

"Closing the Deal" on the Distributive Negotiation Process

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Keywords	Abstract
Negotiations, Distributive negotiations, Closing of deals	<i>Negotiations have always been going on in the business world. Distributive negotiation is a strategy in negotiations that results in one party losing in the form of arguments or material. In the distributive negotiation process, there are 5 types of closing deals, namely Providing Alternatives, Closing Assumptions, Separating Differences, Exploding Offers, and Sweeteners. Women agribusiness entrepreneurs in the city of Bogor use alternatives, Bank BNI Syariah Medan uses alternatives, namely PT Freeport Indonesia Uses Sweeteners, and Indonesian Government Glasses Use ExplosOffersffer. A good closing agreement is a closing agreement that is adapted to the situation during the negotiation process.</i>

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I. INTRODUCTION

When a business wants to develop and keep up with the times, one of the things that need to be considered is the company's ability to negotiate. The ability to negotiate is very beneficial for companies when they are in a position that needs to win something to achieve their goals. In addition to business negotiations without us realizing it happens in everyday life. When a merchant sells, the consumer can bid on the price and even then, including the negotiation process.

Negotiations are carried out by two or more parties who have a common desire and require deliberation to reach a consensus. In the business world, negotiation is a place to convey wishes to each other. It usually occurs in entrepreneurs and investors, traders and buyers, entrepreneurs and suppliers. All parties have their own goals and strategies to achieve victory in the negotiations.

The type of negotiation carried out is also different, when viewed from the outcome of the agreement, negotiations are divided into win-win, win-loss, lose-win, and lose-lose. The results of the agreement are adjusted to the strategy used by each negotiator.

A common one is the negotiation of win-win solutions or what is commonly known as integrative negotiation. This is because the natural

human instinct does not want defeat, so integrative negotiations are generally used to maintain relations between negotiators because the results do not harm any party. However, other types of negotiations can be used. Negotiation of win-lose solutions or distributive negotiations is a negotiation that is common in the business and political worlds.

Distributive negotiation is a win-loss strategy that will result in one of the negotiators experiencing defeat in the form of material or arguments, thus winning one of the parties and successfully achieving the desired goal. If distributive negotiations are carried out by implementing a good and correct strategy, then the users of the strategy will reach a consensus as desired.

Distributive negotiations are generally carried out during the bargaining process or bargaining between the merchant and the buyer. The negotiable price of the goods will lead to a negotiation process that favors one party, both the seller and the buyer. In addition, distributive negotiations are often carried out when employees negotiate salaries with the company. Sometimes such cases result in the loser being an employee and the winning party is the company. (Tazkiya et al., 2021)

The outcome of these distributive negotiations is very risky. This is because the

decision is a win-loss solution or if there is one party losing and being harmed, it will risk the negotiator relationship, which may or may not break up. again established relationship kerjasama (Retnowati et al., 2022)

If distributive negotiations are carried out arbitrarily then the mutual agreement will not occur, it may even trigger a split because one of the parties does not accept the existing agreement. The strategy used by the negotiator must be considered to reach a good decision even if there are losing parties but the negotiations still reach a consensus. With the risk of distributive negotiations, it is necessary to have an agreement that prioritizes not only wins and losses but also the value of the outcome of the negotiations. The outcome of the negotiating agreement is very important to adapt to the process and arguments of the negotiators. Win-loss is just a metaphor describing the result of the negotiation, but the losing negotiator still feels that his argument is acceptable and does not have much loss.

Based on these problems, this researcher explained more deeply how the outcome of the agreement or the closure of the agreement both in distributive negotiations and their implementation in the distributive negotiation process.

II. LITERATURE REVIEW

Negotiation

Endarmoko (2006) defines negotiation as a bargaining process carried out by negotiating to reach an agreement between the parties (organizations/groups) in which, the parties have common interests but different needs, goals, and objectives. Or is a way of resolving disputes amicably by negotiating for the parties to the dispute.

Some experts themselves have defined the negotiations as follows

a. Fall (2009)

Fells, defines negotiation as a process that occurs between 2 (two) or more people who in this case have the same or different interests, and discuss together to reach an agreement (Fells, 2009).

b. Pruitt (1981)

One of the ways of making decisions made by 2 (two) or more parties, which the parties here discuss to resolve issues regarding their conflicting goals (Pruitt, D.G, 2981)

c. Baguley (2000)

Baguley defines negotiation as a method used to determine decisions that contain the interests of both parties to generate agreements and agents on what

both parties can and cannot do in the future (Baguley, 2000).

