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FEATURES OF BUSINESS NEGOTIATIONS IN COMMERCIAL COMPANIES

In unstable economic conditions for businesses, the need for constructive solution of organizational conflicts between interested parties is of great importance. The need for special management tools that can integrate the goals and interests of all project participants and find an effective way out of conflict situations is emerging. The purpose of this work is to study the peculiarities of conducting business negotiations in commercial companies. It is carried out with the help of a questionnaire, the analysis of small business companies from various industries (agriculture, retail and wholesale trade, etc.) in Cherkasy region with a weak and average level of organizational structure, and interviewing of the personnel. The problem areas of the companies under study and features of conducting business negotiations based on the data analysis from the questionnaire are identified. The analysis of styles and strategies of negotiations and the formulation of various possible scenarios for their development allow to develop practical recommendations for managers to hold negotiations between interested parties. A situational model for choosing a rational strategy for negotiations is developed.

Keywords: interested parties, business negotiations, organizational culture, strategy.

Problem relevance. In conditions of economic instability, the functioning of national companies significantly increased the value of sustainability of economic activity and contractual relations, credit of trust between business partners and ability to constructively resolve organizational contradictions.

Of course, negotiations are the most active and productive process of coordinating interests of the company. They become an everyday working tool for setting goals and coordinating actions of functional units. Communication skills and adequacy of interpretation of received information are recognized by the majority of employees as strategically important and scarce resource for the career, professional and personal growth and the company's success in general [1].

Modern projects are carried out in an environment, characterized by insufficiency and blurred administrative powers, which not only creates the preconditions for the emergence of conflicts, but also is an environment that involves permanent presence of conflict situations [2].

In such circumstances, most of the traditional managerial methods become inadequate. There is a need for special management tools based on the use of specific organizational methods and procedures that enable the integration of goals and interests of all project participants and find an effective way out of conflict situations both at the level of partner relationships in the project and at the level of interaction among project team members.

Traditionally, the issues of business negotiations are considered in relation to sales efficiency increase, representative negotiations with external agents and managerial communications. The diversity of cross-functional interactions among divisions and employees and the problem of increasing the business efficiency communication among interested parties create the need to study business negotiations as an important component of negotiating practices in project management.

Analysis of recent research and publications. Analysis of theoretical approaches to negotiation demonstrates the interdisciplinary nature of applied research strategies. The studies of negotiations and conflicts by Y. Aleshina, A. Bodalev, G. Borozdyna, N. Leonov, L. Petrovska deserve particular attention. A. Bodalev and N. Leonov conducted psychological studies of business communication types. Y. Aleshina and L. Petrovska examined the forms of business communication. M. Veber, R. D. George, F. Fukuyama focused on the study of interactive nature of the negotiations as a type of social interaction. Practical aspects of application of psychological knowledge in business communication and conduction of business negotiations are presented in the works of I. Aminov, A. Stolyarenko, V. Loznitsya, G. Shchokin. Nevertheless, peculiarities of conducting negotiations between interested parties in companies with medium and low level of organizational culture require further analytical research.

Purpose of the article. The purpose of the work is to study the peculiarities of conducting business negotiations in commercial companies.

Presentation of the main research. Study of negotiations is of paramount importance for understanding fundamental psychological processes and events, as well as for practice of regulating relations in politics, economics, management, consulting and interpersonal areas. Awareness of the global crisis in political, economic and social life has led to a clear understanding of the non-constructivism of autocratic solutions to solving the systemic and structural contradictions of society, growth of the value of business sustainability, interpersonal relations and active search for fundamentally new ways of solving problems through coordination of interests in negotiations.

Negotiations represent a special form of communication that has systematic organization and permanent structure.

Negotiation process has a layered structure in time. The structure of negotiations is realized through the cognitive, behavioral, communicative and legal aspects of relations [3, 4].

