

Negotiation Strategies

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INTRODUCTION

What makes some negotiations brilliantly succeed, when other once promising negotiation situations fail miserably? There is a wealth of topics to be explored when it comes to analyzing negotiation, and the various strategies that have been suggested to succeed at this important process. It is a process that occurs every day, both in business situations and in those situations with friends and family (Lewicki, Saunders, & Barry, 2011). Several topics will be discussed concerning effective strategy of negotiation.

Negotiation strategy is extremely important, as without an effective strategy the negotiations are likely to fail or at least not accomplish all that is possible. The following topics will all be explored within the context of cross cultural negotiation strategies. The first section will investigate research on the topic of the communication of emotion in negotiation. Should we communicate our emotions, and if so, at what times, and at which intensities? Secondly, it will investigate the impact on strategy when it comes to cross-cultural negotiation, specifically with regard to anger as an emotion. Also examined is the idea of conveying disappointment in negotiation. Trust will also be examined, and how trust can affect a negotiation strategy.

Additionally, the strategy of issuing an apology as a strategy to facilitate negotiation progress will be examined. Also, the timing and impact of initial offers will be examined, within the context of a cultural framework. Finally, research that does contradict some of the information on sharing information, including items like emotion, will be examined and discussed.

THE STRATEGY OF CONVEYING EMOTION IN NEGOTIATION

In a recent study, Lelieveld, Dijk, Beest, and Kleef examine the conveyance of disappointment in a relationship. There has been conflicting research on the effectiveness of the strategy of this approach. Many have wondered if the revelation of this feeling will enhance or harm a negotiator's chances in securing a better deal for themselves. Does disappointment convey weakness, or does it facilitate the presence of guilt in the other party? (2013)

The researchers actually found that either outcome can occur, depending on the situation. "Interestingly, however, expressions of disappointment do not always elicit a tendency among targets to exploit the other person" (Lelieveld et al, 2013, p. 606). They go on to note that, "According to another perspective, the weakness that supplication emotions communicate may elicit generous offers from targets" (Lelieveld et al, 2013, p. 606). Therefore, the weakness of disappointment can either cause the other negotiator to attempt to exploit the situation, or to make higher offers.

Which of these two situations occurs depends upon several factors. One of these is a pull between social responsibility and strategic responsibility (Lelieveld et al, 2013). One example that this author came up with would be an environmentally conscious distributor talking with their supplier. The distributor may have several suppliers to choose from, and might be able to extract high costs from their suppliers. However, they may prefer one supplier who also is environmentally conscious. Achieving a deal that would threaten the financial integrity of their environmentally conscious supplier may be good strategically, but would threaten their social responsibility. Therefore, the distributor may witness the disappointment of their supplier, remember their social responsibility, and offer a better deal.

The most crucial factor in terms of whether or not expressing disappointment helps or hurts negotiations is the factor of guilt. Guilt "improves relationship quality, reduces

competition, and motivates people to make amends... Moreover, in negotiation settings, guilt stimulates concessions” (Lelieveld et al, p. 606). However, if guilt is not established, then the other party may decide to take advantage of the disappointed party (Lelieveld et al, 2013).

As guilt develops from the result of interpersonal transactions, the interpersonal relationship itself is important. Guilt in a negotiation setting is most commonly experienced when the relationship is close. However, when the relationship is not as close and there is less in common, guilt is less likely to be experienced, and the disappointed party is more likely to be taken advantage of. This kind of research is very much related to group membership, and whether or not the other negotiator is an in-group or out-group member (Lelieveld et al, 2013).

Furthermore, the type of negotiation also favors heavily in whether or not the presence of guilt makes a difference in the outcome. If an individual is negotiating for himself, then guilt is generally felt more acutely than if the negotiator is acting as an agent, negotiating for party(s) whose interests he must maintain (Lelieveld et al, 2013).

PERSONALITY, EMOTION, AND NEGOTIATION

The five factor theory of personality is one of those most common and most empirically sound theories of personality. It codifies a person’s personality among five dimensions; these being extraversion, openness, conscientiousness, neuroticism, and agreeableness. Popularly called the Big Five, research has shown that the model is useful and valid in the majority of cultures around the world (Gurven, Rueden, Massenkoff, Kaplan, & Vie, 2013).

With this backdrop, researchers have examined a specific component of the Big Five, agreeableness, and how it relates to negotiation. The question concerns whether or not agreeableness is an asset or a liability in negotiation, and its impact on negotiation strategy

Dimotakis, Conlon, and Ilies suggest that “whether agreeableness is an asset or a liability depends on the fit between the demands of the negotiation and the negotiator’s disposition” (2012, p. 184).

Individuals high in agreeableness have been defined as “fundamentally altruistic, sympathetic to others, eager to help and be helped in return. By contrast, the disagreeable person is egocentric, skeptical of others’ intentions, and competitive rather than cooperative” (Costa & McCrae, 1992, p. 15).