In addition, according to Sunarya, 2020 in (Tazkiya et al., 2021) stated that negotiations are a form of business party activity that includes a bargaining or bargaining process and an agreement or acceptance. Hrebenda in (Hasanah, 2019) shares the concept of bargaining in 2 forms, namely direct lobbying, and indirect lobbying. Indirect lobbying will prioritize negotiations conducted through mass media such as demonstrations and campaigns. Meanwhile, direct lobbying is carried out by bringing representatives to face directly with negotiating opponents.

Distributive Negotiations

One type of negotiation that often occurs in everyday life is distributive negotiation. Distributive negotiation is a negotiating strategy that will reach an agreement where one side wins and the other side loses. This strategy is commonly known as negotiations with win-loss agreements (Tazkiya et al., 2021). Lasmahadi, 2005 in (and Hasanah, 2019) said that the negotiation of a win-loss solution will be used when the two sides compete with each other for the most favorable outcome.

According to Roger Dawson, 1999 in (Wahyuni, 2015) distributive negotiations or win-lose solutions will be used because the parties involved in the dispute want the maximum result of the agreement on the problem at hand. Pienaar and Spoelstra, 2008 in (Medina Ramadhany, Nurillah Jamis Achmawati Novel, 2020) define distributive negotiations as a model of negotiation in which there are winners and losers, one side loses and there will also be greater control over limited resources than the other. Even in the sense of these negotiations the negotiators will look more offensive.

Distributive negotiations are win-lose negotiations in which negotiations form a US-them pattern, in which related parties seek their benefits. Distributive negotiations are zero-sum games (Bartos, 1995). These negotiations seek to resolve the problem of sharing unparallel resources (Rouddah et al., 2021). These

negotiations relate to value claims. In distributive negotiations, there is an influence on the attitude taken by the negotiator in resolving the problem at hand, understanding the tactics of the negotiation, knowing the right time to shift values, and ensuring the power possessed to obtain the expected benefits (Griffiths & O'Callagan, 2002). **"Closing Deal" Distributive Negotiations**

A closing deal is a final agreement taken in a negotiation process. According to Girard in (Hames, 2011: 123) closing a negotiation process needs to be carried out when one of the parties is sure that the interlocutor understands that the value of the offer you are offering exceeds the cost. If the negotiating opponent suspects that the one who initially had many objections to the deal but now only a few objections have then that is the right time to do the closure (Umboh, 2017). Intgram, 2004 in (Hames, 2011) many signals are commonly thrown if the negotiation process is ready to close i.e. comments like " I like that size" or " I don't realize you send this every day" or the price turns out to be lower than I thought".

According to Cellich Claude (1997), in determining the final decision requires special skills and techniques to reach an agreement between the parties. The negotiators must use their judgment to determine which method is most suitable for use in their negotiation situation. Some of the techniques commonly used by negotiators in determining *closing deals* are:

1. *Alternative*, is a technique where the negotiator gives more than 1 (one) alternative option for the opposing party in determining the agreement. Usually the options offered can be higher or lower in value.
2. *Assumption*, is a technique that is often used by sellers to speed up the buying and selling process. In this technique, as the name implies, the negotiator considers that the other party has accepted all the provisions after a long discussion.
3. *Split the difference*, is the most famous technique among others. Negotiators will begin to conclude by providing a brief summary of the discussions - discussions that have been conducted by both sides before and suggesting dividing the differences shared by both sides. This method is one of the effective ways and shows that both sides want a fair division.
4. *Exploding offers*, is a technique with a narrow grace period whose purpose is to put pressure on the other party to make a decision quickly. This technique is one of the extreme and manipulative ways.
5. *Sweeteners*, is a decision-making technique using special concessions as a cover. This technique can be used by

negotiators by providing a 'lure' in the form of a plan if both parties have agreed.

