

Power is irrelevant in negotiation, only influence is relevant.

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2 Abstract

The Structural Analysis theory considers structural and economic differences between parties and the resulting power difference as the most important factor affecting success in negotiations. The theories of psychological influence provide a different approach and tactics for success in negotiations. This essay analyses the effect of power and influence in negotiations and proposes that ‘power is irrelevant in negotiation, only influence is relevant’.

3 Introduction

“The German ambassador Wilhelm Grewe emphasises that the decision for or against negotiations is determined by the expectation of a win-win situation, which also depends on the perception of one’s own and one’s opponent’s power.”¹ The Structural Analysis theory maintains the opinion that “more powerful parties are better able to control the negotiation process and obtain results to their liking; negotiations only confirm a given power distribution”². “Yet weak parties not only take on stronger ones in negotiation, they often emerge with sizable- even better than expected- results.”³ By analysing this paradox in structuralism, one could get an ideal way to negotiate. “On a parallel track, discussions related to psychological influence are growing. Psychological influence relates to tactics, which do not require the influencer to change the economic or structural aspects of the bargaining situation in order to persuade the target”⁴. The Harvard Negotiation Project (principled negotiation), has already provided an acceptable strategy on how to negotiate. Sun Tsu in The Art of War states, “Strategy without tactics is the slowest route to victory”. Therefore, it is important to consider the right tactics for success in negotiations. Should we choose power or should we choose influence?

In this essay, first, we will consider the definition of negotiation and will try to deduct a relevant tactic. Second, we will define power, consider some examples, and review its relevance in negotiation. Third, we will look at the strategy of negotiation and the tactics of influence. We will discuss two major schools of thought in the psychology of influence with examples of its relevance in negotiations. Finally, we will conclude with a summary of our analysis.

¹ Pfetsch, Frank R. (2007) **Negotiating Political Conflicts**. p.121

² Zartman, I. William(2000) **Power and Negotiation**. p.4

³ Zartman, I. William(2000) **Power and Negotiation**. p.4

⁴ Refer Malhotra, Deepak & Bazerman, Max (2008) **Psychological Influence in Negotiation: An Introduction Long Overdue**.

4 Tactics in Negotiation

4.1 The relevant tactics as per the definition of negotiation

In this section, we will consider some of the most common definitions of negotiation, then we will consider if those definitions can lead us to decide what is relevant in it, power or influence.

“Negotiation takes place when neither party in a conflict is strong enough to impose its will or to resolve the conflict unilaterally. In such negotiations, the parties are formally equal, since each has a veto over an acceptable outcome.”⁵

“Negotiation is a process of defining and reducing alternative positions until a unique combination is reached that is acceptable to all parties.”⁶

“Diplomatic negotiation, in its strict sense, consists of a process of communication between states seeking to arrive at a mutually acceptable outcome on some issue or issues of shared concern”⁷.

“Negotiation is the process of combining divergent viewpoints to produce a common agreement”⁸. “Negotiation is taking place any time two people are communicating, where one or both parties have a goal in mind.”⁹

Negotiation is an “interpersonal process”¹⁰. “Exchange of information, the attributions to which leads, and the ways in which it is shaped for the purposes of mutual social influence, that represents the fundamental strategic issue in negotiation (bargaining)”¹¹.

Each party in a negotiation must acquire information about the other’s true preferences. The true intention of negotiation as per these definitions does not suggest winning at the expense of the other. Therefore, the aim is to create a mutually acceptable result. These definitions are not about a powerful party exercising its power on the weaker. “In the power game, you switch from listening and acknowledging to threatening, from reframing your opponent’s position to insisting on your own, and from building a golden bridge to forcing him down the gangplank”¹². “Real world negotiators often see negotiation as synonymous with influence”¹³. This leads us to conclude that power is irrelevant in negotiation and influence is relevant.

⁵ Zartman, I. William (2008) **Negotiation and Conflict Management: Essays on Theory and Practice**. p.14

⁶ Zartman, I. William (2008) **Negotiation and Conflict Management: Essays on Theory and Practice**. p.17

⁷ Cohen, Raymond(2004) **Negotiating Across Cultures**. p.9

⁸ Zartman, I. William (2008) **Negotiation and Conflict Management: Essays on Theory and Practice**. p.14

⁹ McRae, Brad (1998) **Negotiating and Influencing Skills- The art of creating and claiming value**. p.2

¹⁰ Rubin, J.Z & Brown. B.R(1975) **The Social Psychology of Bargaining and Negotiation**. p.259

¹¹ Rubin, J.Z & Brown. B.R(1975) **The Social Psychology of Bargaining and Negotiation**. p.260

¹² Ury, W.(1991) **Getting Past No- Negotiating with difficult people**. p.111

¹³ Malhotra, Deepak & Bazerman, Max (2008) **Psychological Influence in Negotiation: An Introduction Long Overdue**.

4.2 Power and its effect on the outcome of a negotiation

If power is irrelevant in negotiation, why do people talk about power in the context of negotiation? In this section, we will consider the definition of power, its meaning in relation to negotiation, the reason for the negotiator's obsession with power and the reason for its irrelevance in the outcome of a negotiation.

