Advances in Business-Related Scientific Research Journal (ABSRJ)
Volume 6 (2015), Number 2

ISSN 1855-931X

BUILDING BLOCKS OF NEGOTIATION POWER: A STUDY OF TOP AND MIDDLE MANAGERS IN OMAN

Iman M. Al-Toubi
Sultan Qaboos University, the Management Department
The Sultanate of Oman
iman.altoubi@gmail.com

Qaboos A. Al-Keyoumi
Sultan Qaboos University, the Management Department
The Sultanate of Oman
qaboosalkeyoumi@gmail.com

Alexandre A. Bachkirov
Sultan Qaboos University, the Management Department
The Sultanate of Oman
alexbach@squ.edu.om

Abstract

The aim of this study is to identify the building blocks of power in negotiation and investigate how Omani managers create their negotiation power. We developed a comprehensive model of negotiation power, the MNP. The model incorporates a set of elements distributed across three levels through which negotiation power can be acquired and developed. In addition, the model identifies a range of auxiliary actions and negotiator characteristics critical to the process of creating and using negotiation power. A group of top- and middle-level Omani managers were interviewed to assess the viability and relevance of the model. The results suggest that, although Omani managers do not use some of the elements of the model, they still go through the stages suggested by the model. Another important finding was that Omani managers have distinct auxiliary characteristics which they use to build negotiation power.

Keywords: negotiation power, Oman, negotiations, bargaining

Topic Groups: International business, Managerial and organizational cognitions and psychology, Organizational behavior

JEL Classification: M12, M54, J53

INTRODUCTION

Negotiation is ubiquitous in management behavior both in and between organizations. Neal and Bazerman (1992) define negotiation as "decision making process among interdependent parties who do not share identical preferences" (p. 42) when resolving differences and allocating resources. Negotiation may be motivated by the need to improve relationships among individuals, resolve conflict, distribute scarce resources, get better deals, and maximize joint outcomes. In order to get the best possible outcomes one should possess negotiation power (Kleef, et al., 2006), and be able to fully understand the negotiation process (Bazerman et al., 2000).

We define negotiation power as the art of taking control of a negotiation and making the other party feel as if they have won while one has achieved what was aimed for. However, we note that power is not a one-sided process and can shift from one party to another during a negotiation. This typically depends on a number of factors including changing circumstances, negotiation events, negotiator behaviors, negotiators' ethics and values, and the process of preference construction by the parties. For that reason, to attain the desired outcomes it is essential to be able to create negotiation power, understand how it works, and be able to manipulate it even if it shifts due to the aforementioned factors.

THEORY

Power has received both theoretical and empirical attention, which produced numerous models and definitions. Perhaps the most well-known definition of power is that provided by Weber (1947), who described power is the probability of a person's ability to pursue his/her own will despite resistance. Drawing on Weber's theory, other scholars further developed conceptualizations of power. For instance, French and Raven (1959) identified the five bases of power, Kipnis, Schmidt, and Wilikinson (1980) advanced a typology of influence tactics, and Emerson (1962) proposed a power-dependence theory.

According to French and Raven (1959), there are five bases or sources of power which emerge from various aspects of a relationship between a target of an actor and the actor himself. It is argued that the actor's power over his/her target is determined by (1) the extent to which the actor is able to give benefits to the target (reward power), (2) the extent to which the actor is able to punish the target if the target does not comply to the actor's demands (coercive power), (3) the actor's possession of special expertise or knowledge (expert power), (4) the actor's legitimate right to prescribe the target's behavior (legitimate power), and (5) the extent to which the target identifies with the actor (referent power). Subsequently, Raven (1974) added knowledge as the sixth base of power.

Another line of research (Kipnis et al., 1980) focused on categorizing and identifying the tactics commonly used by managers when they attempt to make others comply with their requests. (Kipnis et al., 1980) identified nine dimensions of influence (legitimation, pressure, exchange, ingratiation, coalition, rational persuasion, consultation, inspirational appeal, and personal appeal) and examined how the power relationship of a person with other people can influence the likelihood of using these influence tactics. The findings revealed that

inspirational appeal, pressure, and ingratiation are mostly used in a downward direction; exchange, legitimation, and personal appeal typically employed in a lateral direction; coalition is commonly utilized in upward and lateral directions; finally, rational persuasion is usually applied in an upward direction. Another finding was that consultation, inspirational appeal, and rational persuasion are most effective tactics while legitimation, pressure, and coalition are least effective for the purpose of exerting influence inside organizations.