The most optimal style of negotiation gets selected, depending on the intentions of both parties and possibilities of application. Rigorous negotiation style corresponds to the rivalry strategy. When negotiating in this style, the party should insist on own requirements, not subjugate, pressure the opponent, and do not worry about meeting the needs of the other party. It should be remembered that negotiations in this style do not lead to better relations with the opponent [5, 6].

“Soft” style corresponds to the strategy of adaptation, and suggests that establishing good relations with the opponent is more important than defending own interests in the conflict. Flexibility and movement toward the opponent are present. This style of negotiation is appropriate under several conditions, namely: when good relations with the opponent are very important; when there is an understanding of being on the wrong side; when there is little chance of winning the conflict.

The style of negotiations is chosen taking into account the balance of power, degree of tension between conflicting parties and content of their claims, intentions and goals. It has been discovered that in practice the opponents often change their tactics using different techniques, therefore, it is necessary to use different negotiation styles, depending on the circumstances.

Negotiations between interested parties in commercial companies with medium and weak organizational culture are considered for the purposes for the study. The power of culture is an important dynamic characteristic of the phenomenon of organizational culture itself. It reflects the integrity degree, motivational potential and stability of the company's culture to various changes. Strength of organizational culture is also an indicator of organization negotiating infrastructure maturity [7].

In order to assess the peculiarities of negotiations of small business companies from various industries (agrarian production, retail and wholesale trade in agricultural products) of Cherkasy region with a weak and average level of organizational structure were investigated and a questionnaire was conducted for company personnel. The consultants and specialists in the field of business negotiations and management decisions with at least three years of work experience were considered experts for the questionnaire purposes. The total number of interviewees was 30.

Based on the reviewed literature [8, 9, 10] regarding the preparation and conduction of business negotiations, the questionnaire "Features of conducting business negotiations in a commercial company" (Tab. 1) was developed and key characteristics that assess the specifics of the organization interaction with the parties concerned were highlighted. These characteristics provide an adequate idea of strategic settings and objectives of the opponents, nature of discussion, content based on the criteria and typology of the agreements reached. The structural model of negotiations by Khasan B. I. [7] was accepted as the basic working model for the design of the questionnaire.

Table 1

Features of conducting the business negotiations in commercial company according to the data analysis from the questionnaire

№	Structural characteristics of negotiations	Variants of answers	Grouped assessment of respondents' answers
1	Application of automated planning tools	1. yes, applied	0,41
		2. no, not applied	0,59
2	Approval of detailed plan of negotiation process	1. rarely	0,41
		2. sometimes	0,44
		3. always	0,15

3	Type of goals	1. tactical goals	0,81
		2. strategic goals	0,19
4	Level of problem structure	1. problem is well structured	0,41
		2. problem is weakly structured	0,59
5	Level of access to information	1. full access to information	0,11
		2. limited access to information	0,66
		3. denied access to information	0,23
6	Type of resource policy	1. cost policy	0,32
		2. price policy	0,46
		3. strategic policy	0,03
		4. increase of the reputation of department	0,19
7	Criteria for proposals justification	1. objective analytical criteria	0,21
		2. subjective criteria	0,45
		3. normative criteria	0,19
		4. criteria is absent	0,15
8	Types of decision in negotiations process	1. formal, standard decision	0,36
		2. innovative decision	0,03
		3. routine decision	0,12
		4. directive decision	0,49
9	Types of agreements in negotiations process	1. compromise decision	0,31
		2. asymmetrical decision	0,45
		3. principle decision	0,04
		4. delayed decision	0,2
10	Responsibility zone	1. clear zone	0,25
		2. «floating» zone (agreed beforehand)	0,4
		3. «blurred» zone (absence of job descriptions)	0,35
11	Type of scarce resources	1. information	0
		2. finance	0,43
		3. time	0,24
		4. access to the first persons	0,11
		5. job rights and responsibilities	0
		6. professional knowledge	0,07
		7. personal qualities and skills	0,15
12	Forms of control	1. strict, directive control	0,55
		2. current, reflexive control	0,08
		3. delayed, untimely control	0,37
13	Negotiations scenario	1. strict negotiations	0,64
		2. positioning negotiations	0,32
		3. principle negotiations	0,04
14	Opponents' settings	1. partner settings	0,11
		2. confrontational settings	0,89
15	Level of departments' autonomy	1. strong interconnectedness of departments	0,72
		2. average interconnectedness of departments	0,1
		3. high autonomy of departments	0,18
16	Availability of corporate training programs	1. one-off events	0,75
		2. corporate programs	0,15
		3. trainings (requested)	0,1

