

# **Strategies and Tactics of Effective Business Negotiation**

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Bachelor Thesis  
2011



**Tomas Bata University in Zlín**  
Faculty of Humanities

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Univerzita Tomáše Bati ve Zlíně  
Fakulta humanitních studií  
Ústav anglistiky a amerikanistiky  
akademický rok: 2010/2011

## ZADÁNÍ BAKALÁŘSKÉ PRÁCE

(PROJEKTU, UMĚLECKÉHO DÍLA, UMĚLECKÉHO VÝKONU)

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Studijní obor: **Anglický jazyk pro manažerskou praxi**

Téma práce: **Strategie a taktiky efektivního obchodního vyjednávání**

Zásady pro vypracování:

### Úvod

Uvedte problematiku efektivního vyjednávání jako nedílnou součást manažerských dovedností.

### Teorie

Vymezte pojem obchodní vyjednávání.

Definujte fáze vyjednávání.

Zjistěte, jaké jsou nejrozšířenější a nejefektivnější strategie a taktiky.

Prozkoumejte zjištěné strategie a taktiky vyjednávání.

### Závěr

Shrňte dosažené poznatky.

Rozsah bakalářské práce:

Rozsah příloh:

Forma zpracování bakalářské práce: **tištěná/elektronická**

Seznam odborné literatury:

**Bureš, Ivan, and Vlasta A. Lopuchovská. Zlatá pravidla vyjednávání nejen v obchodě a podnikání. 2nd ed. Praha: Management Press, 2007.**

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**Thompson, Leigh L. The Mind and Heart of the Negotiator. 2nd ed. Upper Saddle River: Prentice Hall, 2001.**

Vedoucí bakalářské práce:

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Ústav anglistiky a amerikanistiky

Datum zadání bakalářské práce:

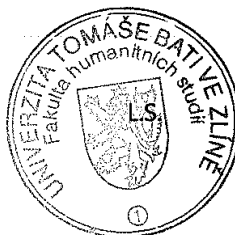
**1. února 2011**

Termín odevzdání bakalářské práce:

**6. května 2011**

Ve Zlíně dne 1. února 2011

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## **ABSTRAKT**

Hlavním cílem této bakalářské práce je prokázat důležitost vyjednávání a zhodnotit význam jeho strategií a taktik v obchodním styku. Nejdříve je proveden výzkum na základě literárních zdrojů, kde jsou vymezeny jednotlivé styly, typy a fáze vyjednávání. Poté jsou prozkoumány nejrozšířenější strategie a taktiky efektivního obchodního vyjednávání a podrobněji popsány. Praktický výzkum je realizován pomocí dotazníků sestavených na základě teoretických poznatků. Úkolem výzkumu je zjistit, zda manažeři považují vyjednávání za nedílnou součást obchodu a jaký význam přiřkládají jednotlivým strategiím a taktikám. Praktický výzkum má za cíl podpořit zjištění z literárních zdrojů. Na závěr jsou zahrnuta doporučení na zlepšení celého vyjednávacího procesu.

Klíčová slova: vyjednávání, strategie, taktiky, obchod, manažer, protistrana

## **ABSTRACT**

The main goal of this bachelor thesis is to prove the significance of negotiation and to evaluate the importance of its strategies and tactics in commerce. First of all, the research is carried out on the basis of literary sources where the individual styles, types and phases of negotiation are determined. Thereafter, the most widespread strategies and tactics of effective business negotiation are examined and described in detail. The practical research is realized through the questionnaires compiled on the basis of theoretical findings. The role of research is to find out if the executives consider negotiation as an integral part of business and what importance they attribute to the individual strategies and tactics. The practical research has for object to support findings of literary sources. At the end, the recommendations for improvement of the whole negotiation process are included.

Keywords: negotiation, strategies, tactics, business, executive, counterpart

## **ACKNOWLEDGEMENTS**

I would like to take this opportunity to express my deepest gratitude to my parents and my whole family for their support during my studies. It would not be possible without them to go that far. I would also like to thank my friends for their support and help with spreading of the questionnaires needed for my research as well as I would like to thank my roommate, Michaela Pešková, for her friendship and help during my studies at Tomas Bata University. I would also like to thank all questioned executives for their willingness and time spent on fulfilment of the questionnaires. Finally, I would like to thank my supervisor, Mgr. Kateřina Burešová, for her advice and help during writing of the thesis.

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## INTRODUCTION

Negotiation is a part of everyday life. People have to negotiate all the time, for example at work to increase salary, in business to make a contract etc. Effective negotiation skills are the basic means for people to achieve what they intended. It is a type of communication which enables us to reach an agreement in the situations when people have different or even the same opinions. The negotiation process precedes almost every important decision and it plays a significant part in the business world. Bargaining is a core activity of executives, consultants, salespeople, brokers, administrators, lawyers and all people who are involved in the business sector. In today's world, business controls almost everything and all its elements, including negotiation, are leading topics among managers. Recently, business has become much more profit-oriented and negotiation is the best way how to achieve such a positive profit. If an executive knows and is able to use negotiation strategies and tactics effectively, it increases the prospects of earning a lucrative deal.

The most effective negotiation strategies in both types of negotiation and negotiation tactics are the focus of the theoretical part of this thesis. Negotiation itself is introduced as an opening part of the theory. The division of negotiation styles, types and phases is also demonstrated in the first section of the thesis. The theory then goes on to strategies which are commonly used in both types of negotiation, in distributive and integrative bargaining. The theoretical part ends up with negotiation tactics which are used by managers to reach the most effective strategy.

The practical part focuses on the research in the management of companies, among executives and people involved in the business sector who are required to negotiate every day. The analysis adverts to the emphasis which the executives put on the role of negotiation in business. The research also focuses on the importance and effectiveness of all negotiation strategies and tactics which were found out in the theoretical part. The main assumption of the thesis is to prove the importance of negotiation as an integral part of business and to analyse the importance of its effective strategies and tactics in business in order to reach executives' goals.

## **I. THEORY**

## 1 NEGOTIATION AS A SIGNIFICANT PART OF BUSINESS

Negotiation is a discussion or dealing in order to reach an agreement. Books also use the following definition: “a process through which parties move from their initially divergent positions to a point where agreement may be reached.” (Steele and Beasor 1999, 3) People negotiate in everyday life to achieve their goals, for example at work, in family, in business etc. The word *negotiation* is derived from the Latin word *negotiatuus* which means *to carry on business*, and the process of negotiating is mainly connected with business and commerce more than with other fields. Practically every business cooperation should be managed via negotiation. Effective negotiation is the main concern of all executives, leaders and managers in the business world. At all times their negotiation skills should be improving. Negotiating is not an ability which an individual is born with but the ability which can be learned and developed during the life. The only key to become a successful business negotiator is the learning of negotiation skills and continuously improving them.

### 1.1 Negotiation styles

In the business world, there are five negotiation styles or so-called approaches which are used in the process of negotiating. Despite this fact, most of business negotiators use only one or two negotiation styles. Nevertheless, a successful experienced negotiator knows all of these negotiation approaches and he can choose to apply the most appropriate one which would comply with the type of negotiation. It is an effective skill to adapt the style to the elements of negotiation. The most common division of negotiation styles is: competing, accommodating, collaborating, avoiding and compromising. (Volkema 1999, 60-69; Lum 2010, 149-153)

#### 1.1.1 The Competing Style

The competing style is used when negotiators need to get quick results. This style is based on the expected result I win – You lose. Lum (2010, 150) states that “a person showing a competing tendency is focused on the substantive outcome of a negotiation more than the relationship. A competitor would assert his/her own interests and offer options that are more favorable for him/her.” The competing style is distinguished by the effort to deceive and persuade the other party and by the usage of power to find out and exploit the other party’s weakness. (Volkema 1999, 61) The disadvantage of this style is the possibility of

meeting two high competing approaches. In this case, the negotiation often ends in deadlock.

