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OPEN

Scientific Annals  
of the "Alexandru Ioan Cuza" University of Iași  
Economic Sciences  
61 (1), 2014, 1-8  
DOI 10.2478/aicue-2014-0005



## SLOVENIAN MANAGERS IN BUSINESS NEGOTIATIONS

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### Abstract

Negotiations are an integral part of our life, both personal as well as at business level. The negotiations are old just as much as the human race and covering all human activities. They are the most complex forms of relationships between people, which represent a number of interdisciplinary knowledge and skills.

The secret of successful negotiations is usually good prepared of the negotiators. Negotiations do not begin when we meet with *opposite* negotiator, but much earlier.

The purpose of this study was to find out the negotiations in practice, what the negotiators, *the Slovenian* managers how to prepare for negotiations, how to negotiate, what negotiating tactics used, what personal qualities emphasize in the negotiations and, and finally how to evaluate themselves as negotiators.

**Keywords:** Business negotiations, the negotiation process, negotiation tactics, negotiators characteristics, Slovenian negotiators

**JEL classification:** F51, M12, M30

### 1. INTRODUCTION

Negotiation is a dialogue between two or more people or parties, intended to reach an understanding, resolve point of difference, or gain advantage in outcome of dialogue, to produce an agreement upon courses of action, to bargain for individual or collective advantage to craft outcomes to satisfy various interests of two people/parties involved in negotiation process. Negotiation is a process where each party involved in negotiating tries to gain an advantage for themselves by the end of the process. Negotiation is intended to aim at compromise (Ury, 1998).

Negotiations are also an integral part of the tasks performed by managers in companies responsible for selling products and services.

Today, due to lack of time is often decided that negotiators are poorly prepared to negotiate. These negotiators are calculating that his unwillingness replaced during the negotiations, but experts believe that this is the biggest mistake made by the negotiators to do so.

In private life the constant negotiating roles not even aware. However, when negotiations are an integral part of our business functions, we are more systematic as, more precisely follow our objective to be achieved through negotiation by using various negotiation tactics and strategies.

The negotiator can be everyone. Every individual has specific negotiating skills, which can improve by constantly upgrading and with further education and training (Katz et al., 2008).

As people go through everyday life, they encounter various situations which they consciously recognize may be negotiable. Yet even with this conscious recognition, some of those people negotiate while others do not.

## **2. BUSINESS NEGOTIATION**

Traditionally, negotiations were often expected to end up with one party winning and the other one losing. This is referred to as a zero-sum game based on a win-lose, all-or nothing proposition. In some labor-management disputes the results could even end up in a lose-lose situation, especially when either or both parties adopt extreme positions that lead up to a “take-it-or-leave-it” impasse and end up in costly, lengthy, and mutually dissatisfying settlements. The new approach makes a win-win outcome possible, especially when parties use a common set of principles and a common framework for effective negotiations.

Fisher and Ury (1983), foremost proponents of the principled negotiations strategy (or negotiation on the merits), propose four basic guidelines to observe in the process:

- 1 Personalities must be separate from the problem.
- 2 Interests must be the focus, not positions.
- 3 Options and alternatives must be considered before decisions are made.
- 4 Criteria and other objective standards must be the basis for evaluating claims.

On the first guideline, the human factor must be considered – that negotiators are human beings with emotions, values, beliefs and different backgrounds and viewpoints. Being human, all negotiators are unpredictable. If both parties sincerely desire to arrive at a workable agreement, they must be sensitive to and respectful of each other’s person. The point is not to defeat the other side as an enemy, or score points against him as in a debate. The main aim should always be up front, which is – to solve the problem or resolve the issue between them and thereby arrive at an agreement that is mutually satisfying and acceptable. The negotiations should end up without anyone “losing face”, feeling bitter and humiliated, or being personally aggrieved.

If not, the process can develop into a personal confrontation, with each side forgetting the real issues and the main objective. The interpersonal relations between the parties will tend to become entangled with their discussions of the substantive points in the bargaining and the issue of personalities may come into play. Therefore, it is well to “separate the people from the problem (Gatchalian, 1998).

The negotiations are necessary; there must be at least a partial difference in the interests of both parties. Negotiations are useful for solving conflicts. This means that the two parties for a commodity that you want both sides, but it is not available in sufficient quantity for both. If there is no conflict negotiations are not necessary. (Kavčič ,1996).

By negotiator communicate with each other, exchange the necessary information and move from phase to phase. The stage is completed when you make it possible to pass to the next stage or if agree that negotiations have no more sense and completed the negotiations.

First, negotiators are trying to understand the needs of the other side and get as much information as it comes to negotiations and finally, when negotiators agree on certain items, signed an agreement (Fleming, 1998; Usunier, 2000).