Agreeableness as an advantage/disadvantage largely depends on whether or not the negotiation situation is integrative or distributive. As distributive situations can be defined by concealment, manipulation, and trying to get the largest piece of the pie, those negotiators higher in agreeableness may find themselves out of place in such a situation. Furthermore, the use of threats and bluffs is going to be easier to generate in a person lower in agreeableness (Dimotakis et al, 2012).

On the other hand, integrative negotiations favor those negotiators higher in the trait of agreeableness. Successful integrative negotiations can sometimes lead to even greater gains than the negotiators anticipated (Lewicki et al, 2011). The defense/defeat model is a model that determines whether or not an individual will assert dominance or acquiesce. A person higher in agreeableness may be more likely to acquiesce at the appropriate times. By focusing on the end rather than the means, it may be possible to attain greater satisfaction for both parties in a negotiation situation (Dimotakis et al, 2012).

This author’s opinion is that information on personality in the context of negotiation is necessary in order to formulate effective negotiation strategies. As online Big Five inventories are very accessible, it would not be difficult to test negotiators for their traits on the index. Then,

depending on the negotiation situation and whether or not it is integrative or distributive, a company can choose which negotiators to send. By choosing the right individual, the company can reasonably see greater gains, regardless of the type of negotiation.

CONVEYING EMOTION THROUGH APOLOGIES AS A STRATEGY

One question that sometimes arises in a negotiation situation, specifically a settlement in a legal matter, involves the strategic value of offering an apology to the other party. Negotiation within a litigious situation brings about special concerns when discussing the crafting of an apology, as it can imply culpability. Robbennolt examines the strategic value of offering an apology in a legal setting (2013).

Specifically, the situation most conducive to an apology in this setting occurs before actually going to trial. In some legal settings, the two parties in conflict will sit down with a mediator before going to trial, in the hopes of saving the time and expense of further legal fees, court costs, and everyone's time. It is during this time that apologies are most likely to occur, and they can make a large difference in the outcome. Even an apology that is seemingly coerced or compelled can still make a large difference in the overall outcome of the case (Robbennolt, 2013). One plaintiff notes the following and refused to settle his case without receiving an apology, "I know for a fact it won't be sincere at this point. I just want them to acknowledge what they did was wrong" (White, 2006, p. 1272).

What happens though when an apology is not delivered directly from the plaintiff to the defendant but rather through a third party, such as a lawyer? Apologies are unique because of their dyadic nature. One person or party has wronged another, and so a direct apology from the offending party generally is most effective (Robbennolt, 2013).

Sometimes, it is safest for a defendant to have their lawyer deliver an apology of sorts, to attempt to ameliorate the situation while at the same time not increasing legal culpability.

Although perhaps not as effective, research has shown that even a delegated apology serves the strategic interests of conflict negotiation better than not apology at all (Robbennolt, 2013).

ANGER, TRUST, AND CULTURE IN NEGOTIATION STRATEGY

In keeping with the theme of emotion and interpersonal relations in negotiation strategy, we now examine this aspect from a cross cultural perspective. Adam and Shirako begin by noting the increased focus on the role of culture and emotions separately, but the relatively scant research on how they interact with each other (2013).

There are a few facts readily apparent from the research concerning culture. One of these is the ineffective strategy of European Americans becoming angry when negotiating with East Asian counterparts. As East Asian culture generally favors harmony, an East Asian negotiator will decrease the number of concessions made if confronted with an angry European American negotiator (Adam & Shirako, 2013).

In a series of four experiments, the researchers further confirmed their hypotheses built on the previous literature concerning emotion and came to the conclusion that there is “consistent evidence that the expresser’s cultural background significantly shapes the effects of expressing anger in negotiations” (Adam & Shirako, 2013, p. 795). This evidence was gathered from various negotiation scenarios, including computer-mediated negotiation, negotiation scenario, and face-to-face negotiation.

Now that the importance of culture on emotions and negotiation strategies is apparent, attention is drawn to another study further examining the impact of culture on negotiation

strategies. Gunia, Brett, Nandkeoylar, and Kamdar discuss the concept of trust and its relation to culture. Generally, Westerners (including Europeans and North Americans) make swifter observations when it comes to trust. Those from the East (including Asia and South Asia) are generally less trusting, but trust can also depend on the situation at hand (2011).

The reason for the difference in trust can be explained by the fact that mechanisms for controlling behavior are different in high versus low trust cultures. “Cultures in which social norms are clearly defined and reliably imposed (i.e. “tight” cultures) tend to enforce behavioral expectations through monitoring and sanctioning (institutional mechanisms) – leaving little room for improvisation or interpretation (Guina et al, 2011, p. 775). On the other hand, those “loose” cultures allow individuals a greater “range of tolerable behavior within which [they] may exercise their own preferences (Gelfand et al, 2010, p.775).

This author’s example of the topic concerns a negotiation strategy in a cross-cultural negotiation between a Taiwanese and American businessman. In this case, the establishment of interpersonal trust may not be necessary. It is important for the American negotiator to know this fact, as without this knowledge, he may spend needless time pursuing a negotiation strategy that hinges on establishing interpersonal trust. As long as institutional trust itself is present, there is no reason that a successful deal cannot go through, regardless of the level of interpersonal trust.