### **1.1.2 The Accommodating Style**

The accommodating style is the opposite of competing style. It means that it is based on the preservation of relationships between two parties or individuals. This style presupposes the result I lose – You win. The accommodating style usually symbolizes enduring harmonic relationships, but there are also several weak points. If the accommodating style is used against high competing style, it will result in the domination of the high compete negotiator who will see the other side's generosity as a sign of weakness. Volkema (1999, 62) points out that the accommodating style involves some tendency to help the other party even if it means giving up your own needs and also to focus on issues that both sides agree on rather than those of disagreement.

### **1.1.3 The Collaborating Style**

“Collaboration involves exploring individual and mutual interests in an effort to satisfy everyone's needs.” (Volkema 1999, 63) This negotiation style usually results in I win – You win. It is based on meeting of all needs and on the creation of mutual value. The collaborating style is the basic style which should be used to achieve the goals in business negotiation. There are also some assumptions which must be met to be an effective collaborative negotiator. These are: an effort to build trust and to satisfy the needs of both parties, searching for creative solutions that make both parties winners, listening to the other person's ideas etc. (Volkema 1999, 63) Collaboration is very often the best choice but it should not be used with a competitive negotiator. Another disadvantage of the style is the condition that the negotiators must be aware that they share information at the same level. If not, one side can be exploited and the other side can be advantageous.

### **1.1.4 The Avoiding Style**

Volkema (1999, 63) explains that the avoiding style is avoiding not only issues or the other party but negotiation itself. It presupposes the loss of both parties, so the result is I lose – You lose. The avoiding is used in the situations when the issue of negotiation is irrelevant for both sides of negotiation. It is usually applied as an effective defence against the

competing style. It is quite difficult negotiation style because the aim of this style is to avoid conflict but more often the avoiders get themselves into conflict.

### **1.1.5 The Compromising Style**

“Compromising is a partial-win, partial-lose proposition, where you get something what you want but not everything, and likewise for the other party.” (Volkema 1999, 63) According to Lum (2010, 151), the compromise is based on fairness, mutually sufficient solutions and rationality. The compromising negotiation style is usually confused with the definition of negotiation but in fact, compromising is just bargaining. This style is applied mostly in the situations when business negotiators are dealing with someone who they know and trust. The most important fact in the compromising is to realize that the negotiator wins something but also loses something. It is difficult to be aware that he lost what he intended. According to the negotiation instructors, the compromising style requires the best quality of negotiation training.

## **1.2 Negotiation types**

The essential thing in the negotiation process is to know two basic types of negotiation: distributive negotiation and integrative negotiation. The types differ mainly in the kind of relationship between negotiators. Distributive negotiation is mostly based on the impersonal nature of negotiation and it is not usually used to build a relationship. On the contrary, integrative negotiation is based on the creation of benefits for both parties which can contribute in creating a long-term relationship. (Spangle and Isenhardt 2003, 13-15) Negotiation instructors teach both types as a starting point for successful business negotiation. Each type uses a different negotiation style to reach the negotiation goals.

### **1.2.1 Distributive negotiation**

Distributive negotiation or also called *slicing the pie* bargaining or *win-lose* bargaining is based on the competing style. This type of negotiation emphasizes the distribution or division of a negotiated thing between the parties involved in the process of negotiation. It means that one gets, one loses, but everyone tries to protect his benefits, and no one looks back to the other party's interests. In the distributive type of negotiation, there are also some proven principles and strategies. “When it comes to slicing the pie, the most valuable

information is a negotiator's best alternative to reaching agreement (or BATNA). Nothing can substitute for the power of a strong BATNA. Negotiators can enhance their ability to garner a favorable slice of the pie by engaging in the following strategies: determining their BATNA prior to negotiations; attempting to improve upon their BATNA; researching the other party's BATNA; setting high aspirations; making the first offer; immediately reanchoring if the other party opens with an "outrageous" offer; resisting the urge to state a range; making bilateral, not unilateral, concessions; using objective-appearing rationales to support offers; and appealing to norms of fairness." (Thompson 2001, 60)

### 1.2.2 Integrative negotiation

In contrast to distributive negotiation, integrative negotiation or also called *win-win* negotiation or *expanding the pie* negotiation is based on the collaborating style. The *win-win* bargaining maintains some cooperation to achieve the results that both parties can benefit from. This negotiation type requires a high degree of trust and in fact also some kind of relationship. It should end up in the outcome when everybody gets something. In case of integrative negotiation, there are also verified strategies and principles how the negotiation process can turn out to be successful. "The successful creation of win-win negotiation deals involves building trust and sharing information about priorities and preferences (not BATNAs!); asking diagnostic questions; providing your opponent information about your priorities and preferences (not your BATNA!); unbundling issues; making package deals (not single-issue offers); making multiple offers simultaneously; structuring contingency contracts that capitalize on differences in negotiators' beliefs, expectations, and attitudes; and using the pre- and postsettlement settlement strategy." (Thompson 2001, 82) According to professional negotiators, this type of negotiation is the best way to create a long term relationship to achieve mutual gain.

### 1.3 Phases of negotiation

The first thing which executives or managers must realize is that negotiation is a process – it has some defined steps and phases which every successful negotiator should go through. In the business world, there are generally thought to be four basic phases which appear in every bargaining. A successful negotiator should know where he is in the process of negotiation, at which stage to perceive his actions and to prepare himself for what comes

next. The most important fact is also to complete each phase properly to ensure a better chance of success. These three phases are: the preparation, the bargaining phase and the decision or the finalization of the deal. Some sources divide the bargaining phase into more detailed steps.

### **1.3.1 Preparation**

Preparation is an essential assumption for all business negotiations. If an executive wants to succeed in the process of bargaining, he must be prepared. It is the key to be a successful negotiator because an effective preparation is the best advantage in strategic negotiation. The phase of preparation involves three general abilities: self-assessment, assessment of the other party, assessment of the situation. (Thompson 2001, 9-32)

Thompson (2001, 10) explains that before entering negotiations, the most important questions a negotiator needs to ask himself are: “What do I want?” and “What are my alternatives?” Any negotiator needs to determine what develops an ideal situation for him. This step in the preparation is known as a target or aspiration. Another important stage is to set a Best Alternative to a Negotiated Agreement (BATNA). “A BATNA determines the point at which a negotiator is prepared to walk away from the negotiation table. In practice, this means that negotiators should be willing to accept any set of terms that is superior to their BATNA and reject outcomes that are worse than their BATNA.” (Thompson 2001, 11) Knowing your BATNA is the key feature for effective negotiation but in literary sources the terms like WATNA and MLATNA also appear. WATNA is the opposite of the Best Alternative to a Negotiated Agreement, and it can help minimize the loss or make the best of a bad situation. Guasco and Robinson (2007, 109) state that the strategic negotiator must determine the benefits of an agreement not only according to the BATNA, but also according to the worst-case scenario – the WATNA. MLATNA means Most Likely Alternative to a Negotiated Agreement. This negotiated agreement is difficult to estimate because it involves the study of market and past economic performance, knowing the competition and other types of research. The step of self-assessment also includes identification of the issues in the negotiation, the identification of the alternatives for each issue, the identification of packages of offers, dealing with uncertainty and an assurance that a negotiator has an appropriate level of confidence. (Thompson 2001, 15-22)



Once the negotiator has gone through the step of self-assessment in the phase of preparation, he can start to judge the other party. “A party is a person (or group of people with common interests) who acts in accord with his or her preferences.” (Thompson 2001, 22) The basic point for the negotiators in this assessment is to determine others’ interests and position, they need to find out the alternatives and issues preferred by the others. As Guasco and Robinson (2007, 113) say “before you begin negotiating, learn everything you can about the other negotiator, including whether he or she is cooperative or competitive.” The essential thing is also an effort to reveal the other negotiator’s BATNAs. But this step is very often without any results. Both sides are strategic negotiators and no one wants to expose his BATNA.

The last assessment is an assessment of the situation. Negotiators should assess if negotiation is short term, long term or repetitive, if negotiation was developed from necessity or opportunity, or if negotiation must end up in an agreement. Other facts that must be considered by a negotiator are: legality of negotiations, the type of contract (official vs unofficial), the location of negotiations, the character of negotiation (public vs private), the balance of the powers between parties etc. (Thompson 2001, 24-31)

In the phase of preparation, it is also important to set the strategies and tactics which will be used in the process of negotiating. Negotiators can propose an expected course of negotiation, set the arguments which will be used as the first and which will be involved in the end of the negotiation process when the opponent supposes that the negotiator has used up all his possibilities. He can also mark the arguments which will be used in distress. (Termann 2002, 26) These mentioned tactics and strategies will be described in more details later.

