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## The Concept of Negotiation in International Trade

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### Abstract

This study discusses the concept of negotiation in international trade. In this case, our research aims to study the concept of negotiation in international trade, especially export and import negotiations. In conducting negotiations, things must be considered in understanding the target foreign market to be achieved. Negotiations that go well will result in an agreement. The methodology in this study uses a descriptive qualitative analysis of content analysis. Regarding the concept of negotiation, there are several important things that need to be considered in starting negotiations, including being able to choose the right time, adequate place and location, creating a positive, relaxed, and understandable atmosphere, setting an agenda to be discussed, and formulating an appropriate offer. . proposed, handle conflicts encountered, communicate well and effectively, improve good listening skills and reach an agreement more quickly and efficiently so that agreement can be reached quickly. We find that in every stage of international trade negotiations there will be two parties who have different points of view so it is the agreement that creates the negotiation.

**Keywords:** Negotiation, International Trade, Export, Import

**JEL Classification :** F13, F15, F23

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### Introduction

International trade is part of the international economy. In international trade, there is an agreement that is formed from the negotiation process (Viphindartin & Bawono, 2021). Parmitasari (2019) explained that negotiations were carried out before the formation of the contract. The formation of a contract between one party to another is the goal of negotiation. The formation of a contract is greatly influenced by negotiations because a good negotiation is a

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complete negotiation, which means that it includes legal certainty and the realization of justice for all parties involved. Sukmawati (2013) explains that negotiation can also be regarded as a social interaction that aims to find an agreement that is considered beneficial to all parties involved.

Irianto (2014) explains that negotiations are closely related to the memorandum of understanding. Negotiation is the first step that aims to bring together two different interests. While the memorandum of understanding is the first stage of the agreement containing the material that is principal and important. Ahsan (2019) also explained that in negotiations, this means that these negotiations lead to negotiations for the purpose. Dunn (2015) explains that negotiations are carried out before business activities take place and also in negotiations, especially international trade, they will meet with other countries by bringing their respective cultures.

Steeves (2014) explains negotiations related to privacy policies where the privacy of each negotiator must match the negotiation process to create honest and clean negotiations. McColl (2017) explains that negotiation is the main field of study for people of different cultures in viewing conflict. Frick (2017) explains that negotiations will affect the success of a company transaction because successful negotiations are profitable negotiations. Thomas (2015) explains that negotiations affect the relationship between parties in the long term because if in a negotiation all parties benefit, of course, the negotiations will continue in the next collaboration. Kern (2012) also explains that negotiations will experience a cultural collision between negotiators, and to achieve mutually beneficial negotiations, one must be able to overcome it with honesty and trust from each negotiator.

Caputo (2013) explains that sometimes negotiations are irrational, which means that they do not prioritize common interests. Attoh (2020) argues that negotiations are influenced by many things, such as communication between traders and trust. Cheng (2019) explains that international negotiations carried out between countries must bring together negotiators from various countries with their respective cultures. This becomes one of the challenges in negotiations where cultural gaps can occur. Therefore, each negotiator must adapt to the culture of other countries. Graham (2018) explains the existence of an inventive negotiation theory where negotiations are oriented towards trust that exists between all negotiating parties with the aim of long-term cooperation. And also explained that negotiations also need innovation and creativity so that the way to benefit all parties is obtained.

Thomas (2015) in his research shows an assumption that negotiation is an important part of the buyer-supplier relationship. In this study a manager will continue to negotiate and it is difficult to separate these negotiations from the relationship between buyers and suppliers. The outcome of the negotiations is the influence of the history of the previous relationship as well as how the meeting between the two and whether there were previous violations that occurred. The contribution seen in this research is to identify the history of the relationship which is an important variable in the decision of the negotiation strategy carried out. Then, these activities can meet or violate expectations regarding the negotiation strategy of partners which will also have an impact on long-term relationships.

McColl (2017) from his study shows that in international trade between China and Australia, trade negotiations by Chinese negotiators choose to avoid conflict. If the conflict between China and other countries is unavoidable, negotiators will use a negotiation strategy based on cultural heritage. Confucian culture (strong hierarchical order and respect) and Mianzi (saving self-respect). This strategy is carried out to maintain collaboration in international trade and maintain harmony. Kern (2012), in negotiation with intercultural negotiators, will provide higher benefits than with intra-cultural negotiators. In his research, the US and Korea show that negotiations can be achieved if the negotiators are bi-cultural in terms of language. The language used is the pronoun "you", the use of this pronoun can have a pretty good effect in negotiations because it can close the social distance between the two countries and achieve mutual benefits. This shows that the language used for social interaction even in the international world is a factor of social awareness and a signal to close social distance.