The conducted questioning revealed the following problem areas of the investigated companies:

1) unsatisfactory level of resource planning, low level of relevance and sustainability of goals, which leads to the acute need for high-quality operational management (timeliness and specificity of tasks) from the performer's side;

2) ineffective strategic planning and focus on current tasks are combined with excessive intensity of labour, low democratic and collegiality of goal formation, weak coherence of personal interests with team tasks, low demand and urgency of tasks;

3) mismatching personal interests and ambitions with corporate interests, which is combined with poor coordination of functional interactions, unstable self-organization and unsatisfactory managerial coordination.

The evaluation of the conducted questionnaire of the companies' experts revealed the following results: companies tend to focus on the short-term perspective and tactical benefit (81 %), most frequent criteria for justifying the proposals in the negotiations are price (46 %), cost policy (32 %), desire to raise reputation of division (19 %), strategic partnership (3 %). The discussed problems are poorly structured (59 %).

Most often employees refer to the lack of finance (43 %), time (24 %), personal knowledge and skills of negotiators (15 %), access to decision makers (11 %), and professional knowledge (7 %).

Hence, the most valuable are not financial assets, but intangibles of business activity: time, human capital, negotiation skills of the employee. The general regularity of the traditional management of organizational development at the expense of human resources is maintained. However, the main role of strategic partnership as a factor of negotiations efficiency tends to level. In negotiations practice of domestic regional companies, this is rather a declarative norm, than a real principle of internal-corporate relations.

Also the target characteristics of negotiations have a significant impact on starting strategic settings of the opponents, behavioral repertoire and procedural composition of the interaction. According to respondents, their companies are dominated by confrontational settings (89 %), focused on the narrow interests of their department. They are combined with a strong level of subordination and resource dependence of divisions (72 %). Targeting short-term goals and confrontational settings reflects the market orientation of culture. Strategic planning and partner facilities are tied to the company's long-term priorities and mission.

A broad area of interests (65 %) was identified, which was combined with average level of unit autonomy (60 %), competitive and affiliate negotiation strategies. At the same time, tactics of pressure, cooperation and trade are actively used. It is likely that under the wording of "principle negotiations" most of the employees of the investigated companies have in mind the scenario of "negotiation with strict principles that do not exclude awareness of mutual interest in a compromise."

Thus, the innovative potential of small companies (on the basis of the given sample) is rather low. In the analysed companies, asymmetric solutions (45 %) are combined with confrontational settings of opponents in divisional conflict, high level of autonomy (18 %) or strong interdependence of units (72 %), limited volume of authority, low efficiency of negotiations and large number of phases (preparatory phase, drafting of the agenda, discussion, overcoming the deadlock and crisis in the decisions making, monitoring compliance with the agreements reached).

The relationship of the type of agreement with the balance of autonomy / dependence of departments confirms that it is the struggle for resources that is the driving force behind organizational conflicts and contradictions.

Experts point out the lack of standardized negotiation approach (59 %) and staff training programs (75 %). Conduction of negotiations refers to the few functions of modern companies that oppose the general tendency to standardize and streamline business processes.