### **1.3.2 The process of negotiation – bargaining**

In the second phase, the negotiators are sitting round the table and they are engaged in a preliminary discussion. Both of them are sharing the information which could enable negotiation. The step of sharing information helps not only to provide the entry points and specific demands of both sides, but the main reason for this step is to start building the relationships between negotiators. Information sharing is crucial in the formation of negotiators’ position and also in the strengthening of negotiation as a whole. The type of shared information depends on the nature of negotiation. Information that is shared in most

cases include: company activities and market position, opinion on entry points, other side's attitude and engagement, problems, issues or risks, motivational factors etc. (Khelerová 2006, 44-45)

Another step in bargaining is a discussion and proposing. In a discussion, a negotiator is dealing with his counterpart in order to discuss issues within his negotiation. In the proposing step, a negotiator summarizes his wants and claims. Both sides are considering their entry and exit points. In both of these steps, the negotiators have to concentrate on building relationships and trust so they should avoid insults, provocations and threats. They should turn to building a strong relationship based on trust, to sticking to a point of negotiation, to sharing information and to being positive and polite. (Fisher, Ury, and Patton 2004, 28-36)

Negotiation signals are a very important factor in proposing. According to these signals, a negotiator is capable to determine if the counterpart is willing to proceed to a compromise and in which way. This transmission of signals has only one purpose, namely to notify the counterpart of this type of information: "I am willing to concede in this area if you are willing to change your stand-point to this issue." The negotiation signals can be sentences as: "It would be very difficult...", "We know that we have no choice...", "Perhaps under certain conditions..." etc. Nonverbal expressions can be also helpful. These expressions are: discomfiture, strained expectation, pleasure of confirming expectations and nervousness of lying. (Termann 2002, 27-28)

### **1.3.3 Closing the deal**

Closing the deal is the last step in the process of negotiation. In this step, the perfection of the preparation is revealed. After the negotiators reach an agreement, they close the deal. The phase of closing the deal comes after both sides have achieved what they wanted, after the documentation of the agreement and after the negotiator and his counterpart have agreed on the details of the deal. If all these steps are met, the contract can be signed. As Guasco and Robinson (2007, 132) point out "reaching an agreement at the conclusion of a negotiation is where strategic negotiators shine. They know that they must be precise and clear, making sure that both parties know and understand the terms and conditions of the agreement. Successful negotiators also promptly follow through on getting the written agreement drafted and signed. Delay only provides an opportunity for the deal to be

reconsidered and renegotiated. The strategic negotiator understands that closing the deal is all about the details.”

## **2 EFFECTIVE STRATEGIES IN DISTRIBUTIVE NEGOTIATION**

The most effective key to success in the process of negotiation is to be prepared. Another important step to be a strategic negotiator is to have an effective negotiation strategy that convinces the counterpart of the fairness and adequacy of the negotiator's wants. The best negotiation strategy results from understanding the negotiation process and the recognition of the counterpart's negotiation strategy. After a detailed self-assessment, assessment of the other party and of the situation, the strategies which will be involved can be set. The choice of strategy depends on the type of negotiation; whether distributive or integrative negotiation will proceed.

Distributive negotiation is based on hard bargaining, on the early commitment to position and on the pressure. The negotiators are competitive, confrontational and antagonistic. Their behavior is distinguished as egocentric, self-interested, defensive and both sides use a high degree of assertiveness. The strategies described below rank among the most widely used and the most effective in the process of distributive negotiation.

### **2.1 Know your BATNA**

The essential skill before entering negotiation for all negotiators is to think about their BATNA (Best Alternative to a Negotiated Agreement). Many negotiators make a mistake just in terms of BATNA. As Thompson (2001, 38) states that negotiators should not enter into a negotiation without knowing exactly what their BATNA is. They should spend a considerable amount of time attempting to improve upon their BATNA before entering into negotiation. They should be willing to settle for terms that are identical to their BATNA, they should not reveal their BATNA during the course of negotiation, even in the friendliest of situations. And the last factor which negotiators should reconsider is not to lie about their BATNA during negotiation. Lying is always a problematic issue in negotiation because even in the negotiation process certain ethic standards should be adhered to.

Fisher, Ury, and Patton (2004, 97-98) explain that BATNA is the standard against which any proposed agreement should be measured. The negotiators go on to claim that it is the only standard which can protect them both from accepting terms that are too unfavorable and from rejecting the terms it would be in their interest to accept. It is known that not every negotiation ends in an agreement. The situations when the best solution is to walk

away also appear in the business world. These situations can be recognised according to the result. If the anticipated result is not better than BATNA, it will be the best way to walk away from the negotiating table. Successful negotiation should end up in the result that is better than predetermined BATNA. The setting of the negotiator's alternatives is the most considerable step in the preparation. Other alternatives, such as MLATNA (Most Likely Alternative to a Negotiated Agreement) and WATNA (Worst Alternative to a Negotiated Agreement), should be also included.

“After you have evaluated your BATNA, WATNA and MLATNA, then you should determine your bottom line – the point at which you will walk away from the table. This involves comparing your best, worst, and most probable options for meeting your needs away from the table as opposed to continuing the negotiation. Some negotiators find it helpful to list the BATNA, WATNA and MLATNA on a sheet of paper as they are considering whether to continue negotiating or not.” (Guasco and Robinson 2007, 111) The bottom line is based on these alternatives and on the findings what a negotiator can get elsewhere. In a case that the bottom line is not build on BATNA, there is a risk that it will not be realistic.

Fixing BATNA is a time-consuming process that must be reconsidered several times. Negotiators use BATNA to know what they will do if the agreement is not reached. If they are aware of this fact, they are more confident during the whole process of negotiation. Thus, every negotiator should ask yourself before he enters the negotiation: “What could I do to meet my requirements if I do not reach an agreement?” In this strategy, it is valid that taking the time to improve and strengthen a negotiator's BATNA really guarantees a better result.

## **2.2 Research the counterpart's BATNA**

After setting a negotiator's BATNA, there is time to determine the other party's BATNA. To be aware of the point when the counterpart should walk away from the table can be extremely beneficial in the negotiation process. The negotiator should gather as much information as possible about the opponent's alternatives. It is impossible to reveal exact BATNA, but a rough estimate of what he will do if the agreement is not reached can give an advantage for the better bargaining position of the negotiator. The timing in this strategy is also significant. “When a negotiation opponent discloses his BATNA at the outset of the

negotiation, negotiators actually make less demanding offers, disclose more truthful information, and settle for less profit than when the opponent does not disclose his BATNA.” (Thompson 2001, 39)

### **2.3 Set high aspiration base**

In the negotiation process, both sides set the target that would like to achieve. They aspire to the target. The term *aspiration base* indicates the point at which the result of negotiation would be optimally satisfactory. Research has shown that negotiators who set high aspirations end up with better deals than those who set lower targets. Lutz, Venter, and Dean (2007, 119) say that strategic negotiators are not afraid to reveal their own high aspirations. They realize that low aspirations may expose their dependence on the other party’s willingness to meet their needs, and that they would then have no other option if the agreement did not turn out to be as they meant.

“Low aspirations reduce a negotiator’s power; and create the impression of his/her being at the mercy of the other party, thus decreasing the willingness and dedication of that party to work towards developing mutually beneficial options. Such aspirations invariably create the perception in the mind of the other party that a negotiator is over a barrel, and is consequently compelled to accept any offer.” (Lutz, Venter, and Dean 2007, 119-120)

On the contrary, setting high, specific, difficult and challenging aspirations results in more profit. It is definitely beneficial to aspire to a high target than to stick to low, nonspecific and easy goals which lead to a compromise agreement. Such high aspirations require the other party to work hard in negotiation to reach what they want. However, the negotiators with high aspirations have to consider the impact of their gains on social interaction. They should reconsider if negotiation is based on far-reaching cooperation or if it results only in one time economic gain.