Finally, the power-dependence theory (Emerson, 1962) implies that, "The power of A over B is equal to and based upon the dependence of B upon A." (p. 32-33). To elaborate, dependence is based on two dimensions: (1) it is inversely proportional to the availability to the outcome at stake via alternative sources, and (2) it is directly proportional to the value endorsed to this outcome. This framework considers power to be non-zero sum in nature, which means that power of each party is determined independently by the other party's dependence. Therefore, relative power is distinguished from the total power in the relationship by this dependence of power.

Even though the above approaches can inform the research on power, none of them offers a comprehensive framework which could be applied in research on negotiation in dynamic contexts. To exemplify, French and Raven (1959) identified the sources from which power may be derived, yet slight attention was paid to the implications of power relations for the tactics used by a power holder. Likewise, the question of how these power sources determine one's power relations to other people was not addressed. Other approaches have similar limitations in that they pay little attention to or disregard others.

Furthermore, the above theories were not necessarily intended to capture the particular types of power dynamics found in the context of negotiation and, consequently, do not sufficiently emphasize how power is created in a negotiation context. In sum, former frameworks address power as a construct, but cannot fully explain where power comes from in negotiations.

Research on Negotiation Power

Within the negotiation domain, several research programs focused on power from a negotiation perspective. For example, Patton (2001) discussed negotiation power from the viewpoint of preparation and maintained that negotiation power is driven by thorough preparation. In order to enhance the negotiation power, one should always be well-prepared, which can increase the odds of a desirable outcome (Patton, 2001). Patton (2001) argued that the main reason why people do not properly prepare for negotiations is their misperceptions. For instance, inexperienced negotiators believe that preparation requires excessively hard work and consumes too much of their time and energy. The negotiation outcome, however, is only determined by the relative "power" and resources of the respective parties. Patton (2001) developed a seven-element approach which aims at maximizing preparation and, consequently, maximizing the negotiation power. The seven elements of preparation are: interests, alternatives, relationships, options, legitimacy, commitments, and communication.

Another influential work focused on the issue of power dynamics in negotiations (Kim et al., 2005) and acknowledged that power affects the performance of a negotiator. Addressing the issue of a cohesive framework of power in negotiations Kim et al. (2005) developed an integrative model which decouples power into four components: (1) potential power, (2) perceived power, (3) power tactics, and (4) realized power.

It is important to note that the existing research only focuses on isolated aspects that may increase the negotiation power of one negotiation party. For instance, Patton (2001) considered only preparation as the ultimate component affecting negotiation power while neglecting other components which affect and shift the negotiation power. Kim et al. (2005), on the other hand, only emphasized the components of power ignoring the question where negotiation power stems from. Importantly, these studies do not integrate all the elements which may be critical for developing negotiation power. Moreover, there have been no empirical attempts to investigate these issues in the Sultanate of Oman. Over the past several decades Oman has seen a remarkable economic growth achieved through a successful collaboration of local workforce and expatriates. Because the local business environment has grown to become truly international, there is an urgent need to examine how Omani managers develop and use negotiation power. For the above reasons, we have developed a comprehensive model which builds on and integrates the previous theories and clarifies how power is created in negotiation.

The Model of Negotiation Power (MNP)

The MNP (Figure 1) focuses on the building blocks of power in negotiations. The model suggests that in order to acquire negotiation power, the negotiator should go through three stages/levels and follow certain steps in each level. By doing this, the negotiator will succeed in developing and maintaining the desired type of power. Each negotiation level contains the elements that help achieve negotiation power. The first level (Level 1) refers to a pre-negotiation phase. Once a negotiation has been scheduled, there are three main things that negotiators should do: seek knowledge, prepare, and practice. Seeking knowledge is defined as (1) seeking information about the negotiation as a whole, about the context of the negotiation, why is it taking place, etc., and (2) seeking information about oneself and about the counterpart in terms of identifying the needs, preferences, priorities, and positions, as well as the other party's track record in negotiations. This knowledge is beneficial because it makes negotiators feel more confident, causes them to be more rational in the decision making process, and protects them from being deceived by others no matter what the context of the negotiation is. In addition, this knowledge is an important step for proceeding with the next element at this particular level – preparation. According to Patton (2001), negotiation power is increased by preparation and, in turn, preparation is achieved through a seven-element framework:

