because they talk correctly during the discussion to avoid any misunderstandings. (Newcomer, 2005)

Professional negotiators must be able to articulate their reasoning using objective standards that are acceptable to all sides of the negotiation table. Successful negotiators are skilled team players who can effectively collaborate with the opposite side. They use their superior interpersonal abilities to maintain cordial connections with all participants in the conversation. This helps keep the atmosphere pleasant during the discussion and afterwards as well.

It would be hard to overstate the value of skilful negotiation. This means the ability to negotiate well will remain in high demand in the corporate world. By first understanding the significance of business negotiations and then prioritising the presence of talented negotiators on your team, you can set the stage for commercial success. When both parties to a negotiation feel that they've made progress toward their goals, the agreement is more likely to be upheld, and the possibility of future business interactions is preserved. (Smith, 2015)



The Importance of Negotiation in Business

In the business sector, technological development moves quickly. Although certain things in business will never change, others will. Every successful businessperson has to be able to negotiate, and this ability is constantly put to use. But what is it about talks that makes them so crucial? Sometimes the only thing standing between you and a mutually beneficial agreement is your bargaining prowess. Negotiation is critical to the success of any commercial venture. Conflict resolution skills are essential in many walks of life, not just the job. At this stage, negotiation is crucial.

When a dispute emerges, all parties involved want to settle it to benefit them and the people they claim to represent. However, remembering the fundamentals of fairness, keeping the line of communication open, and looking for methods in which both sides may win is essential. Managers need to be able to negotiate effectively at any point in a business interaction. While the word "negotiation" may conjure up images of heated debates, achieving favourable outcomes with restrained discussions is possible by adhering to a few guidelines. Using the correct body language, asking pertinent questions, and developing rapport are all great examples.

Companies value negotiating skills because they are essential to their success and because skilled negotiators may have the edge over competitors. You may avoid accepting a compromise by working together to find a solution that works for both of you. Maintaining composure and acting businesslike will send a powerful message to your opponent. Never make a rash choice; careful thought is always warranted. It's in everyone's best interest to keep your cool and have the kind of productive talks that lead to excellent solutions for everyone concerned.(Egan, 2015)

If done correctly, negotiation may result in a scenario where each party is satisfied with the outcome. It's a prevalent misunderstanding that negotiations can only benefit one party. Successful negotiators always work toward an agreement that benefits both parties. The ability to negotiate is a must-have talent for every leader. The other side must reap some rewards as well. When this occurs, we may consider the battle won.



The ability to overlook one's misgivings about the opposing side and focus only on the issues at hand is why confidence is so crucial in negotiations. Without it, you could give in to pressure and agree to conditions that are good for everyone except you. Possessing the skills to effectively negotiate, present facts, make and accept offers and counteroffers, and improve outcomes is a boon. If you want to succeed in your next negotiation, you need to make sure you have the tranquillity and conviction that you will deliver. This can aid you in reaching your goals and gaining the admiration of your coworkers, customers, and the individuals who ultimately determine your success or failure. Your enduring impression with workers is essential for future business and your reputation. Making a good first impression may set the tone for future interactions, leading to agreement and collaboration.

Trainer Bubble offers various negotiating courses to help you master the art or improve your abilities. You may learn more about these courses and register online at their website. The benefits of learning to negotiate skillfully in the workplace have been outlined in this article. We're here to assist your workers advance in their careers, and we'd love it if you'd enrol some or all of them in one of our programmes.(Basu, 2014)

The Three Stages Under Negotiation Skills Are:

Pre-Agreement Stage:

At this point in the process, the negotiating contract is only an agreement and has no legal force. Therefore, in this stage, the negotiator first makes the party aware of their understanding on the disagreement for which they have taken the negotiation process to settle it by the rules specified in the act above and of the negotiator's act.

- Once this is done, the contract is null and void since it is no longer legally binding.
- The only agreement that becomes null and invalid at this point is the negotiating agreement. This is because settlement agreements reached during negotiations are not binding on either party. Negotiation agreements are not legally enforceable in India at the present moment since disputing parties may always take their case to court.