### **2.4 First offer**

In the business negotiation, the problems like who should make the first offer or how the first offer influences the outcome of negotiation always occur. It is always difficult to decide who should make the opening offer because somebody gains a negotiating advantage by this move. According to the experts in negotiation, the negotiators who make

the first offer are at advantage in the negotiation process and often achieve better results than their counterparts. First offers usually anchor your negotiating position. “Research into the influence of anchoring strongly suggests that negotiators making a first offer usually enjoy a substantial negotiation advantage. In numerous studies sellers making a first offer have been found to achieve higher negotiated prices than buyers making first offers. Making the first offer anchored the negotiation in the favor of the sellers.” (Lutz, Venter, and Dean 2007, 149)

Negotiators should be also aware of not becoming so aggressive in making the first offer. They should not open too high (if they are sellers) or too low (if they are buyers). It is true that the size of the first offer affects the outcome of negotiation and that a higher and more aggressive offer means better outcomes. But negotiators can not be too aggressive in their first offers because it would annoy the other party and it would break off the negotiation.

If the opponent has made the first offer, there is a strategy to counteroffer immediately. The purpose of an immediate counteroffer is to reduce the anchor of the opponent’s initial offer and to create a positive climate by showing a willingness to negotiate. (Thompson 2001, 40) A matter of principle that a negotiator must not do is to accept the first offer. A reason why the negotiator never accepts the first offer is the fact that the opponent still has plenty to offer in the negotiation.

## 2.5 The power of fairness

To negotiate fairly is not only the way how to empower the negotiator’s ethical character but it is also a significant ability to negotiate effectively. A fundamental strategy in effective business negotiation is to determine which norms of fairness would be most fitting for the situation of negotiation. In distributive negotiation, a great benefit is to appeal to norms to support the negotiator’s own target. This type of negotiation requires norms of fairness which are rather subjective and egocentric.

According to Thompson (2001, 46), three fairness principles exist when it comes to distributive negotiation or to *slicing the pie*: equality, equity and need. The equality principle prescribes equal shares for all. Regardless to contribution or inputs, everyone is entitled to equal shares. Everyone benefits or suffers equally. The equity principle determines that everyone’s reward should be proportional to a person’s contribution. The

need-based principle prescribes that benefits should be based on and proportional to need. These fairness principles are highly dependent on the context and on the situation of distributive negotiation. The power of fairness also appears in integrative negotiation but in that case, it serves for an ongoing relationship where both sides benefit.



### 3 EFFECTIVE STRATEGIES IN INTEGRATIVE NEGOTIATION

In contrast to distributive bargaining, integrative negotiation is based on a cooperation of parties to seek out opportunities and solutions to meet the needs of both sides. They behave objectively towards common interests. This type of negotiation is focused on a long-term sensitive relationship and future collaboration. The bargaining results from fair principles and from the effort to achieve a *win-win* agreement. The following strategies are the most effective and the most commonly used in the integrative type of negotiation.

#### 3.1 Building a relationship based on trust and mutual gain

The integrative type of negotiation is focused on reaching a *win-win* outcome when everybody gets and loses something. It is based on a compromise and mutual gain. Because of this reason, building a long-term relationship based on trust is the most effective strategy. In this type of negotiation is also very important to forge the trust in order to build and maintain a long-term and profitable business relationship. Ross (2007, 56) who cooperated with Donald Trump, an expert in business negotiation, explains that “the money is only part of any negotiation. Most people want to focus on their profit and they believe if they successfully negotiate price everything else will fall into place. They are dead wrong; price is only one part of any deal. It is equally important to build a personal relationship as part of the negotiation process because you need the other side’s help to conclude this transaction and all negotiations that flow from it.”

Every negotiator has two types of interests: the first is concerned with a matter of negotiation and the second is related to mutual relations. Everyone wants to reach an agreement which satisfies his negotiation interests. At the same time, he has also interests relevant to the relationship with the other side. The negotiation process usually occurs in a close connection to the existing relationships between negotiators, and it is very important to strengthen and facilitate these rapports more than to derogate them. The preservation of a relationship to long-term clients, business partners and collaborators has more significance than the result of a one time negotiation. (Fisher, Ury, and Patton 2004, 29)

### 3.2 Gathering and providing information

A strategic negotiator emphasizes the awareness in negotiation, especially in the integrative type of negotiation. It is known that most of the information about the other side is found out by the negotiators at the negotiating table. But despite this fact, it is important to start gathering as much information as possible before the negotiating process. Information gathering is usually realized through research. The negotiator tries to investigate the information about the other party's business history, interests, reputation or involvement in previous negotiations (if the other party was successful or otherwise). (Lutz, Venter, and Dean 2007, 101) If the negotiator understands the other side, it will be much easier for both of them to cooperate and to reach a satisfactory agreement.

Ross (2007, 43) points out that “Trump-style negotiation includes being very organized about gathering information about the people on the other side. In your first meeting make it a goal to learn the names and roles of those people with whom you will be negotiating. Later on when you have more information, make notes and observations on the personal and professional life of the people you have to deal with. You can make some guesses about how they will function in the negotiation. As time goes on, you should refer to your notes and update them to reflect any changes or errors in your assumptions. In each session, you will learn more. Use the information you gather to determine the next steps in your negotiation strategy.” According to these findings, the negotiator can learn some more facts about his counterpart and he can start building a good relationship which contributes to the establishment of a long-term cooperation.

If a negotiator has gathered all the possible information about the other party, he should also provide the information about his own interests to the other party. This step signals a negotiator's will to share information. It has been proved that the negotiators who provide the information about their priorities and interests to the other party have a greater chance to reach an integrative agreement than those who are not willing to share information. Some people think that any information should not be revealed in the negotiation process. But it is true that if one side shares information, the other side will often share it as well. On the other hand, there is a problem with the term *illusion of transparency*. It means that negotiators believe that they are revealing more than they actually want, and that everyone has access to the information about them, but this transparency is highly overestimated. (Thompson 2001, 69)

### 3.3 Questioning

Questioning is a strategy which is closely linked with gathering information. By asking questions a negotiator can learn much more about his counterpart. He can find out what is really important to him or to his company on behalf which he is negotiating. Questions are the only possible way how a negotiator can disclose what his counterpart feels, needs or wants. Questions are the means how to express your interest in the other party's goals, needs, objectives and aspirations. (Oliver 2006, 81) Questions can also serve as a good strategy if a negotiator is uncertain about the other side. Through asking questions, he can determine who his counterpart is, what is his background and his experiences. By this way, both parties begin to get to know each other. (Lewicki and Hiam 2006, 96) It can be very beneficial in integrative negotiation in order to reach the results profitable for both participants of negotiation. In today's business world, one of the popular trends is to visit a negotiator's counterpart on his own ground where he can feel more comfortable and relaxed.

## 4 BUSINESS NEGOTIATION TACTICS

In almost every negotiation, negotiators meet in addition to strategies also with negotiation tactics. All negotiators should be aware of them. It is important to use them effectively but also to confront them when these tactics are used against a negotiator. The tactics are mostly applied to gain advantage over the other party. They can be very misleading and manipulative in many cases. They are mostly used in distributive type of negotiation when the negotiator intends to reach a *win-lose* agreement. Although the tactics are quite widespread and used among business negotiators, there is still a principle to appeal to some ethic standards. The following negotiation tactics rank among the most common.

### 4.1 Nibbling

The nibble or also called *add-on* is one of the most popular tactics among sales persons. The nibble is used after a deal was made. The tactic is called *add-on* because of an additional cost item which is added to the deal; for example the price is agreed upon \$1,000 but suddenly, the information occurs that \$50 for delivery and \$70 for installation needs to be added. The nibbling presupposes that after a deal has been made, the counterpart is relaxed and satisfied with the agreement; so he will be sensitive to add-ons. (Lutz, Venter, and Dean 2007, 211) This tactic is acceptable in distributive negotiation when a strong relationship or some mutual gain is not expected but the nibbling is not recommended in integrative type of negotiation. There is an assumption that all information is shared and everything is dealt with openly, which means that secret information is not accepted.