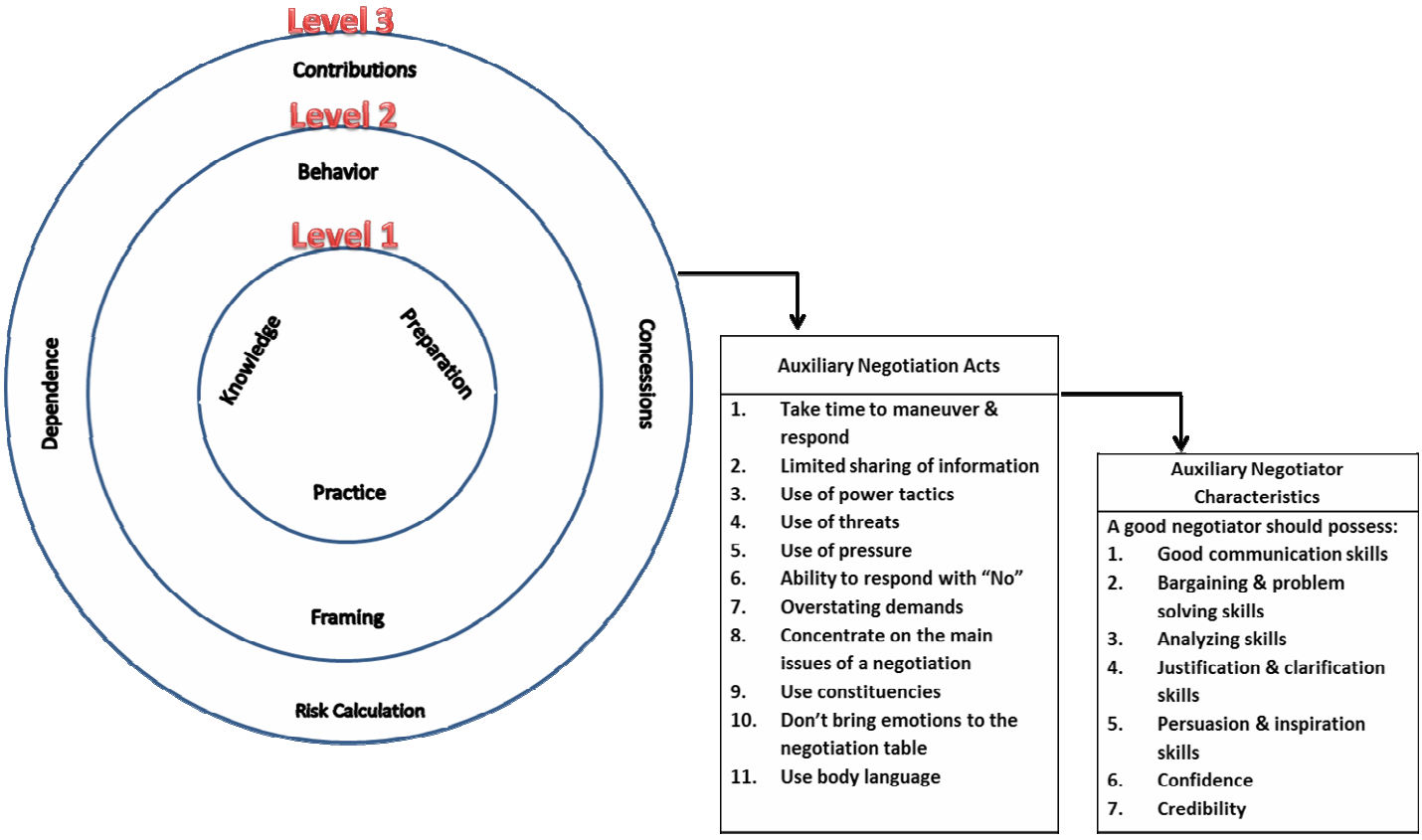
1) Interests: identifying interests at stake, purpose of negotiation, desires, concerns, fears, shared interests, and differences.
2) Alternatives: deciding on one's action if there is no agreement, an estimation of one's best alternative to a negotiated agreement (BATNA) as well as an estimation of the other side's BATNA.
3) Relationships: a negotiator should always seek a collaborative relationship with the counterpart in order to maximize the individual outcome.
4) Options: meeting negotiators' interests that require an agreement of the other party; therefore, negotiators should explore how to meet those interests through an agreement, how to maximize shared interests, and how to creatively meet different interests.
5) 5) Legitimacy: ensuring that both parties feel they are treated fairly; to achieve that, negotiators should be prepared to persuasively make their best arguments, think of possible arguments both sides might present, and have a good answer to the counterpart's arguments.
6) Commitments: options are elements of agreements which only become real when a commitment is made to implement the agreed upon decisions. Commitments allow

