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ІНФОРМАЦІЙНЕ ПІДґРУНТЯ ПРОВЕДЕННЯ ДІЛОВИХ ПЕРЕГОВОРІВ НА МІЖНАРОДНИХ РИНКАХ

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Наведено спробу оцінити ступінь і масштаби використання інформації, одержаної для підтримки процесів бізнес-переговорів, які проводяться на міжнародних ринках, а також характеристику використаних джерел інформації, а також аналіз корисності отриманої інформації в контексті задоволення інформаційного попиту переговорників. Дослідження ґрунтується на результатах емпіричних досліджень, які проводилися на 267 підприємствах, використовуючи метод прямого інтерв'ю.

Ключові слова: ділові переговори, міжнародні переговори, корисність інформації, джерела інформації.

INFORMATION GROUNDS OF BUSINESS NEGOTIATIONS IN INTERNATIONAL MARKETS

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The article presents an attempt to assess the degree and scope of using information obtained to support business negotiation processes conducted in international markets. The article includes the characterization of used information sources as well as an analysis of usefulness of obtained information in the context of satisfying information demand of negotiators. The study was based on the results of empirical research that was conducted on the sample of 267 enterprises using the method of direct interview.

Key words: business negotiations, international negotiations, usefulness of information, sources of information.

Problem formulation. What is apparently characteristic for the modern economy are the changes occurring in enterprise environment. They comprise such phenomena as globalisation, the Internet development, development of networks of relations between enterprises and, what is getting more and more visible, similarity of the needs of customers functioning in various international markets. All these aspects induce the development of internationalization processes. Starting business activity abroad is burdened with a much bigger risk than taking such actions in a domestic market [1, p. 19]. Moreover, starting business operation abroad forces the company to establish new business contacts, sign contracts and make commercial transactions. Unfortunately, the situations when contractors' objectives and needs are different are quite frequent and conflicts between them that are bound to appear and may hinder reaching an agreement [2, p. 79]. In such cases negotiations might prove to be a very effective „tool”, as according to the one of numerous definitions, they are a communication-decision-making process whose aim is to bring conflicting parties to agreement in a way that achieved results are acceptable for both parties [3, p. 13]. Therefore, one can assume that negotiations are a specific decision process. Decisions made by a negotiator in the course of negotiation process may concern, among others, a negotiation style, adopting a specific strategy and a choice of negotiating methods, techniques or tactics that are to be used. Against this background raises the question about the role of information in the context of negotiation process support, particularly in international markets.

Analysis of current research outputs and publications. It must be noted that economic negotiations differ from negotiations conducted in other areas of social life. The way of conducting economic negotiations requires not only ability to use negotiating rules and techniques, but also an ability to use economic categories and cost-benefit analysis [4, p.11].

Assuming that negotiations make a kind of decision and economic decisions require reliable information, it can be stated that the major condition for business negotiations to be effective is a thorough preparation. It is especially important in international markets as they are characterized by huge competitiveness, volatility and running a business activity usually implies a need of incurring substantial costs [5, p.9]. It means that in order to conduct successful business negotiations, one needs optimal knowledge resource. Preparing for negotiations should thus comprise activities connected with collecting and information analysis, which is crucial to achieve a specific objective or task.

The types of information needed for negotiation process are diverse and obtaining it usually requires exploring a number of sources. An effective negotiator should have knowledge on information connected with the subject of negotiations, practices specific for a given market, information about negotiating partner's enterprise as well as a representative of an organization at the negotiating table [6, p. 25-29]. In the case of international negotiations particularly important are information on cultural conditions, trade traditions and typical business practice, binding regulations and potential business partners.

In order to obtain this information can be used in both primary and secondary sources, such as: negotiating partner's clients, consultants, specialists from a given sector, trade exhibitions, fairs, own enterprise's information resources, Internet, archives and public registries, information bulletins, emission prospectus, Polish Agency for Enterprise Development, market research agencies, economic inquiry agencies, Economic Information Bureau, domestic and international data bases, European Information Centers, trade units of foreign embassies in Poland, polish-foreign chambers of commerce, Polish Chamber of Commerce, Polish Information and Foreign Investment Agency, foreign specialist press, Polish Export Promotion Portal at the Ministry of Economy [5, p. 32-47; 4, p.67-75].

Article objectives. According to the above-mentioned observations the aim of the study was to attempt to define the role and scope of information obtained in order to support business negotiation processes which were conducted in international markets.. The subject of the study was also the usefulness of obtained information in the context of satisfying information demand of negotiations.

Presentation of main materials. The paper was prepared on the basis of the results of empirical research conducted by the Department of Marketing of the University of Łódź in December 2012 and January 2013. The aim of the project was the assessment of the degree of marketing research application in the context of the support of negotiations as a specific decision-making process. The project was a continuation and complementation of the research project that dealt with usefulness of marketing research in business practice which started in October 2011.