Each negotiator decides to negotiate in order to meet their own interests and reach the goals (Donohue, 2004). Before the negotiators decide to negotiate, should think carefully whether the circumstances to negotiate good enough, because negotiation requires resources, time and engagement (Završnik, 2007).

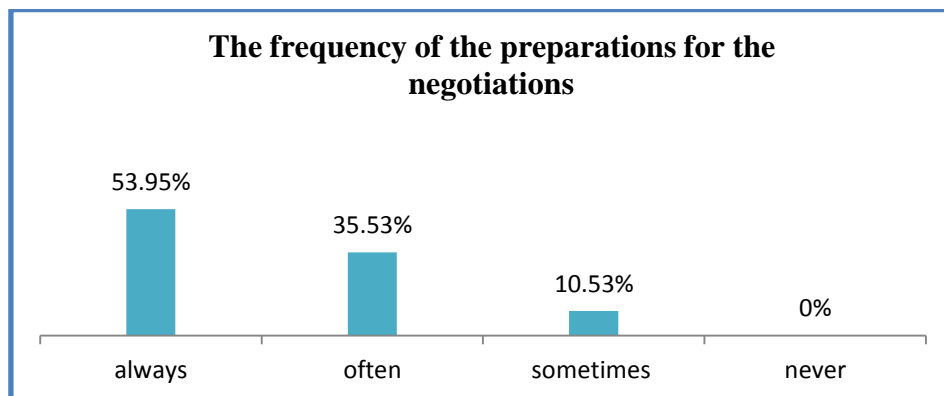
### 3. EMPIRICAL FINDINGS

#### 3.1 Characteristics of the sample

The main research instrument for empirical investigation was questionnaire. The questionnaire was sent via email to the 265 sales managers from different Slovenian companies and from different business activities. We sent 68 questionnaires to large companies, 83 to medium-sized and 114 to small companies. During a four week period a total of 76 surveys were returned. The response rate was 28, 68%. We have received complete questionnaire from 32, 35% of large companies, 40, 96% of medium-sized companies and only 19, 30% of small companies. From the total of 76 questionnaires completed by 58 men and only 18 by women, which means in % that 76,32% of the respondents were male and women only 23,68%.

##### 3.1.1 The survey results

Many definitions say that a good negotiator always prepare for the negotiations, which must be planned in advance, defined and refined content.



Source: From survey

Figure no. 1 The frequency of the preparations for the negotiations

Planning negotiations weaken the impact of unpredictable factors, to assist in decision making, points out the bottlenecks to allow for coordinated work, encourages creative atmosphere, a solution to plan in advance.

Result analysis shows that only half (53,95%) of respondents always prepared to negotiate. It is often prepared by 35,53% respondents, 10,53% occasionally and never none, which certainly shows awareness of the importance of preparations for the negotiations.

Just more than half of the respondents always prepared to negotiate, which is the main weakness of Slovenian managers also evident in the results of the negotiations.

For successful negotiations are also important activities implemented by the participants.

*Table no. 1 Activities to prepare for negotiations*

<b>Activities</b>	<b>Answers in %</b>
<b>Identification of the main goals</b>	16,62
<b>Consultation with colleagues</b>	15,09
<b>Collection of information on topic negotiations</b>	12,79
<b>Collection of information on negotiating partner</b>	11,51
<b>Collection of information about past negotiations with this partner</b>	10,23
<b>Determining negotiation strategies and tactics</b>	7,67
<b>Determine the minimum goals</b>	6,91
<b>Determine the alternative goals</b>	6,65
<b>Determining the place of negotiations</b>	5,37
<b>Determining the time of negotiations</b>	4,86
<b>Determine the negotiating team and negotiators competence</b>	2,30

*Source: From survey*

Identification of the main goals is with 16.62% the most common activity to prepare for negotiations, with 15.9% followed by consultation with colleagues.

The result shows that the consultation with colleagues and different information for the negotiators mean strong support in determining the main negotiating goals.

Slovenian managers spending a little time for selection strategy and tactics of negotiations, although they would need much more, because they not proficient a lot of tactics.

Each negotiator has good and bad characteristics, which affects the result of negotiations.

Table no. 2 Good negotiators characteristics

Good characteristics	Rank
Fairness	1
Reliability	2
Decisiveness	3
Persuasiveness	4
Patience	5
Honesty	6
Flexibility	7

Source: From survey

Respondents ranked characteristics from 1 to 7, where 1 means the most important characteristic of a good negotiator and 7 the least important characteristics of a good negotiator.

For the most important characteristic of good negotiators, respondents determined honesty, reliability and determination. As the least good characteristic was defined flexibility.

We can say that these are good characteristics of the negotiators, but the question is whether all the negotiators actually behave in such a way.

Likewise, respondents evaluated the bad characteristics of negotiators.