the parties to recognize their roles, duties, and actions which must be taken at each step of the negotiation. Having such an agenda ensures that negotiators do not overlook important issues.

7) Communication: negotiators should think about all aspects related to communicating with the other party and how to make the negotiation process easier by discussing where to meet, how often, who should attend, the agenda, the roles, and strategies for identifying creative solutions. Once negotiators have sought knowledge and are fully prepared, they should practice by doing trial runs with a friend or a colleague (Patton, 2001). These will help to learn how to respond to the counterpart especially if one is an inexperienced negotiator and does not have much experience.

The MNP suggests that the activities of each level are not carried out in isolation; moving on to the next level means continuing using the elements from the previous stage along with using the elements of the next level.

Figure 1: The Model of Negotiation Power



Level 2 describes the elements which negotiators should use when meeting the counterpart. These include behaviors and framing together with a continuing usage of elements from the first stage. Negotiators should behave in a certain way when meeting their counterpart depending on what they want from the negotiation and the information they have about their counterpart. When negotiators are cannot find sufficient information about the other party at level 1, they can pretend to be unaware at this particular level in order to get information they are seeking. However, this tactic is not always effective in negotiations.

Therefore, negotiators should apply a totally different strategy when dealing with the other party, especially if they have sufficient information and when circumstances are different in terms of time pressure, relationship with the other party, and other factors. It is important that negotiators behave in an assertive way and display high self-esteem. Negotiator behavior can vary depending on the nature and the context of the negotiation. Specifically, negotiator behaviors can be analytical, i.e., driven by the negotiator's process orientation; driven by task orientation and directed goals, and supportive behaviors driven by relationship orientation and focus on feelings.

Despite of the existence of a range of productive behaviors, negotiators sometimes behave in an irritating and aggressive way. The irritating behavior occurs when a negotiator insults the other party by stating or implying that they are unfair or unreasonable and by stating favorable things about themselves, e.g., saying they are exceptionally generous in making an offer to the other party. Also, negotiators may irritate the other party by aggressive questioning, which although may be unintentional, creates a hostile atmosphere, which in turn leaves a negotiator with less power. Therefore, unless it is the purpose to irritate the other party, negotiators should avoid behaving in this way, particularly if they wish to reach an understanding with the other party and acquire negotiation power.

According to the MNP, the behaviors of negotiators are directly influenced by their characteristics (see "Auxiliary Negotiator Characteristics", Figure 1) and skills. For example, if negotiators have good communication, bargaining, and problem solving skills, they would behave differently than when they lack these skills. Framing, which is the second element of this level, refers to negotiators trying to frame or reframe and redefine the problem to present themselves in a favorable light and acquire more power over the other party. For the purpose of framing, some of the auxiliary negotiation actions (Figure 1) may be used, such as "limited information sharing" accompanied by the attempts to modify the other party's perceptions of their own outcomes. This may help to cause the other party to alter their perceptions, create a different perspective on the negotiation, and perhaps shift to a new level of power. Reframing may also be accomplished by altering the scope of a proposed agreement, looking at the problem from the eyes of an expert, inventing new options that meet both parties' requirements, adding resources to achieve the objectives of both parties, cutting the costs of the other party for compliance, and allowing non-specific compensation in which one party achieves its objectives while the other party gets compensated for accommodating the interests of his counterpart.