III. RESEARCH METHODS

Literature review and descriptive methods are the methods used in this study. The descriptive method is a method where the researcher will describe a phenomenon or event in a series of words according to the problem under study ((Susanti & Cecep Safa'atul Barkah, 2021). It is done by looking for journals and books as credible sources to support the truth of this research. Searches for journals and e-books were conducted with the help of *Google Scholar* and *Mendeley* with the keywords "negotiation", "distributive negotiation", "*win-lose solution*", and "*closing deal*". The keywords resulted in 2,310 journals based on *Google Scholar* and then 15 credible journals and ebooks were taken as the main source for this study. The article journal used is a journal where there are cases of *win-lose solutions* to be examined for *closing deals* that occur. The review is carried out on the results of the discussion and conclusions in the journal source, then developed by the examiner to be seen from the similarities of all sources found.

IV. RESULTS OF RESEARCH AND DISCUSSION

Closing deal Implementation

A group of women food agribusiness entrepreneurs in Bogor City often negotiate on each of their activities (Pambudy, 2018). They as the initial provider of natural resources in the area negotiate with entrepreneurs, suppliers of raw materials, and even investors who want to invest their capital. When conducting negotiations they also rely on several strategies to win, one of which is their advantage as women and their proficiency in communion.

One of the distributive negotiations they conduct is at the time of negotiating for the acquisition of raw materials and when offering products. The parties involved in the negotiations are women entrepreneurs with intermediaries of traders or entrepreneurs to establish future cooperation. 7 women entrepreneurs carry out integrative strategies to win their negotiation process, namely GD, NY, RS, GS, AR, KD, and KC. They will implement integrative negotiations when they encounter a Zero-sum situation. Zero-

sum can be seen when in the negotiation process there is a losing or disadvantaged party.

These women entrepreneurs have experienced distributive negotiations in their internal environment, namely when negotiating salaries. The emotional atmosphere in the work environment in this company is very strong, so even when negotiating, all parties want to maintain their relationship. Therefore, when facing a Zero-sum situation, they will prefer a deal or closing deal in the form of "Provide Alternative". This type of closing deal will provide an alternative to female entrepreneurs or their interlocutors so that the results of the decision are not too detrimental because the decision is of equal value to the winning party.

One of the facilities offered by BNI Syariah Medan Branch is credit or loan funds to help people have business capital or for other purposes (Tanjung & Pratiwi, 2020). Problems began to arise when there was a delay in paying made by the debtor so that Bank BNI Syariah Medan Branch experienced an unhealthy condition caused by bad debts. Banks that feel aggrieved by customers who are late in paying, determine this as a problem that needs to be addressed as soon as possible. Therefore, they choose to negotiate with all customers who are late to pay their dependents. Bank BNI Syariah Medan Branch already feels aggrieved, therefore he set a distributive negotiation strategy to win the negotiations. This is done so that the creditor, namely the bank, no longer suffers losses in any case.

Even though Bank BNI Syariah Medan Branch wants a victory that can fix the problems that harm them, they still want to retain their customers, the and distributive negotiation process needs to be carried out properly. The negotiation process is carried out quite long with various strategies carried out by creditors and debtors. The closing deal to solve this bad debt problem is to provide several alternatives or "provide alternatives" given by the creditor to the debtor. The alternative offered is the rescheduling of the deadline date resulting from discussions between the customer and the bank, re-term terms, and re-agreements the capabilities owned by the customer. This type of decision wins the bank to no longer feel disadvantaged and defeat the customer. But even though customers

feel disadvantaged because they don't get any relief, at least they get results with a value that is not too detrimental.

The state of Indonesia and PT. Freeport Indonesia was involved in the negotiation process when it wanted to transfer the contract of work to a special mining business license that occurred in 2017-2018. The distributive negotiation strategy strongly prioritizes victory for one of the parties in the negotiation process (Raharja et al., 2020). Shares of PT. Freeport Indonesia is divided very unfairly, with 90.6% on the American side and 9.4% owned by Indonesia. The problem occurs when Indonesia's economic benefits are not affected and even seem to be harmed by seeing PT. Freeport takes Indonesia's natural resources. The problem has been smelled for a long time and only action was taken in 2017-2018 by conducting negotiations. The negotiations were held because Indonesia was very aggrieved by the policies of PT. Freeport and implement distributive negotiations with *bargaining power as its strategy*.