The research was conducted on the sample of big and medium-sized enterprises (purposive sampling) (according to classification system of the Statistical Office compliant with the European Union standards medium-sized enterprises are entities employing from 50 to 249 persons, and big enterprises employ 250 or more persons.) from the area of Łódzkie Voivodeship by means of personal interviews carried out with high management level representatives or people responsible for conducting business negotiations (president, vice-president, director, marketing manager or sales manager).

The research comprised 285 enterprises among which 267 were conducting business negotiations in the last three years and the research procedure focused on them (sample structure, with the characterization of enterprises is presented in table1).

For the purpose of this study the only enterprises taken into account were those which confirmed that they have foreign contractors and conduct negotiations with them. These enterprises made up two thirds of the examined sample and they were mostly big entities conducting production activity or operating in wholesale sector and they possessed only foreign or mixed capital and were serving international markets.

Table 1

Characterization of enterprises which conducted business negotiations (by selected features)

Enterprise features		Number of examined enterprises	Share in sample	Proportion of enterprises that conducted negotiations in international markets and with foreign contractors
Number of employees	From 50 to 249	199	74,5	61,8
	More than 250	68	25,5	82,4
Type of business operation	Production	108	40,4	80,6
	Wholesale trade	28	10,5	78,6
	Retail trade	31	11,6	64,5
	Services	100	37,5	50,0
Sector of operation	B2B	175	65,5	69,7
	B2C	92	34,5	62,0
Origin of enterprise capital	Polish only	186	69,7	57,5
	Mixed	44	16,5	86,4
	Foreign only	37	13,9	91,9
Range of served market	Regional market	38	14,2	7,9
	Domestic market	96	36,0	46,9
	International market	133	49,8	98,5
Total		267	X	67,0

Source: own study

The scope and sources of information obtained to support business negotiation processes in international markets.

As has been mentioned, negotiator should have knowledge on information connected with the subject of negotiations, practices specific for a given market, information about negotiating partner's enterprise as well as a representative of an organization at the negotiating table. In the course of conducted research opinions about obtaining information by enterprises in selected areas were collected and their detailed objective analysis was made.

In the light of obtained results in order to support negotiation processes the majority of respondents gained information concerning the sector and market environment in a wider context, partner's enterprise and a representative of enterprise in negotiations. Only three enterprises out of 179 entities conducting negotiations in international markets did not gather any information, claiming that they possess sufficient scope of information as they know the sector very well by doing business with regular partners and their employees have many years' experience. However, 176 enterprises confirmed that in order to support negotiation processes they gained information in various areas (the evaluation was made using a five-grade scale, where 5 meant that a respondent always obtains this information, 4 – very often, 3 –sometimes, 2 – very seldom and 1 – a respondent never gains this information).

In the scope of market environment identification this was mainly the information concerning:

- level of prices and their relations in a given market (93,8% of respondents pointed that they gain this information „always” or „very often”), conditions offered by competitors (92%) and exchange rates (89,2%)
- binding regulations (85,8%) and sector performance (83%)
- size of supply and demand regarding products being the subject of negotiations (three quarters of responses)

The information that was obtained the least frequently concerned cultural conditions, trading practices and typical business practices specific for a given (local) market (59% of responses on average).

Entrepreneurs also collected information about a potential contractor (negotiating partner) and it most often included:

- contractor's creditworthiness and their price offer and conditions of payment (94% of „always” or „very often” responses)
- product range offer, warranty conditions (87,5%), reliability and promptness in order execution (85,8%) and quality of products and services (81,8%)
- size of enterprise, production capacity and technical resources as well as contractor's reputation in a sector (three quarters of responses)
- contractor's profitability, turnover and financial performance as well as their predisposition to establish a long-term cooperation (two third of responses)

The information that was collected less frequently concerned corporate culture of contractor's company (22,7%), its history (42,6%), its business ethics, market share (51%) and regular customers (44,4%).

In the light of expressed opinions it can be observed that respondents were not interested in getting information about a person or people who were representing contractor's enterprise during negotiations. In the area of these aspects the majority of responses suggested that the following information was not gathered at all:

- socio-demographic properties of a negotiating partner, such as family situation (half of responses „never”), interests, hobby, ways of spending free time (40% on average)
- gender (one third of responses)
- age and education (every fourth respondent does not gain this information)

The information from this area that was collected more often concerned a negotiating partner's position in the enterprise and his/her competency (only 2% of responses “never”).