Other negotiation experts state that the nibbling is getting something extra to an agreement. They consider the tactic from the other side and they point out that it can be also used by the clients and customers in business negotiation, for example when the client says “Thank you! I will take it, seeing this price includes also the delivery and installation.” The sales person is also susceptible after the deal has been made, so the client can apply this countermove. The seller will often answer that he can probably arrange these services for some lower add-on to the price. (Lutz, Venter, and Dean 2007, 212) If a client comes with the nibbling tactic as the first, he will have a greater chance that his counterpart – the sales person will charge a reasonable price. According to Ross (2007, 158-159), to ask some

extra add-ons is not unethical. It causes no harm if it is asked in a nice way. This tactic is accepted in many cultures and it ranks among the most common tactics in negotiations.

## **4.2 The use of higher authority**

During negotiation, a negotiator can only negotiate on certain issues and his negotiation power is limited by some higher authority. He can not reveal some information because it is beyond the limit of his competency. He must appeal to the authority that can take final decisions. He can do so by phrases like “Sorry, I do not have the authority to spend...” - “I have to discuss the issue with our general manager.”. The negotiator should be also aware of the competences of his counterpart. It is very advantageous to know what the other side is able to decide and what it is not. If a serious matter is under discussion, the negotiator should insist on the interview with the counterpart’s superior. (Oliver 2006, 74; Lutz, Venter, and Dean 2007, 215)

“Although a negotiation may not start out with the final decision-maker present, it is not wasted time to first interact with a lower authority to build a relationship, as such persons often are able to exert considerable influence with higher level authorities. What is, however, essential is that the lower level authority appreciates that at some point there will be the need to interact with those authorities that can conclude a final agreement.” (Lutz, Venter, and Dean 2007, 215) According to these words, the use of the higher authority tactic is the most suitable one in the integrative type of negotiation which is based on some moral principles and on the building of business relationships. This tactic also deals with a certain level of fairness and morals.

## **4.3 Walk away power**

Walk away power is also one of the most widespread tactics in business negotiation. However, the negotiators must be very careful in applying this tactic because it can also immediately break down the whole negotiation process. The biggest mistake in negotiation is when a negotiator turns out to be attached in negotiation and he has nothing to work with in bargaining. He becomes emotionally trapped and he is forced to stay in negotiation. His counterpart feels that the negotiator is forced to stay and he is in an advantage. (Lutz, Venter, and Dean 2007, 222)

The best thing that a negotiator can do is to set a walk away point in the preparation phase. It is the point at which the negotiator walks away from the negotiation table because the agreement is no longer feasible for him. (Hazeldine 2006, 54) At this point, the negotiator should walk away, do not truckle to his counterpart's persuasion to stay and continue in negotiating. When he does not do so, he can get himself at a disadvantage.

The advantages of the tactic are also described by Lum (2010, 171) who explains that "staying in a bad situation is not good for anyone. Exit the situation, if it makes sense. If it is for the short term, then leaving may give all the parties time to cool of and reflect. Go to lunch. Request to adjourn for the day. Often, taking the time to sleep on it and develop a different perspective is crucial to problem solving in a negotiation. If you are going to leave the negotiation for good, then make sure you have looked hard at your no-agreement alternatives and have a good BATNA. In either case, you may be best served by clearly explaining your intent – walking away does not have to mean burning your bridges."

#### **4.4 The power of legitimacy**

People have always believed more the written word and policies than the spoken word. The written word is a sign of weight and credibility. The same is true for the negotiation process. Strategic negotiators are advised to mention the company's prices, conditions etc. in writing rather than in a verbal way. Written words have always been seen as an indication of legitimacy. The power of negotiator increases when he uses standards of legitimacy in order to persuade others. It is always beneficial to prepare the documents which define what goes in and what stays out. The power of legitimacy is set when a negotiator presents something for signature. (Fisher, Ury, and Patton 2004, 183; Ross 2007, 256)

The power of the written word can be used in negotiation to strenghten the counterpart's belief in an agreement. Most of negotiators rely on the fact that what is written is credible, and the credibility is an essence of any agreement and business cooperation. "The existence of contract, application, agreement, or other document carries the aura of legitimacy merely because it exists and people have a tendency to believe the written word." (Ross 2007, 256)

## 4.5 Effective body language

Words and body language are closely linked. All people use their body to communicate. But most of them cannot read the signals which are transmitted by body language. It is very effective to learn these signals, mainly for the negotiators who can correlate their body language with the counterpart to create a positive atmosphere during business negotiation. Another reason why negotiators should be aware of using body language in the process of negotiating is to recognize if the other side is willing to reach an agreement or if he is preparing some counter-tactic to mislead the negotiator. (Bureš and Lopuchovská 2007, 47; Termann 2002, 138)

According to Thompson (2001, 316), the nonverbal behaviour which symbolizes that negotiators should not trust their counterparts is expressed by more movements, excessive smiling, serious tone, lack of emotion, lack of eye contact, being too quiet. The nonverbal gestures which express trustworthiness are direct speech, open gestures, smiling, pointing. Lying and an effort to betray the negotiator can be also signalized by closed body postures and nervousness.

This tactic which is based on knowledge and the ability to use effective body language is very important in business negotiation. Strategic negotiators should observe everything during the process of negotiating from the way how their counterparts are sitting to the way they are talking. However, the negotiator should also control his body language not to reveal his intentions. In the business world, it is well known that body language does not lie.

## **II. ANALYSIS**



## 5 RESEARCH

Managers have to negotiate every day. It is a part of their job. Some of them consider negotiation as an integral part of dealing with their customers and business partners. But on the contrary, some people regard the negotiation with the opinion that it is something what can help in reaching of their goals but that it is not a necessary part of dealing with their counterparts. The opinion about the importance and effectiveness of negotiation and its strategies and tactics differs executive to executive. While the first part of the thesis is concentrated on the theoretical aspect of this issue worked out of literary sources, the second part is focused on a research among executives. The aim was to find out if the questioned executives consider negotiation as an integral part of business and which type of negotiation predominates among them. The second purpose of the research was to analyse how they actually evaluate the importance and effectiveness of the most widespread negotiation strategies and tactics used in business.

The research of the thesis was made in six companies with diverse areas of activities and among all levels of management i.e. top-level, middle-level and first-level management. All companies which took part in the research are located in the South Moravian Region around Brno. The participants who responded to the research's questions were thirty top managers, middle managers and first-level managers of all these mentioned companies.

### 5.1 The research methodology

The research was carried out through the quantitative analysis in the form of questionnaire (see appendix P I). The questionnaire was constructed on the basis of the first part of the thesis. The aim was to support its theoretical findings. The main purpose of the questions was to evaluate the attitudes of involved executives to the strategies and tactics of effective business negotiation. The questionnaire was answered by thirty respondents from the mentioned companies. Then the acquired data were analysed and integrated into graphs. The practical part is completed with a recommendation for executives to improve their negotiation.

## 6 RESEARCH – STRATEGIES AND TACTICS OF EFFECTIVE NEGOTIATION AMONG EXECUTIVES

The research took place in six companies. Each of them is doing business in different business branch. The companies which were participated in the research are:

- 1) Metra Blansko a.s. – the company is involved in two business activities: the development, production and sale of the traditional measuring instruments and custom-made production, including mechanical engineering, electrical production and surface finishes. (Metra Blansko a.s.)
- 2) Synthon s.r.o. – the main business branch of the company is the development and manufacture of medicines. (Synthon)
- 3) Alweco s.r.o. – the company is focused on welding, metalwork and production of equipment for agricultural buildings as are cattle pens, fences, racks etc. (Alweco s.r.o.)
- 4) Ševčík – vodohospodářská zařízení s.r.o. – the company Ševčík is engaged in assembly and mending of equipment for water buildings. (Ševčík)
- 5) AT Weldsteel s.r.o. – the main business activities of the company are locksmithery, tool engineering and machining. (HBI Česká republika s.r.o.)
- 6) Auto BALVIN spol. s.r.o. – the company is involved in the sale, lease and repairs of Hyundai motor vehicles (Hyundai Motor Czech s.r.o.)