However, this research has not only been conducted in an East-versus-West mentality. Researchers have also examined trust in relation to India and the United States. India is also a high tightness culture. This is defined for most Indians by birth, in that most social interactions take place in familial settings, and that all family members, even those who may live more distantly, can sanction any deviant behavior. This knowledge that one’s actions and their results will be judged by others’ expectations is called simply felt accountability (Gelfand et al, 2010).

These tight cultures are defined by a trust in societal systems, both objectively defined and subjectively felt. This is in contrast to the looser, Western cultures that may not have that social backdrop to reinforce the correct behavior, in the absence of societal expectations (Gunia et al, 2011). Therefore, depending on the culture, a strategy of developing interpersonal or institutional trust is essential.

STRATEGIES OF OFFER TIMING IN TWO CULTURES

The making of an initial offer in a negotiation setting is a very important process. Hardball tactics such as lowballing, especially in the initial offer, can not only inhibit the negotiation process, but can actually end negotiations before they even begin (Lewicki et al, 2013). Adair, Weingart, and Brett note that much research has been done concerning initial offers in a distributive situation in Western cultures. There has been considerably less research investigating how offers are made in an integrative negotiation in an Eastern (specifically in this case, Japanese) culture (2007).

Initial offers in integrative bargaining positions have two goals: creating and claiming value. Value may be able to be expanded, but this value must nonetheless be shared. Japanese negotiators value initial offers for their capability to gain and exchange information. Crucially, they tend to rely on that information that is not actually conveyed in the offer, but rather context cues. This is representative of their high-context communication norms. This is in contrast to Western negotiation, in which the background is low-context in nature, and the facts and figures are more important than context (Adair et al, 2007).

Research has backed up this theory. In experimental conditions, the Japanese tend to make more offers per their number of speaking terms. Americans, on the other hand, tend to

exchange more direct information in relation to their number of speaking terms. Findings indicated that, “the results were highly consistent with [the] theories that Japanese negotiators would use offers early in the negotiation to gather information and that U.S. negotiators would use offers later in the negotiation to consolidate information (Adair et al, 2007, p. 1062).

DIVERGENT OPINIONS

Despite the previous articles recognizing the value of conveying emotions in negotiation, there is research suggesting that the sharing of too much information can lead to less unsuccessful negotiation outcomes. Although negotiation is often an intensely interpersonal affair, Wiltermuth and Neale argue that too much nondiagnostic information can lead negotiators to prematurely end the search for outcomes beneficial for both parties.

The researchers begin by noting the deleterious effects of too much nondiagnostic information (NDI). The presence of NDI has been shown to impair decisional qualities when making consumer purchases. Additionally, it can negatively affect hiring decisions, and most importantly for this research paper, “may also influence how people share information in competitive interactions” (Wiltermuth & Neal, 2011, p. 192). The researchers designed several experiments to test hypotheses on NDI.

In their discussion, it is noted “Negotiators with NDI achieved inferior outcomes and were significantly more likely to reach impasses in these electronically mediated negotiations—a sign that they were not exchanging information about preferences in ways that allowed them to discover mutually beneficial agreements (Wiltermuth and Neale, 2011, p. 199). This hypothesis was also confirmed when it came to face-to-face negotiations. This author believes that one possible explanation for this fact is that there is simply information overload, and all of this

extraneous information distracts negotiators from the important, diagnostic information, such as best alternatives to negotiated agreements (BATNA) and walk-away points. Regardless, this study would seem to indicate that the sharing of too much NDI, like emotional states, can impede successful outcomes.

Hilton and Fein also examined the existence of superfluous information. They note the fact that we are constantly bombarded by nondiagnostic information, and that this information “has been shown to dominate judgments of others” (1989, p. 201). The researchers note that we often categorize people either by their group membership or their individual characteristics. Regardless of the categorization is the realization that this nondiagnostic information can distract from the main, pertinent issues at hand (Hilton & Fein, 1989).

CONCLUSION

It is an exciting time for the field of negotiation. More and more companies are international rather than multinational, and a solid understanding of many cultures is essential both for the company looking to expand and the budding negotiator. The research continues on emotion, and the extent to which emotion and other factors should come into play in a negotiation, versus those facts that are more diagnostic in nature. It is clear from the cross cultural research that the extent to which one displays emotion depends heavily on the culture.

Additionally, the literature shows that one’s culture and background can play a part in how others perceive one’s emotions, particularly concerning such emotions as anger. Adam and Shirako warn of the problem of neglecting emotion within the cross cultural arena by saying, “If we neglect a factor so intricately linked to today’s oftentimes multicultural negotiations, our

ability to explain and predict the effects of expressing emotions is likely to be limited and culturally constrained” (Adam & Shirako, 2013, p. 786).

Furthermore, the research on the role of apologies was particularly compelling. Negotiators should keep in mind that delivering an apology, even one that is not heartfelt, can go a long way in resolving tension and resolving an issue. Offer timing is another concept that to keep in mind when negotiating cross-culturally.

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