In order to satisfy described information demand enterprises obtained information from primary as well as secondary sources. The vast majority of respondents confirmed that to support negotiation process they used such primary sources of information as previous business partners (suppliers, intermediaries), contractor (negotiating partner) as well as their clients and consultants and specialists from a given sector. Information was also collected during trade fairs, exhibitions, etc. In the opinion of the majority of enterprises all these sources proved to be very useful.

A substantial proportion of respondents also confirmed obtaining data from secondary sources, however, not all of them proved equally useful. Only some of them were evaluated as a „very useful” (selected examples are presented in table 2).

It can be observed that the scope of using a given source is not univocal with its positive assessment. Only in the case of the Internet and own company's information resources which were used by nearly all respondents, the rating of usefulness was high. In the case of other secondary sources the assessment was completely different. For example, the Polish Chamber of Commerce information resources was used by 84% of enterprises, however, only every fifth of them evaluated this source of information as very useful. The European Information Centers was used by three quarters of respondents, however, a positive opinion was expressed by one fourth of them. The Polish Information and Foreign Investment Agency was evaluated positively by only 18,2% of enterprises. Even less positive opinions were expressed in the case of the Polish Export Promotion Portal at the Ministry of Economy, which was appreciated by only 12,5% of enterprises that used these resources.

It is worth mentioning that enterprises which have not decided to use the sources of information presented in the study explained their decision by the following arguments „no need”, „specific company profile”, „characterization of sector” and „lack of competition”.

It should be noted that only some of the enterprises which obtained information to support process of negotiation with foreign contractors, conducted marketing research. Only one third of respondents confirmed conducting this research, pointing at the most frequently used methods: interview and observation (one out of four enterprises). Simultaneously, three quarters of enterprises admitted that this research was conducted independently by enterprise workers, whereas every fourth decided to employ professional research agencies.

Table 2

Secondary sources of information obtained to support negotiation processes according to the degree of their application and usefulness

Type of information source	Number of responses confirming using this source of information	Proportion of enterprises that assessed a given source of information as very useful
Contractor	175	77,8
Negotiating partner's clients	174	65,9
Previous business partners	175	76,7
Consultants, specialists from a given sector	158	36,9
Trade exhibitions, fairs	169	31,3
Own enterprise's information resources	176	89,2
Internet	174	70,5
Archives and public registries	151	17,6
Information bulletins, emission prospectus	154	24,4
Polish Agency for Enterprise Development	137	13,1
Market research agencies	136	19,3
Economic inquiry agencies	146	25,0
Economic Information Bureau	146	18,2
Domestic and international data bases	148	23,3
European Information Centers	135	22,7
Trade units of foreign embassies in Poland	136	21,0
Polish-foreign chambers of commerce	140	22,7
Polish Chamber of Commerce	148	21,0
Polish Information and Foreign Investment Agency	131	18,2
Foreign specialist press	135	20,5
Polish Export Promotion Portal at the Ministry of Economy	129	12,5
Total	176	X

Source: own study

Usefulness of obtained information in the context of satisfying negotiators' information demand

The basic requirement for effective negotiations is a thorough preparation. Collected and processed information should be a basis for rigorous analysis of negotiating position of both parties, i.e. characterization of contractor's situation and evaluation of their negotiating objectives [4, p. 66].

What proves also crucial is obtaining adequate information beneficial in a choice of appropriate negotiating strategy. Presented scopes of using information in negotiation processes were a subsequent subject of the study and the results are presented in Figure 1.

Assessing the usefulness of information collected in order to support negotiation processes the enterprises operating in international markets pointed the areas in which this information proved useful. In the opinion of the majority of respondents it helped them to determine contractor's creditworthiness and position (80,1%), to assess negotiating position of both parties (65,9%), to choose a proper negotiating strategy, methods and techniques (almost half the responses) and to determine contractor's negotiating objectives (42,6% of responses).

Simultaneously, however, not all respondents assessed uniformly the degree of satisfying their information needs. Only 18,2% enterprises admitted that obtained information was fully sufficient, whereas more than three quarters assessed it as „satisfactory”. The proportion of respondents who expressed disappointment saying that obtained information was in their opinion unsatisfactory, was relatively small and amounted to 4%.