The conclusion of each agreement or resolution of an organizational conflict is still considered as a separate event, the outcome of which depends on the abilities and experience of the individual negotiator, leadership position and situational luck.

In internal negotiations of the companies, rigorous and directive forms of control (55 %), control of deviations (deferred) (37 %), current, reflexive control (8 %) of the production task of the given level and cooperation are widely used. The less structured and regulated norms of business relations, the higher the irrelevance of organizational structures and goals in this organization.

Analysis of the styles and strategies of negotiation and formulation of various possible scenarios for their development allowed to develop practical recommendations for managers to conduct negotiations between interested parties as a result of misunderstanding. The recommendations consist in applying different methods, namely: methods of stimulation, regulation, conflict resolution, use of participation practices of a third-party in project conflict, counseling, mediation, arbitration.

The method of constructive negotiation is the most relevant to the goal of managing stakeholders in the negotiation at any level of the conflict. At the heart of this method, variants of negotiation strategies are modelled, resulting in an expanded matrix of strategies for holding negotiations with interested parties, determining the content and sequence of stages of the negotiation process (Fig. 1).

According to negotiation strategies matrix, these are the following strategies for negotiations between interested parties: avoidance, passive friendliness, full and partial concession, compromise, passive opposition, strict and ethical competition, constructive cooperation.

Partnership ↑		
1.3 Full concession	2.3 Partial concession	3.3 Constructive cooperation
1.2 Passive friendliness	2.2 Compromise	3.2 Ethical competition
1.1 Avoidance	2.1 Passive opposition	3.1 Strict competition
Active goal pursue →		

Fig. 1. Expanded matrix of strategies for negotiation between interested parties

The situational model for choosing a rational negotiation strategy on the basis of the decision tree method was developed in this paper as shown on Fig. 2.