After meeting the other party, negotiators move to level 3, which contains four elements: contributions, dependence, concessions, and risk calculation. Contributions are the benefits that each party can provide to the other party in order to reach an agreement. We developed the next element – dependence – by drawing on Emerson's (1962) dependence theory. If one party depends on the other to provide for their needs, then there is no negotiation; the dependent party must comply to, accept, and accommodate the fancies of the provider. As a result, the dependent party holds no power and cannot put their demands on the negotiation table. Therefore, there should be a relationship of interdependence between the two parties so that both could reach an outcome that goes beyond their BATNAs. After meeting the other side and conducting the first round of offers, negotiators should decide on both concessions and risks they are willing to take. The MNP suggests that, if negotiators decide to make no concessions, they insist on their original positions. We also suggest that, when one party starts making small concessions, their negotiation power increases because the other party tends to comply more to the demands by considering the

sacrifices this party is making. In terms of risk calculation, it is related to concession making. When making concessions, negotiators should make sure that neither their concessions nor their decisions put them at risk or jeopardize their negotiation position leading to the loss of negotiation power and suboptimal negotiation outcomes.

The MNP also identifies some auxiliary actions and characteristics that are related to and are simultaneously used with the previously described levels. These auxiliary actions and negotiator characteristics should be used along with the elements of acquiring power to make one's negotiation position more powerful and to increase the negotiation power. In addition, the MNP incorporates French and Raven's (1959) five sources of power available to negotiators. Negotiation power will increase depending on the power source this party has access to: reward, coercive, expert, legitimate, or referent power.

METHODOLGY

The research methodology was based on a qualitative approach. We used semi-structured interviews to collect data from a group of top and middle managers in Muscat metropolitan area, Oman. The interviews were transcribed *verbatim* and analyzed for recurring and unique themes related to different elements that constitute negotiation power and ways in which Omani managers build their negotiation power.

FINDINGS AND DISCUSSION

Level 1

All interviewees regarded knowledge and preparation as the most powerful weapons in building negotiation power. This is due to the fact that, negotiators who do not have an in-depth knowledge of the subject matter, will fail to define their positions and identify their resistance points. Insufficient knowledge owing to inadequate preparation will prevent them from acquiring power over their rivals and, as a consequence, they will not be able to win the negotiation. This supports one of our interviewees' statements: "With knowledge and preparation, one becomes stronger." The MNP separates practice from preparation even though they exist in the same level. This is because only 25% of the interviewees think that practice creates negotiation power. They believe that if negotiators get all the information they need and prepare well, then practice is not of a critical importance.

Level 2

A comment made by one of our interviewees, "Don't label it wrong, name it wrongly", suggests the use of framing. Half of the interviewees used framing techniques to increase the power they already created through the elements of the first level. Framing allows negotiators to control their counterparts indirectly influencing their behaviors in such a way that the probability of the desired outcomes of the negotiation is increased. In addition to framing, 75% of the interviewees carefully monitored their own behaviors when dealing with the other party. They believed that their own actions and manners, as perceived by the other party, were an important factor that could affect the power of negotiators. The interviewees regarded the following behaviors as critical: avoiding aggressiveness while letting the other party be aggressive in order to deplete their energy, exhausting the other party and weakening their negotiation power; remaining calm; behaving naively to elicit information from the other party.

Level 3

Because negotiation power is not only created by pursuing one's own advantage, negotiators should be considerate of the other party's interests, needs, and priorities. This can be achieved by considering what benefits one can give to the other party and by being willing to make concessions to help the counterpart attain all or at least the most important of their goals. The results revealed that 75% of the negotiators always consider what they can offer to their counterparts. The remaining 25% of the interviewed managers do not make concessions and usually give lesser contributions. What is more, the majority of the managers calculate risks associated with their negotiations and calculate the benefits they will gain if they win. Calculating and predicting risks is important to acquiring negotiation power because being able to forecast the dangers enables one to do the best to avoid them. Another interesting finding was that almost none of the managers considers the fourth element of this level, which is dependence, even though it could help them to identify their and the other party's extent of negotiation power. One reason might be that, because Omani negotiators intensely focus on what contributions they give to the other party, they disregard the importance of identifying their dependence on their counterpart.