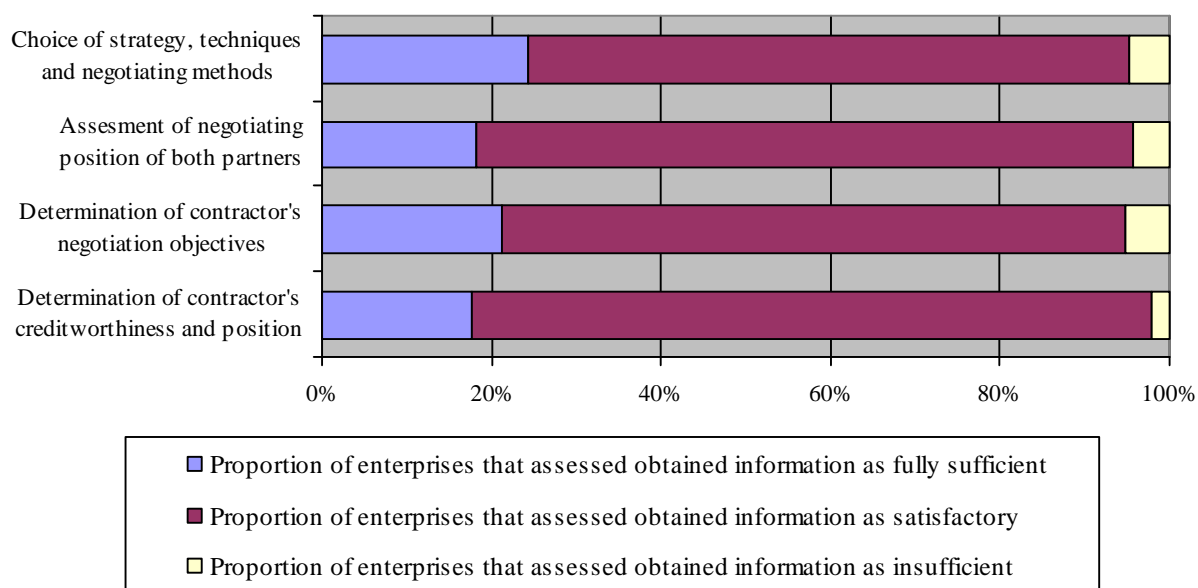


Fig. 1. Scope of using obtained information and the degree of satisfying negotiators' information needs
Source: own study

It can be also observed that the degree of satisfying negotiators' information demand was different, depending on the type of subject (table 3 contains detailed data). In the case of enterprises dealing with retail trade the proportion of respondents assessing obtained information as fully sufficient for their negation objectives was definitely higher than in production enterprises or those dealing with wholesale trade. Such an opinion was more frequently expressed by big enterprises that possessed mixed capital as well as companies operating in B2C sector. In the case of enterprises from wholesale sector the proportion of entities assessing obtained information as insufficient to satisfy their information demand was significantly higher.

Table 3

Degree of satisfying negotiators' information demand by enterprise features

Enterprise feature		Number of responses	Proportion of enterprises that assessed obtained information as fully sufficient	Proportion of enterprises that assessed obtained information as satisfactory	Proportion of enterprises that assessed obtained information as insufficient
Number of employees	From 50 to 249	120	16,7	80,0	3,3
	More than 250	56	21,4	73,2	5,4
Type of business operation	Production	86	11,6	86,0	2,3
	Wholesale trade	20	10,0	80,0	10,0
	Retail trade	20	40,0	55,0	5,0
	Services	50	24,0	72,0	4,0
Sector of operation	B2B	119	16,0	79,8	4,2
	B2C	57	22,8	73,7	3,5
Origin of enterprise capital	Only Polish	105	15,2	81,9	2,9
	Mixed	37	27,0	70,3	2,7
	Only foreign	34	17,6	73,5	8,8
Total		176	18,2	77,8	4,0

Source: own study

Conclusions and perspectives for further research. Based on the above-mentioned observations it must be noted that demand for information that results from changes in the modern business environment motivates enterprises to undertake some actions to obtain it systematically. More and more businesses conduct business overseas and gathering appropriate information becomes especially important in the case of enterprises operating in international markets. The relevance of economic information should be perceived by entrepreneurs in the context of conducted negotiation processes. Negotiating across national and cultural boundaries complicates the negotiation process. Obvious challenges such as logistics and language are just the tip of the iceberg of the special circumstances of international negotiations. More subtle issues such as the meaning of time, how concessions are made or trading practices in a wider context, abound the international negotiations. It clearly shows that negotiating an international business transaction is a difficult process. In such circumstances collecting information is a crucial element of negotiation preparation stage, then it must be processed and harnessed in conducted business talks. Negotiator should research all specifications, quantities, market competition, market prices, etc. He should be familiar with the rules governing the negotiating territory, company's rules for purchasing or for selling, the trade rules that apply or the essential legal matters. Scope of using information obtained to support business negotiation processes conducted in international markets was a subject of the study.

In the light of obtained results, a vast majority of respondents collected information concerning market environment, contractor and business partner's representative using both primary and secondary sources. While assessing the degree of satisfying information demand the enterprises expressed moderately positive opinions, pointing at the most important areas of using obtained information. The material presented above can be a useful contribution to the discussion concerning the effectiveness of obtaining information in order to support negotiation processes or in a wider context – decision-making processes that take place both in enterprises operating in domestic and international markets.

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