

NEGOTIATION: THEORY AND PRACTICE IN THE MODERN CONTEXT

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Abstract

This article focuses on a relevant problem - strategies for effective negotiations to achieve the best possible results in the modern context. This article pays special attention to the importance of the skills used in negotiations to achieve the best possible results. Apart from negotiations, this article considers a variety of strategies and techniques proposed by specialists, researchers, and business consultants in this field. This article presents expert conclusions leading to a successful outcome of negotiations, which were formulated based on considerable experience. Apart from that, the article provides insights into the use of new technologies, namely artificial intelligence, in the negotiation process as a key component in risk assessment. The article also highlights the importance of analyzing the psychological state of the negotiator to understand the objectives and overall strategy to determine the best possible approach to negotiations. As a result, a competent analysis of the negotiation situation and the behavior of the negotiator in a variety of contexts is identified as a key element of successful negotiations. Therefore, the main idea of the proposed article is to find the best possible strategy for negotiations.

Keywords

Negotiations, strategy, methods, approaches, artificial intelligence, value, psychological factor.

In the numerous books published, research papers presented, and training sessions held over the years, developing the specific skills and gaining knowledge required for successful negotiations have been the central topic. This extensive research highlights the importance and complexity of the negotiation process, as well as the desire for continuous improvement of these skills.

The attitude to negotiations gradually shifted: at first, negotiations used to be perceived in the context of discussing global military situations, trade deals between corporations, and interstate agreements. In all of the above cases, large groups of people or even countries were involved in the negotiation process. Then the attention gradually shifted to the individual as an actor in the negotiation process, as a negotiator. Individuals' behavior during negotiations became the subject of analysis of psychological approaches. There are training programs for individual negotiation skills. The following skills have become relevant: skills of argumentation, oratory skills, methods of psychological influence on opponents, the ability to timely collect and analyze information, assess and predict risks [1]. Nowadays, we observe a consolidation of methods and approaches aimed at preparing and conducting negotiations, where the key role is played by a global vision of the problem, as well as the principles and values that guide negotiators, and not by technical skills.

Let's consider the basic stages of any negotiation process, be that the purchase of real estate or the release of hostages from Somali pirates. The most common models include the stage of preparation and development of a negotiating position; preparation of an alternative option; the negotiating stage, including the exchange of concessions, and finalizing the agreements reached [2]. Let's take a look at less significant and monotonous negotiations, for example in the field of sales or procurement, where it is equally important to secure the best possible conditions and make sure it is a quick process. In most cases, negotiators try to stick to their already proven model of behavior, which leads to inevitable mistakes due to loss of flexibility and strategic vision.

At first glance, the role of technologies for high-speed collection of large data sets and analysis of data gathered, the speed of calculation of possible options and risk assessment should always be positive. However, ultimately, the availability of information is not a sufficient factor for success. Decision-making skills, often based not on the available information but rather on the principles that are fundamental for the negotiator - this is what makes the maximum contribution to the final result [3].

What are the most important values of successful negotiators? Business consultant and behavioral psychologist Simon Sinek formulated his approach to developing values. By answering the question "Why do you do what you do?" one can identify fundamental and the most important values [4]. A negative answer to this question usually indicates a lack of a conscious and long-term approach not only to negotiations, but also to life in general. In his research, Simon Sinek came to the conclusion that by having clearly stated values as an answer to the question "Why?" and by communicating with others, you can demonstrate your clear position regarding your business strategy. The history of several of the largest companies that Simon Sinek analyzed suggests that this approach contributed to creating a target audience of highly loyal consumers and business partners. This was made possible because everyone could understand the company's goals and motivation in advance, which is especially important in times of crisis [5].

Nowadays, at a time of exponential development of technologies and their rapid adoption in all spheres of life, new negotiation models are expected to emerge. However, the most extensively adopted and used model is one developed in the middle of the previous century. We are talking about game theory and the Nash equilibrium, as well as the economic model of WTO agreements built based on this method. Working on a practical application of

John Nash's game theory, Thomas Schelling explored the conflict resolution model (later known as the Cold War model of nuclear deterrence, which was used by the United States for over forty years) [6]. Both scientists were awarded the Nobel Memorial Prize in Economic Sciences for their research [7].

The Nash equilibrium is a set of strategies in negotiations where none of the parties can improve their position by changing their strategy if the other parties do not change their strategies as well. This equilibrium does not provide the best gains for one negotiator; it allows all parties to arrange the best possible solution for everyone [8].

The value of this model of behavior in negotiations becomes clear when planning long-term relationships and joint activities. Gain something today at any cost and no longer have to deal with the consequences of this transaction - such short-term and inherently high-risk behavior is becoming less and less popular in practice. Most negotiators - in any situation, be that in a business, social, family, or political environment - strive for predictability and stable development.

In his book, *The Strategy of Conflict*, Thomas Schelling examines cases of conflict situations: a sudden attack or threat of attack, the impact of general mistrust and the random factor, enforcement of obligations, and the paradoxes of strategic advantage [9]. Today, these studies have more than just historical significance of analyzing the cases of geopolitical conflicts of the past. They provide unique value for application in any of the complex and ambiguous situations in the negotiation process. A competent analysis of the negotiating position of each party, clearly established and analytically verified against actual data, makes it possible to build a model for predicting the progress of the negotiation process and developing several behavioral strategies [10].

However, in addition to the economic assessment of negotiating positions, offers and counter-offers, concessions and well-thought-out scenarios, there is an extremely important psychological factor that cannot be overlooked. As practice shows, without having a strong negotiating position at the beginning of negotiations and leverage on the counterparty, one who has a good understanding of the impact of the emotional and psychological state of the negotiator (this will always be the case as long as negotiators are humans and not machines) will be able to turn the tables in their favor [11]. In his negotiation model, expert negotiator and researcher Gavin Kennedy suggests assessing the observable behavior of a negotiator in terms of three colors - red, blue, or purple. The "red style" is clearly aggressive behavior with an attempt to secure maximum results at the expense of relationships. The "blue style" is, on the contrary, behavior that gives preference to relationships rather than results. The "purple style" is an ideal combination that achieves maximum results while making it possible to save excellent relationships with negotiators [12]. Gavin Kennedy suggests testing the use of the following behavioral scenario in negotiations - changing the "colors" of your behavior throughout a long negotiation process in order to secure the best possible results. A limited behavioral pattern with decision-making based only on a "red" or "blue" style will lead to a loss.

The use of artificial intelligence (AI) makes it possible to increase the efficiency of the negotiation process when making commercial transactions, in which obviously complex models that can influence large groups of people are not used [13]. There is still little reliable statistical data on the sustainable use of AI throughout the negotiation process. Nowadays, it becomes obvious that without creating a comprehensive model of human psychology it cannot be compared to that of a machine. Fear is one of the examples of limiting factors for the adoption of AI in sensitive decision-making areas. Humans may experience fear, while a machine only evaluates risks. Fear, as a very strong and not always rational feeling, can sometimes be the result of the physiological

state of a particular person.

Negotiations are a constant search for the best possible option, taking into account the interests of counterparties. It is impossible to secure the most favorable result without such qualities as compassion, humility, honesty, fairness, courage, or self-control. These are the fundamental qualities for the best individual negotiator or a whole team of negotiators. Analytical calculations or digital models and scenarios of behavior are no more than tools that facilitate the negotiation process.

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