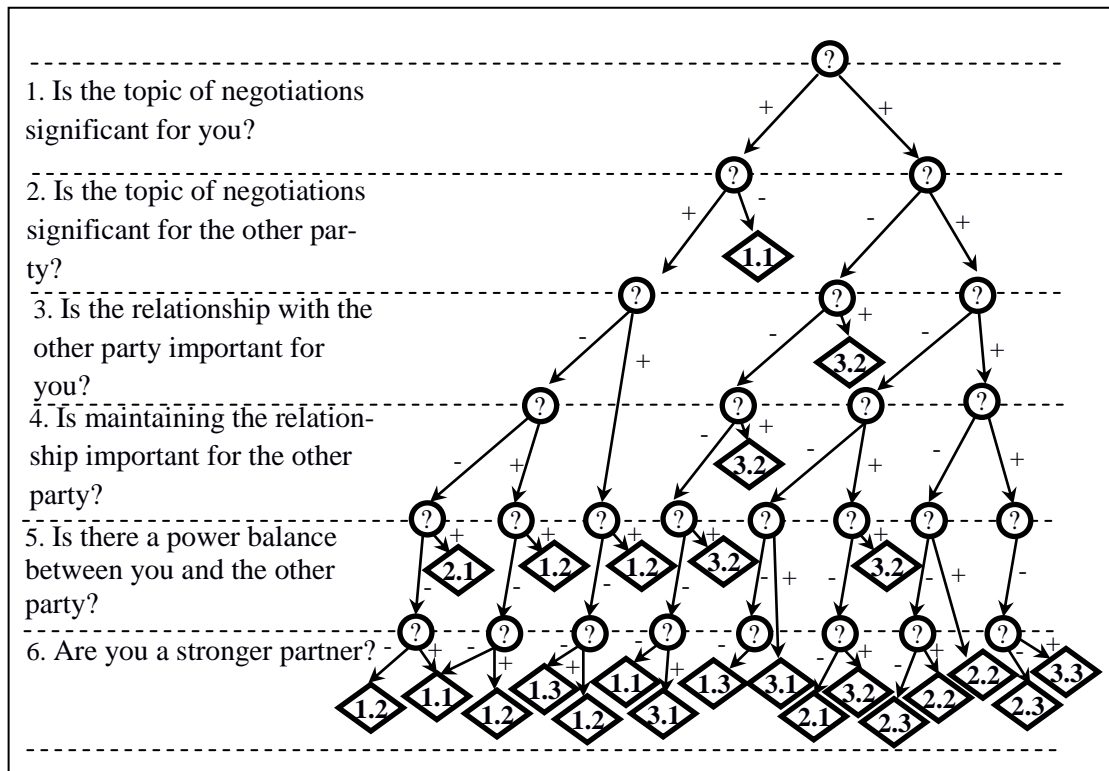


Fig. 2. Situational model for selection of negotiation strategy in the project

The situational model is based on the expanded matrix of negotiation strategies (Fig. 1) and shows the ways of choosing the most beneficial negotiation strategy. The model contains 6 blocks with questions. When answering "yes" (in the model – "+") or "no" ("–"), you need to move the arrows from one point to another.

Therefore, the proposed matrix of negotiation strategies between stakeholders and a situational model for selecting a rational negotiation strategy for eliminating conflicts will improve the efficiency of project management and ensure qualitative and timely examination of the project objectives.

In the future in order to establish constructive communications in negotiation process, attention should be paid to the formation of the negotiation infrastructure of the companies as it can provide a strong link of the negotiators' goals to the strategic priorities of the company. It allows negotiators to refuse based on their own discretion the agreement or decision that does not meet the interests of the company.

The possibility of introducing into the work of HR departments special diagnostic procedures for assessing the structure and efficiency of negotiations should be considered. These procedures are aimed at identifying dysfunctions of organizational culture and management, development, systematic training and corporate staff training programs. These measures should be focused on increasing the negotiation, conflict and management competencies of the company's employees.

One of the options to improve efficiency of negotiation processes in the company is the creation of a unified information base (diagnostics bank for typical conflicts and solutions to actual organizational problems, customer and market agent bank). Thanks to aggregated database the experts will be able to enhance the effectiveness of their training, expand their personal arsenal of methods and strategies at the expense of information and experience of the colleagues.

It is necessary to form a strong culture of the organization, which can be characterized by such features as high coherence of personal plans with the team tasks, openness of discussion and systematic approach to solving problems.

The discovered features of negotiation practice can be used in the development of practical recommendations and introduction of corporate staff training programs for constructive negotiation skills.

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ОСОБЛИВОСТІ ПРОВЕДЕННЯ ДІЛОВИХ ПЕРЕГОВОРІВ У КОМЕРЦІЙНИХ КОМПАНІЯХ

В нестабільних економічних умовах функціонування підприємств актуалізується необхідність конструктивного вирішення організаційних протиріч між зацікавленими сторонами. Виникає потреба застосування особливих інструментів управління, які дозволяють інтегрувати цілі та інтереси всіх учасників проєкту, знаходити ефективний вихід з конфліктних ситуацій. Метою роботи є дослідження особливостей проведення ділових переговорів у комерційних компаніях. Було проведено анкетування та проаналізовано компанії малого бізнесу різних сфер діяльності (аграрне виробництво, роздрібна і оптова торгівля продукцією аграрних підприємств та ін.) Черкаського регіону із слабким і середнім рівнем організаційної структури та проведено анкетування персоналу компаній. Виявлено проблемні зони досліджуваних компаній та особливості проведення ділових переговорів відповідно до обробки даних анкетування. Аналіз стилів і стратегій ведення переговорів та формулювання різних можливих сценаріїв їх розвитку дозволили розробити практичні рекомендації для менеджерів по проведенню переговорів між зацікавленими особами. Розроблено ситуаційну модель вибору раціональної стратегії ведення переговорів між зацікавленими сторонами.

Ключові слова: зацікавлені сторони, ділові переговори, організаційна культура, стратегія.