The research was conducted in these named companies in all levels of management: top-level management (chief executive, managing director, corporate head etc.), middle-level management (general manager, divisional manager etc.) and first-level management (supervisors, office managers, crew leader etc.). Thirty managers of all these management levels took part in the research.

The reason for choosing these companies and selection of the addressed managers was to achieve the result which would reflect the opinions of different level of managers in several business branches about the importance and effectiveness of negotiation strategies and tactics in doing business. The aim of asking different respondents was to collect as many various opinions as possible to get a remarkable result.

The respondents were asked to answer the questions which are discussed in detail in the following subchapters. The questions are related to the managers' consideration of negotiation as an integral part of business and to the type of negotiation which prevails among them. Then there is described and analysed the evaluation of the most widespread negotiation strategies and tactics made by the selected sample of managers.

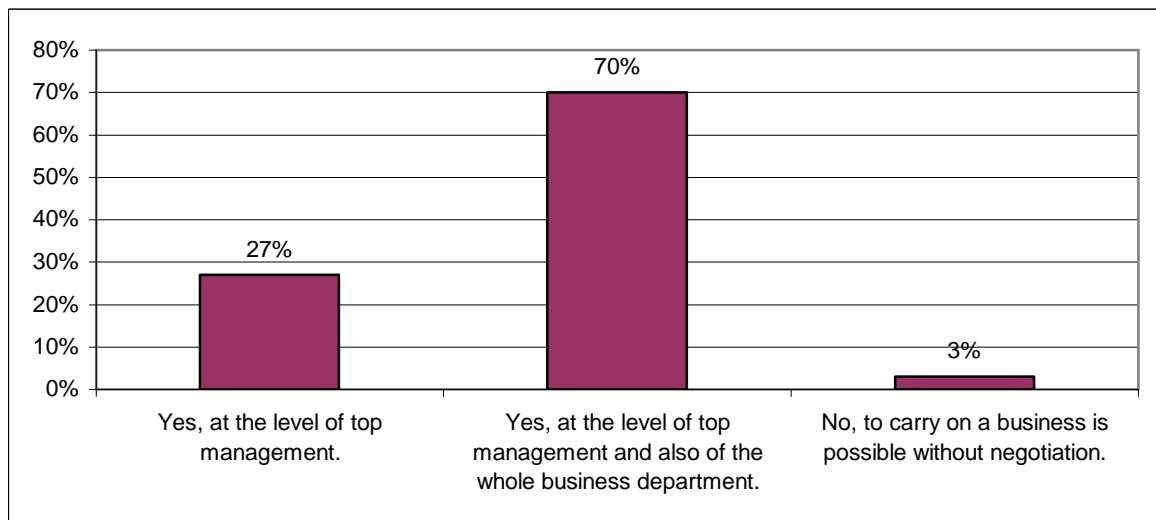
### **6.1 Do you consider negotiation as an integral part of business?**

The aim of the first question was to find out if the questioned executives consider negotiation as an integral part of business and if so, at which level of management of a company. The results were expected. The most of participated respondents consider negotiation as an integral part of business. 97% of them have answered yes to the question which means that business depends on negotiation and that negotiation plays an important role in doing business. But a difference appeared in assessing the level of management of the company. The respondents could choose from two options. It is a quite pleasant fact that 70% of all involved executives agree with the statement that negotiation is an integral part of business at the level of top management and also of the whole business department. This finding is consistent with an approach of most negotiation experts who regard the negotiation process as an integral part of most business transactions among all people interested in an enterprise.

On the other hand, 27% of respondents chose the first of two offered options. They are of the opinion that negotiation is an integral part of business but only at the level of top management which means that negotiation plays an important role only among representatives of the company as are Chief Executive Officer (CEO), President, Vice President and other top managers. This opinion probably results from the old deep rooted belief that negotiation is only a matter of interest of heads and top management of a company. But the truth is that negotiation should be a main concern of all executives not only in the head of company but also in the whole business department.

The last question was responded only by 3% of all selected executives which means that only this small amount underestimates negotiation as an integral part of business. It is quite satisfying fact that the insignificant per cent assumes that doing business is possible without negotiation. All results of the research concerning this question are shown in

Graph 1. The question has confirmed the statement of the theoretical part which points out to the importance of negotiation in business.



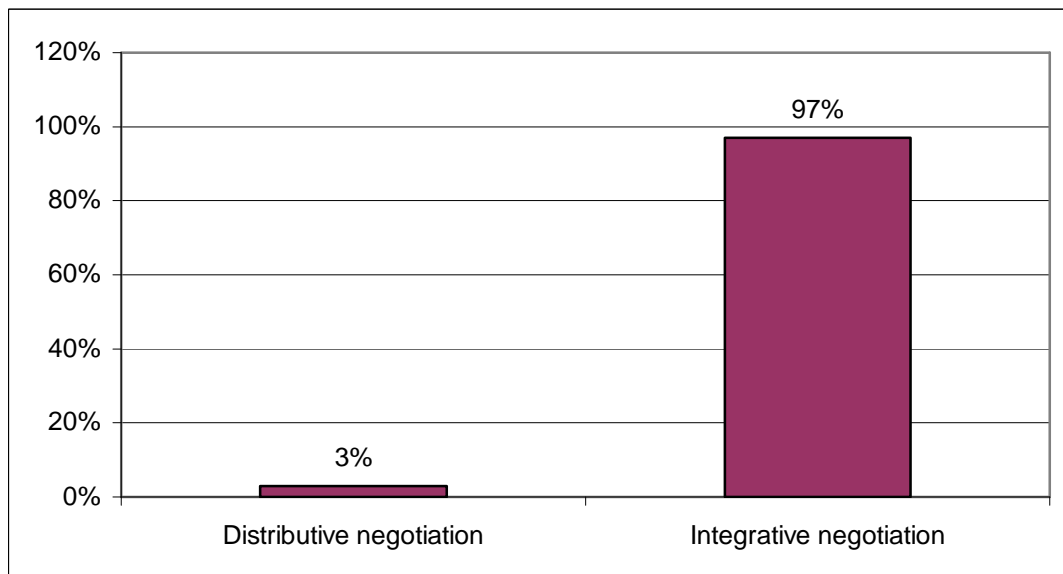
*Graph 1: Executives' consideration of negotiation as an integral part of business (own findings)*

## **6.2 Which type of negotiation predominates in your business negotiation?**

The second question was included in order to analyse the negotiation type which prevails among questioned executives. Considering the companies which took part in the research, the result is not surprising. An overwhelming majority of respondents have answered that they preferred the integrative type of negotiation. 97% of them incline towards the type of negotiation where the executives try to listen to their counterpart and where they use open questions instead of arguments. They aspire to determination of the other side's needs and to finding a mutually satisfactory solution. They are interested not only in the result but also in the relationship with their counterpart. The result was expected in consideration of selected companies and character of relationship which they try to maintain with their business partners or customers. All these companies make effort to create a permanent network of satisfied customers and to get and retain reliable business partners.

On the contrary, the distributive type of negotiation is preferred only by 3% of respondents which means that the quick profit ideas and lack of interest in the other side are not very popular among questioned executives. They get along with their counterparts rather than

confront with them. The percentage representation of achieved results can be seen in the following Graph 2.