Agreement stage:

- No matter what kind of agreement is reached at this stage (except the negotiating agreement), it will not be legally binding; rather, it will be a complete and accurate record of the parties' agreements and disagreements.
- This Agreement will be communicated to both parties, and it is each party's responsibility to decide whether or not to accept the terms and conditions set out by the party providing them with the Agreement.

Post-agreement stage:

- After this step, the agreement is regarded valid and binding under applicable law; it is no longer subject to the presumption of nullity.
- At this stage, the parties have agreed to formalise the agreement into a legally binding contract. However, the contract will not impose any responsibilities on the parties.
- Both parties will now sign the contract based on their mutual permission and agreement, and in the presence of the negotiator, they will confirm their understanding of and agreement to all of the contract's terms, conditions, and clauses. This is the last step before the final result is achieved.
- This is now a legally binding agreement between the parties, and they have both consented to its terms and conditions, so it will be seen as a joint agreement between them.
- Any party who believes they have been harmed by the other has the right to take the matter to court if they believe the other party has disobeyed or breached any of the terms or clauses specified within the agreement at any time in the future.
- To determine the scope and longevity of business negotiating contracts, we must first examine the approaches that come under this umbrella.(LeRoy Miller, 1982)

Essential of Business Contracts

For a commercial contract to be legally binding, six prerequisites or critical components must be present (enforceable by law).

➤ Offer

For a contract to be valid, it must contain a specific offer that is to be made under the contract.



This is because the request is the most critical aspect of the contract, as it is how the parties come to an agreement and, within that agreement, either accept or reject the terms and conditions. When one of the parties makes an offer to the other, they are essentially putting out their priorities and priorities to the other side via the process of making the offer.

➤ **Acceptance**

Whenever one of the parties makes an offer regarding the company's or partnership's business-related issues, the other party is responsible for deciding whether to accept the request regarding the company's or partnership's business-related issues. This is the case even if the first party made the offer. When one party agrees with a specific request that the other party made, it shows that the submission has been received and that both sides view the situation in the same light in terms of how it should be handled. (Tirole, 1988)

➤ **Consideratio**

Taking into account any of the parties' ideas, thoughts, and questions regarding the project or the business encourages the other party to make an effort to the business's ideas and projects, and as a result, gets them into a win-win situation in which they believe that they have shared the same positive in the meeting, which will help you to achieve the goal of your company while also making a strong bond with the other company in a partnership business. (Lipse, 1985)

➤ **Mutual consent**

Obtaining someone's approval is crucial. But authorisation shouldn't come from just one party; instead, all parties should agree on the terms and conditions imposed for doing so and how to address any disagreements. Even though both parties have freely consented to the contract's terms, it will not be legally binding if one of them does not see the signing of the contract as binding. However, no one should feel pressured into signing the agreement. This is necessary in order to create a binding agreement under the law. By mutual consent, we mean that all parties involved have come to an understanding of how to proceed with this business problem. (Lack, 2003)

➤ **Competence**

Each party needs "sound minds" to understand the seriousness of the situation and the



specifics of the demands that must be satisfied. According to this definition, both parties must be of legal age to form a binding contract, be of sound mind while signing, and not be under the influence of drugs or alcohol. If a contract's validity depends on the competence of one of the parties, and that member is lacking in that competency, then the transaction is invalid, and the other party is free to repudiate (i.e., disregard) the contract.(Carbaugh, 2006)

➤ **Legal purpose**

The establishment of the contract must have a lawful purpose. It cannot be used for illegal activities like selling drugs or prostitution. It's crucial to remember that you may legally engage in a contract without these provisions. However, a court will only uphold the agreement if any necessary elements are included. (Albrecht, 1983)

Conclusion

The goal of every successful negotiation is to reach an agreement amongst the parties involved in the process without the need for heated exchanges or confrontations to conclude.They manage the situation understandably and remain calm throughout, which makes it simpler for both sides to arrive at a common ground on which they can agree and resolve their problem. When there is some dispute between the parties, no one here will argue or fight with the other over the disagreement, regardless of the nature of the issue. This proves to be the most advantageous for both people involved in fulfilling the goals related to their positions or even for the company they represent.

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