Table no. 3 Bad negotiators characteristics

Bad characteristics	Rank
Lying	1
Arrogance	2
Misleading	3
Looking for strife	4
Dishonest	5
Indecision	6
Inflexibility	7

Source: From survey

For the most important characteristic of bad negotiators respondents determined lying, arrogance and misleading. As the least bad characteristic was defined inflexibility.

The problem is how to deal with such negotiators and how to recognize his right behavior, or is it only for his negotiating tactics.

Negotiators in the negotiations process using different tactics. There are the tools to implement negotiation strategies for achieving the negotiating goals.

*Table no. 4 The most commonly used negotiation tactics*

<b>TACTICS</b>	<b>Answers in%</b>
<b>Slicing</b>	<b>47,37</b>
<b>Good Guy/Bad Guy</b>	<b>21,05</b>
<b>Setting the extreme requirements</b>	<b>11,84</b>
<b>No authority</b>	<b>10,53</b>
<b>Take it or leave it</b>	<b>6,58</b>
<b>Just one more thing</b>	<b>2,63</b>
<b>Blinding maneuver</b>	<b>0,00</b>
<b>Other tactics</b>	<b>0,00</b>

*Source: From survey*

Almost half of the respondents (47.37%), chosen as the most commonly used tactics "slicing" which means slice a larger deal up into a number of smaller complete deals and then to achieve a favorable outcome for each individual component.

In second place is tactics "good and bad guy". One person acts in an aggressive and pushy way, making unreasonable demands and requiring compliance. The other person then acts in a kindly and friendly way, asking nicely -- and getting compliance.

The good guy (or gal, of course) may apologize for the bad guy, or plead for compliance because the bad guy is being horrible to the good guy too.

In third place is "setting the extreme requirements", the fourth "no authority", followed by tactics "take it or leave it »and "just one more thing".

An understanding of the negotiating tactics Slovenian managers was not exactly convincing. There is also the question how good they handle with individual tactics. It is common belief that Slovenian managers use primarily defensive tactics when negotiating with foreign partners.

#### **4. CONCLUSIONS**

Negotiations are one of the most common and the most important activities of every individual and are an essential part of decision-making in personal and business life (Reardon, 2005). Their point is balancing of interests, different needs, desires and expectations of individuals to help achieve the goals that lead to an agreement with the opposite side.

Negotiations must take place within a collaborative environment for both sides that can be successful.

Trust and cooperation (two basic negotiation values) must be the guiding principle in the negotiations, which is necessary to point out the ability of persuasion and the possibility of a conscious influence on change of attitudes and behaviour, which is reflected in the success of the negotiations.

Negotiations are also an integral part of the work carried out by the managers - in the companies responsible for selling products and services. There is an old rule which says that in the business do not get what you deserve but what you gain by negotiation. This indicates the importance of business negotiations.

By the completed research, part of which was presented in this paper, we wanted to determine how negotiate Slovenian negotiators, what are their negotiating skills, what opinion they have of themselves as negotiators.

From the results of these research we can be summarized the following characteristic of Slovenian negotiators.

They negotiate systematic and prudent, because for the negotiations they are often well prepared. In preparation for the negotiations they trying to gain as much information and determine the main objectives of the negotiations.

By defining the negotiating team and the the competence of the negotiators they are not much involved, which can be a disadvantage. For the thorough preparation for the negotiation usually do not have enough time.

In the negotiation process they behave confident and persuasive.

Honesty, reliability and decisiveness emphasized the most positive feature of the Slovenian negotiators. In the opposite negotiators they cannot tolerate lying, arrogance, misleading and strife.

Slovenian negotiators often use slicing tactics, where their requirements meet gradually as the individual contents of the problem dealt with separately from the whole. Slovenian negotiators are charismatics, which is characterized by the decision based on carefully considered information, and always interested in new ideas and concepts.

Most frequently, they tend to compromise negotiations where both negotiating parties looking for a compromise.

For the Slovenian negotiators is also characteristic to act in accordance with the rules of business etiquette and respect ethical and moral principles, especially in international negotiations.

For better credibility and usability it would be good to get the opinions of negotiators from other countries that are negotiating with Slovenian negotiators.

Applicability of the results is particularly important so we get the opinion of Slovenian managers on their negotiating skills and the use of negotiation tactics which will need to be further improved.

Finally, the negotiators from other countries also will get an insight about how to negotiate Slovenian managers, which may affect satisfaction of both parties in the negotiation processes.

We would mainly two suggestions, namely that it is necessary to improved negotiating skills, especially in cross-cultural negotiations, because there are poor results due to lack of knowledge of the cultural characteristics of the foreign negotiators.

More attention should be given to the preparation of the negotiations, since these are still not enough especially within the negotiating team.

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