*Graph 2: Predominating negotiation type among executives (own findings)*

### **6.3 Mark the importance of preparation steps in business negotiation**

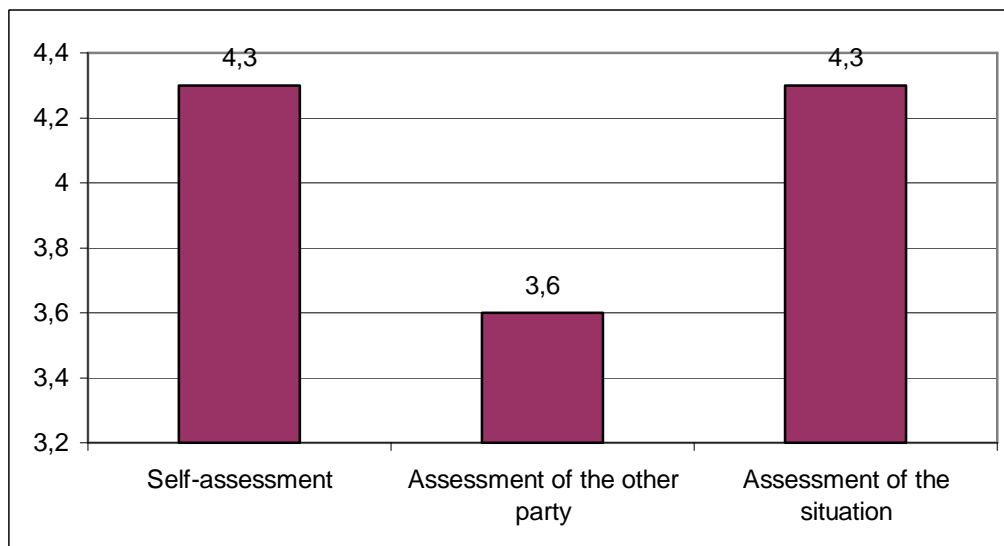
Preparation is an essential phase which every negotiator should go through. Nobody should underestimate the role of preparation in the negotiation process. It is the best advantage which a negotiator can gain over his counterpart. The phase of preparation comprises three general steps: self-assessment, assessment of the other party and assessment of the situation. Each one of them is a necessary part of the preparation but every negotiator has a different opinion of their importance. Purpose of the third question in the research was to assess the importance of these preparation steps among select executives. They were asked to mark the importance of these three preparation steps. For the evaluation, they should use a scale with points from 1 to 5. In the marking, 1 stands for insignificance and 5 for the utmost importance.

The utmost importance was attached to the first and the third preparation step which are self-assessment and assessment of the situation. These two steps of the most important phase of the negotiation process were evaluated by 4,3 points which is a quite high value from the maximum offered - 5 points. The selected executives emphasize the ability of self-assessment as one of the most important. Determination of the target or aspiration and identification of BATNA and other alternatives such as MLATNA and WATNA are the

most significant assumptions for effective preparation of negotiation along with the ability of the assesment of the situation.

The third preparation step (i.e. assessment of the situation) was evaluated by the same value – 4,3 points. It means that the questioned executives put the same emphasis on assessment of the situation as on the self-assessment. Determination of the situation (whether long term cooperation or short term quick profit will be realized), the location, the character of negotiation etc. are regarded by executives as very important in the preparation.

The lowest value was assigned to the second step, to assesment of the other party. This ability of assesment was marked by 3,6 points which is not so low number but it could be higher with regard to other assesment abilities. The executives do not consider the determination of other's interests, alternatives and preferences to be so important as the situation assesment and the self-assessment. It is not very satisfactory result because the judgment of the other party is not supposed to be underestimated. Optimally, the appraisal of the importance of these preparation steps should be well-balanced. All these results evaluated from the research are graphically demonstrated in Graph 3.



*Graph 3: Importance of preparation steps in business negotiation (own findings)*

#### **6.4 Mark the importance and effectiveness of the most widely used negotiation strategies**

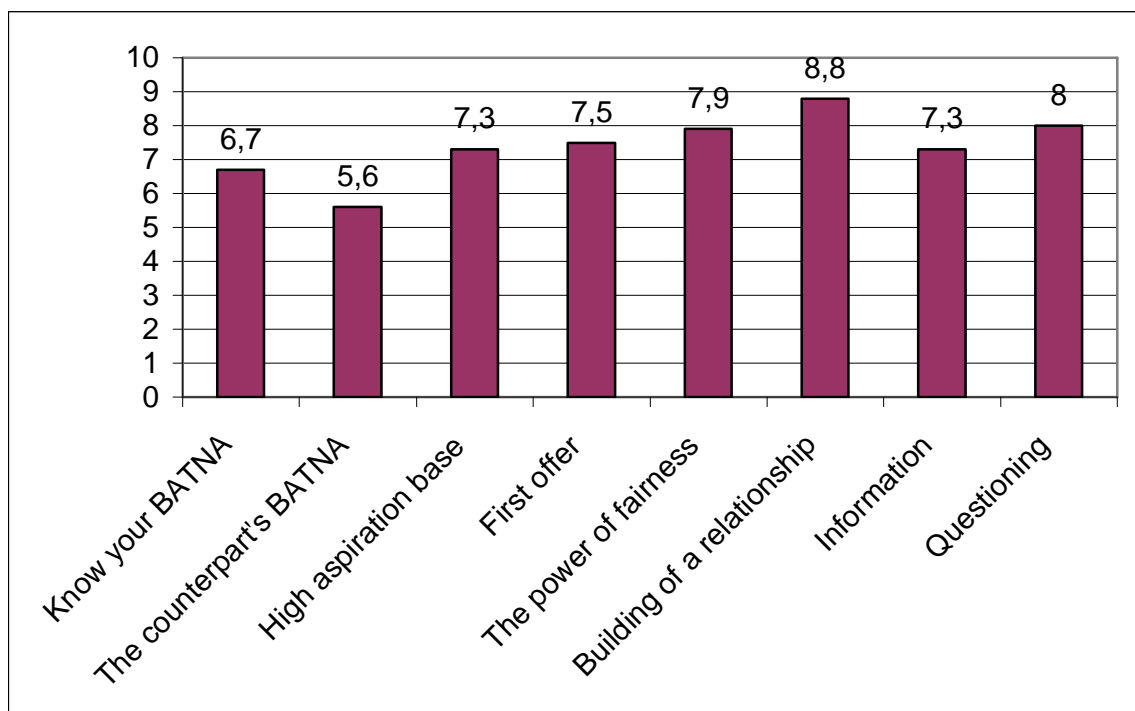
In the theoretical part of the thesis, there were found out the most widely used negotiation strategies in both types of negotiation, in distributive as well as in integrative type. They were described in detail and analysed. In the practical part, these strategies were evaluated by points according to their importance and effectiveness which was determined by the executives participated in the research. Each of them has a different opinion about the importance and effectiveness of these strategies in the process of negotiation. Differences were significant but on the basis of arithmetic mean, the final results were calculated. Thirty respondents of different companies were asked to mark particular strategies using a scale 1 to 10 when 1 point means that an executive considers the strategy as ineffective and thus unimportant in his business negotiation. On the contrary, 10 points stand for the importance and effectiveness in the negotiation process.

The strategy of building of a relationship based on trust and mutual gain was chosen as the most important and effective strategy. It was evaluated by 8,8 points from 10 which is quite a high number. This strategy is mainly used in integrative type of negotiation that anticipates building of a long term relationship. The integrative type was assessed as the type which prevails among questioned executives, thus the result that this strategy is considered as the most important is not surprising. The second strategy which was marked by the highest value is the questioning. It is also one of the effective strategies in integrative type of negotiation. These two achieved results were expected according to the fact that the integrative bargaining considerably predominates in select sample of respondents.

Three negotiation strategies which are more widespread in distributive negotiation were also highly rated. These are: appealing to norms of fairness, making the first offer and setting high aspiration base. The power of fairness was evaluated by 7,9 points which can be interpreted as an effort to establish a long-term cooperation, thus it complies with predominant type of negotiation. It is the truth that the strategy to appeal to norms of fairness and morals is very effective in both types of negotiation. Slightly less importance was assigned to the strategy of making the first offer. This strategy is typical for distributive negotiation but also the executives negotiating mostly in integrative way

consider it as effective one. It is generally true that who makes the first offer immediately gains a strategic advantage in business negotiation. The following strategy, to set high aspiration base, was marked by 7,3 points as same as the strategy of gathering and providing information. The high aspiration base is similar case as making the first offer. These are strategies of distributive way of negotiation but they have become a general truth so the executives preferring the integrative negotiation also believe in their effectiveness. On the other hand, gathering and providing information is the strategy typical for integrative negotiators, thus the evaluation by 7,3 points is not very surprising.

The lowest appraisal was achieved by the strategies connected with term BATNA (Best Alternative to a Negotiated Agreement). The reached values are not too low but they occur significantly below the previous evaluations. It is evident again that the respondents underestimate the importance of assessment of the other party. The appraisal of the strategy which emphasizes on the research of the counterpart's BATNA is the lowest one from all mentioned negotiation strategies. All achieved results are graphically symbolized in following Graph 4.