According to Brainslav in Raharja, 2020 bargaining power is the level of expertise of the negotiating party so that it can influence its opponent by offering more useful things for the theoponent. Bargaining power is owned by both parties, PT. Freeport has reliable technology and Indonesia has natural resources that are at the heart of the problem. Negotiations conducted were by PT. Freeport Indonesia and Indonesia were won by PT. Freeport Indonesia because of its bargaining power that is superior to Indonesia. PT. Freeport holds the strongest reason, namely the agreement that if violated by Indonesia, the case will be brought internationally. This negotiation was won by PT. Freeport but the closing deal is still carried out by not providing losses that will break the cooperation between the two. The closing deal used is a "Sweeteners" deal tactic by providing other sweeter benefits for opponents so that PT. Freeport Indonesia can win the negotiations. The sweeteners offered are the sophistication of their technology to manage Indonesian mines so that they can be traded.

Google is one of the businesses that taste from America and is engaged in technological intelligence. Google is very adept at running a business and has been able to attract the attention of the public since its emergence shades managed

to make a profit of US\$ 9.401 billion per year (Sinaga & Tarakanita, 2018). Problems began to arise when Google was located in Tanah Abang Indonesia with the name PT. Google Indonesia does not carry out its obligations as a business, which is to pay taxes. Foreign companies residing in Indonesia do not escape their obligation to pay taxes regardless of the company's income.

Negotiations are the most workable thing to do looking at both parties who still need each other, but the problem still has to be resolved. Indonesia's need for technology is owned by Google, and Google's needs require Indonesian consumers. The negotiation process lasted for 1 year and 7 months, and during the process Google was uncooperative and professional. This is due to Google's insistence that it does not want to pay taxes with the amount that has been determined and tries to hide its financial statements for inspection. Uncooperative attitudes can occur in the negotiation process and this can be used as a weapon for the interlocutor. A negotiation process that is too long-winded and hampered will be detrimental to either party. In this case, Indonesia was very disadvantaged because of the tax negotiations of business companies that seemed very long-winded. Until finally Google offered a severalax amounts from its own calculations which were then rejected by Indonesia because it was very detrimental. Seeing that the process has been quite long, Indonesia ended the negotiation process with the "Exploding Offers" agreement or exploding offer so that the opponent immediately agreed to the deal. The form of "Exploding Offers" offered by Indonesia to PT. Google Indonesia is that if Google does not pay within the specified period of time, the matter will be processed in accordance with applicable law. This makes Indonesia win and cannot be underestimated by PT. Google New Zealand.

V. CONCLUSION

Negotiation is the bargaining process of 2 or more parties to reach an agreement. One type of negotiation is distributive negotiations in which the final agreement produces the losing party and the winning party. In the process of distributive negotiations, there are several tactics of agreement or Closing deal that can be carried out according to the existing situation. According to Cellich Claude, there are 5 kinds of closing deals, namely Provide Alternative, Assumption to Close,

Split the Difference, Exploding Offers, Sweeteners. Some cases successfully implement closing deal tactics according to the situation they are facing.

The city's food agribusiness entrepreneurial "Provide Alternative" is usually done between intermediary traders and them when establishing Salary Cooperation and negotiations. BNI Syariah Medan Branch uses the closing deal "Provide Alternative" when problems regarding bad debts. By providing alternative requirements for returning and rescheduling in accordance with customer capabilities. PT Freeport Indonesia and Indonesia used bargaining power in negotiating. The closing was in the form of "Sweetneres" carried out by PT. Freeport Indonesia by providing more sophisticated benefits, namely the sophistication of technology to manage Indonesian mines. Google Indonesia not paying taxes when doing business in Indonesia is a problem point and needs negotiations to be resolved. Google Indonesia, which is often uncooperative and very long-winded, makes It necessary for Indonesia to use the closing deal tactic "Exploding Offers". In the form of if Google does not pay within a certain period of time, the problem will be processed according to applicablelaw.

The proper use of closing deals in a distributive negotiation process will be beneficial for the party who wants to win the negotiation. By looking at the situation and the attitude taken after the closing deal negotiation process will happen properly. Although distributive negotiations will never be fair because the value obtained will not be balanced, it can be minimized by decisions that have almost worth of value.

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