Auxiliary Actions

Around 75% of the managers use body language as well as analyze the body language of the other party. For instance, they change their position, read the facial expressions of the other party, use a poker face, etc. They also can say "NO" and walk away from a negotiation. However, they only do that when they have thoroughly studied the other party, the situation, and the external factors affecting the negotiation and when they are confident that the other party will reconsider their terms and conditions. Moreover, most of them maneuver and do not haste to respond unless they are under time pressure. They also share limited information with the other party. Nonetheless, it is important to note that Omani managers do not like using threat because they are peaceful and kind and would rather use other methods of persuasion to make the other side comply with their demands. Other key findings of this study include the following. Omani managers do not like to use representatives nor negotiate with representatives of the other party who have limited authority to make decisions; engaging with this type of negotiators is viewed as a waste of time. Some Omani managers use auxiliary actions other than those stated in the MNP. To illustrate, Omani negotiators avoid going too technical, use buffers, try to distract the other party so they will not stay focused during the negotiation, and sometimes wear sunglasses to prevent the other side from reading their reactions and facial expressions.

Auxiliary Characteristics

Regarding the auxiliary characteristics, these include flexibility in dealing with the other party; self-confidence; the ability to establish credibility; good communication, bargaining, and problem solving skills. An interesting finding was that all Omani managers avoid using straight away the negotiation power they have. They believe it is better not to impose one's power on the other party especially if there is time to negotiate. Therefore, they use their power as a last resort. They also believe it is good to convince people rather than to impose power because convincing always brings better results.

CONCLUSIONS

To conclude, this research introduces a comprehensively enhanced model of negotiation power, the MNP. This model can be used to build negotiation power to improve one's negotiation position and get the outcomes close to those expected. It was found that, with

minor exceptions, almost all of the Omani managers go through the steps described by the MNP. It was also found that Omani managers have their own distinct set of actions which are not included in the model. For instance, they use buffers and sometimes wear sunglasses to avoid being facially analyzed by the other party. They also do not like dealing with representatives who do not have sufficient decision making authority. In addition, the use of the negotiation power by Omanis is partially affected by their kindness and peacefulness. All in all, it can be said that the MNP is a good guide to understanding how negotiators can create power in negotiations and reach their goals.

REFERENCES

Bazerman, M. H., Curhan, J. R., Moore, D. A., & Valley, K. L. (2000). Negotiation. *Annual Review of Psychology*, *51*, 279-314. doi:10.1146/annurev. psych. 51.1.279.

Emerson, R. M. (1962). Power-dependence relations. *American Sociological Review*, *27*, 31–40.

French, J. R. P. Jr., & Raven, B. (1959). The bases of social power. In D. Cartwright (Ed.), *Studies in social power*. 150–167. Ann Arbor: University of Michigan Press.

Kim, P. H., Pinkley, R. L., & Fragale, A. R. (2005). Power dynamics in negotiation. The Academy of Management Review, *30* (4), 799-822.

Kipnis, D., Schmidt, S. M., & Wilkinson, I. (1980). Intraorganizational influence tactics: Explorations in getting one's way. *Journal of Applied Psychology*, *65*, 440–452.

Kleef, G. A., Dreu, C. K., Pietroni, D., & Manstead, A. S. (2006). Power and emotion in negotiation: power moderates the interpersonal effects of anger and happiness on concession making. *European Journal of Social Psychology*, *36*, 557-581. doi: 10.1002/ejsp.320.

Neale, M. A., & Bazerman, M. H. (1992). Negotiating rationally: The power and impact of the negotiator's frame. *The Executive*, *6* (3), 42-51.

Patton, B. (2001). Negotiation power. *Executive Excellence*, *18* (4), 8.

Vetschera, R. (2013). Negotiation processes: An integrated perspective. *EURO Journal on Decision Processes*, *1* (1), 135-164. doi: 10.1007/s40070-013-0006-5.

Weber, M. (1947). *The theory of social and economic organization*. New York: Free Press.