*Graph 4: Importance and effectiveness of the most widely used negotiation strategies (own findings)*



## **6.5 Mark the importance and effectiveness of the most common negotiation tactics**

The aim of the last question of the research was to find out which one of the most common negotiation tactics is considered to be the most important and the most effective. In the theoretical part of the thesis, there were ascertained five widespread negotiation tactics which are rather used in distributive type of bargaining but they can be also applied in integrative way of negotiation. The task of the select executives of different companies was to mark these tactics by points 1 to 10 as same as in the previous research question. On that scale, 1 stands for ineffectiveness, thus not important to include in the negotiation process, and 10 stands for the utmost importance and maximum effectiveness. The opinions of executives considerably varied again. The results were calculated through arithmetic mean and graphically illustrated in Graph 5.

According to the performed research, the power of legitimacy was evaluated as the most important and the most effective tactic. As said in the theoretical part, people have always believed more the written word than the spoken word. These written documents and policies are generally considered as a sign of credibility and weight. This statement was supported by the research. The power of legitimacy was marked by 8,9 points from 10 which is quite a significant number and it proves something. The respondents are aware of the fact that all price lists and business conditions should be presented in the written form.

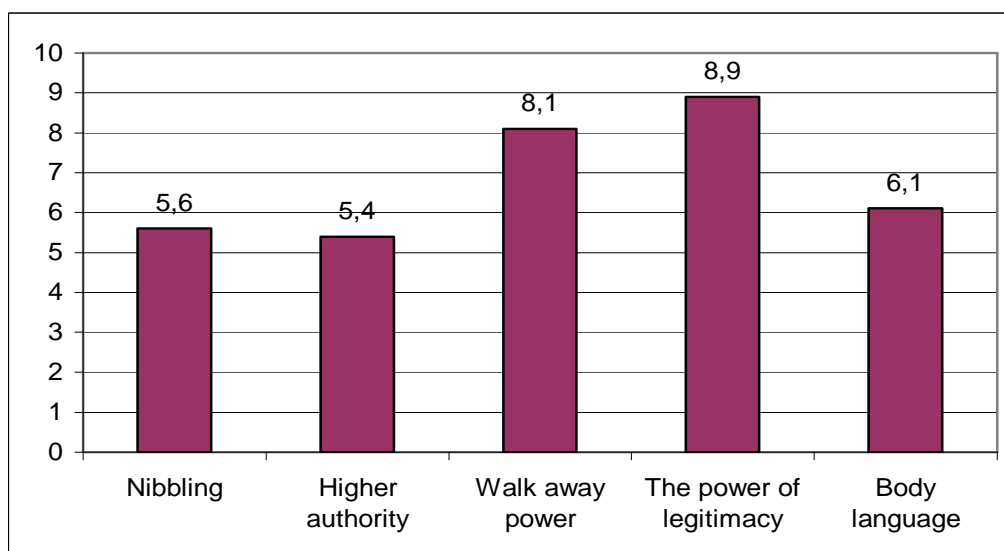
The tactic of walk away power was appreciated by 8,1 points which is the second highest number in the research. The executives come to realize that to set a walk away point at the beginning of negotiation can turn to be advantageous for a negotiator. They know that they have to walk away from the negotiation table when the agreement is not feasible for them. Some of them also adverted to the tactic of walk away power within the meaning of taking the time to think again about a negotiating matter and to develop a different perspective on a discussed issue.

Lower value was assigned to the effective body language tactic. It was evaluated by 6,1 points which is not the lowest mark. It seems that the questioned executives are aware of the importance of communication by using their body. The body language can be applied to create a positive atmosphere with their counterpart but also to signalize that a negotiator is not willing to reach an agreement. This tactic should not be underestimated because a

strategic negotiator has to observe everything during negotiation as mentioned in the theoretical part of the thesis.

Another tactic evaluated by the research is the nibbling. This tactic was marked by 5,6 points from 10 which is the second lowest appraisal from all considered negotiation tactics. The low number can be also result of the fact that the executives participated in the research chose the integrative negotiation as the predominant type of negotiation. The integrative type is based on a relationship and mutual gain. On the contrary, this tactic does not contribute to creation of the relationship because it does not appeal to morals so much. The nibble is used after a deal was made, it is for example an adding of shipping or installation costs to the final price. The tactic is more appropriate for distributive type of negotiation.

While the power of legitimacy was evaluated by the utmost importance and effectiveness, the lowest points were assigned to the use of higher authority. This negotiation tactic was marked only by 5,4 points which is quite a surprising result of the research. The use of higher authority is one of the most suitable tactics for integrative type of negotiation. Considering the result which showed that this negotiation type is predominant among questioned respondents, the final evaluation of the use of higher authority could be higher.



*Graph 5: Importance and effectiveness of the most common negotiation tactics (own findings)*

## 7 RECOMMENDATION

In this part of the thesis, I would like to summarize my opinions about the findings of the research and their connection with the theoretical part. I will also recommend something to managers to improve their negotiation which could help them to be more successful in business.

Firstly, I wanted to find out if the executives bear in mind that negotiation is an integral aspect of business. The result was satisfactory because clear majority of the respondents consider negotiation important in doing business. This fact has supported the statement of the theoretical part that practically every business cooperation should be managed via negotiation and that effective negotiation is a main concern of all executives. The only thing concerning this point that I would like to recommend is that more executives should realize the importance of negotiation at the level of the whole business department not only of top management. My suggestion would be to make the executives in the companies acquainted with the significance of negotiation at all levels of management through some negotiation trainings provided by the company.

Secondly when it comes to the predominant type of negotiation and to the selected sample of companies, there is nothing to recommend them. The integrative type of negotiation is definitely more beneficial for them which has been proven by the research. As to the preparation phase and its individual steps, my advice would be not to underestimate assessment of the other party. To get to know the counterpart and his interests is an essential assumption for every strategic negotiator.

In respect of the effective negotiation strategies, I would like to point out that the results were quite satisfactory. The values which have been achieved do not go down under the mark 5 which can be evaluated very positively. The only thing that I would like to suggest to executives is to put more emphasis on the strategies connected with BATNA. According to my theoretical findings, BATNA is very important to know because it says them what to do if the agreement is not reached.

Finally, I would like to provide them a recommendation concerning the effective negotiation tactics. The participated executives could do better in respect of the nibbling tactic and the use of higher authority. Both these tactics are quite beneficial when they are applied properly. A negotiator can gain something more by using these tactics, either some

extra add-ons or some time to negotiate also with a lower authority and to build a relationship.

## CONCLUSION

The aim of the thesis was to prove the importance of negotiation as an integral part of business and to confirm and analyse the importance of its effective strategies and tactics in business in order to reach executives' goals. This proof was done through information gathered in the theoretical part of the thesis and through the research made in six different companies among thirty executives.

The theoretical part was focused on gathering of information needed for proof of the thesis statement. All possible evidence about this issue was brought together in this section. Firstly, the information about the existing styles and types of negotiation as well as the information concerning the negotiation phases were analysed. Secondly, the most widespread negotiation strategies were found out and they were described in detail. The same was made with the most common negotiation tactics. I have tried to do my best to gather as much information as possible to provide readers with basis to realize the importance of negotiation in business and to obtain data for performing of the research.

The practical part was dealing with the research among all levels of executives in selected companies. The aim of that part was to prove the importance of these strategies and tactics and also of the negotiation itself in doing business. Firstly, I compiled a questionnaire on the basis of my theoretical findings and spread it among thirty executives from different management levels in six companies. The different sample of respondents was chosen to get the most interesting result. Secondly, I have processed the acquired data and demonstrated them graphically. Then the results were analysed in detail. Finally, I have suggested some recommendations to the executives how they could improve themselves in the process of negotiation.

According to my own findings, the main goal of the thesis to prove the importance of negotiation and its effective strategies and tactics in business was achieved. Due to the achievement, I consider this thesis as successful one because it has fulfilled its purpose.

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## APPENDICES

P I Strategies and Tactics of Effective Negotiation Among Executives