### **Methodology**

The purpose of this study is to examine the concept of negotiation in international trade. In compiling this study, we drew on systematic literature reviews through journals in ScienceDirect, Emerald Insight and Google Scholar. Through the collection of several journals, we use the method of literature review and content analysis. The research we do is a qualitative research.

In this study, we conducted some in-depth research on the concept of negotiation in general and the concept of negotiation prevailing in Indonesia, the characteristics of negotiations, the main content of negotiation in the form of important substances in negotiation and also the elements in a negotiation where the objectives of the negotiation are: negotiation is the satisfaction of all negotiating parties. From our preliminary study, we determined the main themes in understanding the concept of international trade negotiations, namely:

1. General Negotiation Concept
2. The Negotiation Concept that applies in Indonesia
3. Negotiation Characteristics
4. Main Contents in Negotiations
5. Negotiation Elements

### **Results and Discussion**

Irianto (2014) explains that negotiations are the beginning before the formation of a contract and negotiations will continue even if it is only a small or simple negotiation. Although sometimes the price is fixed or there is no bargaining process, it is still necessary to negotiate in other matters such as the payment system or delivery of an item. One example is an international business contract agreement where there must be a lot of things agreed in the negotiations for the cooperation to run smoothly. Dunn (2015) also describes negotiations not only on a domestic but also international scale. In international business negotiations, three factors are influenced, namely, background factors, processes and atmosphere. Background factors include the environment and where the negotiators come from because negotiators in each country have their negotiation system. The process consists of three stages, namely preparation of negotiations, face-to-face negotiations and post-negotiations.

Dunn (2015) in his research mentions several characteristics in negotiations, namely: there are several parties negotiating or it can be said that there are at least 2 parties negotiating because it doesn't make sense if only one party negotiates. There is a conflict or need from each party that wants to be resolved because the negotiation aims to bring together two parties with their respective needs with the aim of reaching an agreement between the two parties. In the negotiation process, the nature of justice must be realized where each party must also be able to give and receive the needs or desires of each party. The orientation of each party in negotiating is to seek mutually beneficial mutual agreements, not to seek as much profit as possible for one of the parties.

Negotiation is one of the factors that affect the smoothness of a collaboration. Irianto (2014) in his research mentions several substances that need to be discussed and negotiated between the two parties. Such as negotiations about what to do and what not to be done by the parties concerned. The purpose of negotiations is mutual benefit, so each party must avoid actions that are detrimental to the other party. Discussion of the law caused by cooperation in order to avoid unnecessary actions. In this case, it is also negotiated regarding the anticipation of unwanted circumstances, such as one of the parties who cannot fulfill their obligations due to one reason. So that if something unexpected happens, the other party already knows what to do.

Parmitasari (2019) in his research explains the elements in a negotiation and explains that the most important thing in a negotiation is that all negotiating parties get satisfaction because their wants and needs are met. There are several elements of negotiation, the first is the subject element, which means that there are parties to the negotiation and at least there are two or more parties. Second, there is an object element, namely the existence of a problem or target that needs to be negotiated. Negotiating is bringing together two parties with their respective needs. The third is the element of purpose which has been explained at the outset that the purpose of the negotiation is not about winning or losing but a matter of consensus or agreement that satisfies all parties, not just one party. The last element in negotiations is that negotiations can be carried out because there is conflict or there is no conflict. Because negotiations can also be done in a very simple form.

Based on the results of the analysis, the concept of negotiation in general and the concept of negotiation in Indonesia are not too different. It's just that each country has its own cultural background and people's personality. So that in negotiations, two parties who have the same goal are brought together with different needs plus different cultural backgrounds, moods, personalities and experiences. Negotiation can be interpreted as one of the stages in a business including international business between countries. Negotiation can also be interpreted as the first step in a collaboration. But in a conflict negotiation can be used as a solution to find a way out that is considered beneficial to all parties concerned. In a negotiation there are several characteristics, the first is the existence of at least two or more related parties. Second, there is a common goal to be achieved by each party. The goal is an agreement that achieves justice for all parties, not just the benefit of one party.

Successful negotiations affect the smoothness of cooperation because successful negotiations are negotiations that benefit all parties involved. For successful negotiations, several things need to be negotiated, such as the law resulting from the cooperation that occurs. So that each party

knows what to do and what not to do. It is also necessary to negotiate the anticipation of each party if they cannot fulfill their obligations so that if something bad happens, each party understands what to do. The most important thing in a negotiation is the satisfaction of the desires that have been fulfilled by each party.

### **Conclusion**

Some information about the concept of negotiation in general and the concept of negotiation that applies in Indonesia, the characteristics of negotiations, the main content in a negotiation in the form of important substances a negotiation and also the elements in a negotiation where the aim of the negotiation is the satisfaction of all negotiating parties. We find that negotiations can be interpreted and adapted to the situation at hand. Negotiation is also an important and necessary skill in a business, especially international business.

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