Social scientists define power as “the ability of one party to move another in an intended direction”¹⁴. The traditional definition in political science “equates power with force and it is a narrow and selective aspect of power that changes the other party's positions by eliminating or threatening to eliminate the other party”¹⁵. Therefore, the perceived meaning of power in the context of negotiation is different from the “larger exercise of power involving persuasion, influence, leverage and pressure”¹⁶. The negotiator's obsession with power stems from the assumption that “one's own advantage could only be obtained at the expense of others”¹⁷.

“Power is an intensely practical subject for all international negotiators.”¹⁸ We will consider the effect of the above definition of power in some selected international negotiations and analyse the relevance of such power.

Negotiators are faced with a choice between power and influence. “At one extreme, one may inspire the other party for their voluntary cooperation through education, logical argument, moral persuasion. At the other extreme, one may try to coerce the other side by worsening their alternatives and by warnings, threats, extortion, and physical force. The more coercive the means of influence, the less likely it is that the outcome will reflect the concerns of both sides, and the less legitimate it is likely to be in the eyes of at least one of the parties. The less coercive the modes of influence, the better their ability to work with each other. The case study of the Antiballistic Missile Treaty of 1972, negotiated between the United States and the then-Soviet Union, is an example of the former type of influence”¹⁹.

Consider the free trade agreement negotiation between the United States and Canada, negotiation between India and Nepal over water resources and Korean War armistice negotiation between the United States and China. In these examples, “at the outset of the negotiation, one side was perceived to be more powerful than the other because of the

¹⁴ Zartman, I. William (2000) **Power and Negotiation**. p.7

¹⁵ Zartman, I. William (2008) **Negotiation and Conflict Management: Essays on Theory and Practice**. p.101

¹⁶ Zartman, I. William (2008) **Negotiation and Conflict Management: Essays on Theory and Practice**. p.101

¹⁷ Pfetsch, Frank R. (2007) **Negotiating Political Conflicts**. p.67

¹⁸ Zartman, I. William (2000) **Power and Negotiation**. p.255

¹⁹ Fisher, Roger, S Andrea Kupfer, Borgwardt, Elizabeth, Ganson, Brian (1997) **Coping with International Conflict – A Systematic Approach to Influence in International Negotiation**. p.121

disparity in resources that each possessed”²⁰. The US economy and military power outweighed those of Canada and China and India had much bigger land area, military power and economic resources than Nepal. Yet, “the party that appeared less powerful at the outset of each of these cases was able to succeed in those negotiations”²¹. “A less powerful party in (an international) negotiation is not necessarily at the mercy of a more powerful party and aggregate resources of each side are not a good predictor of the results in a particular negotiation”²².

The above analysis proves that power is irrelevant in the outcome of negotiations. However, the question remains, why power is irrelevant and why the powerful are unable to exercise their power to their advantage in a negotiation. “Like the rich who take their wealth for granted, the stronger side in a negotiation often does not think much about power since power is something it already has whereas the weaker is preoccupied with power”²³. This leads the weaker party to use other tactics and strategies in their negotiations to win. Sometimes, even the culture of one party can help them to win over a stronger adversary. For example, consider the air traffic negotiation between the USA and Mexico and the control of thorium nitrate negotiation between the USA and India. “Mexicans and Indians are prepared to wait and bargain longer than the Americans”²⁴. Cultural advantage outweighed the power of the USA and was able to gain favourable outcome in the negotiation. These also indicate that power does not alter the outcome of negotiations.

4.3 How to negotiate and what is the relevance of influence?

In the previous sections, we saw the ‘what’ and the ‘what not’ of negotiation. In this section, let us consider the ‘how’ of negotiation and the application of influence tactics. First, we will consider the principled negotiation strategy and the need for a specific tactic. Second, we will consider the study on influence by Cialdini from a psychological perspective and its relevance in negotiations. Finally, we will look at the research by Huthwaite and its relevance in negotiations.

4.3.1 Negotiation strategy and the need for tactics

The most widely accepted strategy for successful negotiation; the Harvard Negotiation Project (principled negotiation) suggests five golden rules to follow while negotiating. They are “1) separate the people from the problem 2) focus on interests and not on positions 3) invent options for mutual gain 4) insist on using objective criteria and 5) develop your ‘best

²⁰ Zartman, I. William(2000) **Power and Negotiation**. p.256

²¹ Refer for full analysis of these international conflicts in Zartman, I. William(2000) **Power and Negotiation**.

²² Zartman, I. William(2000) **Power and Negotiation**. p.257

²³ Zartman, I. William(2000) **Power and Negotiation**. p.256

²⁴ Refer for detailed analysis Cohen, Raymond(2004) **Negotiating Across Cultures**. p.115

alternative to a negotiated agreement' (BATNA) ”²⁵. As per principled negotiation, we create value by expanding the pie, by expanding options, which meets both party's interests. However, as we know negotiation has two elements, “creating value and claiming value”²⁶ or it contains both integrative and distributive elements. The integrative part or creating value part by understanding each other's interest (and increasing the pie) of a negotiation is often “a communication dilemma”²⁷ and it is only half the story in a negotiation. After expanding the pie, claiming value by claiming a fair share of the pie or more is a matter of influence where the other party accepts the outcome. However, how do you communicate with influence, create, and claim value in a negotiation?

4.3.2 Cialdini's Psychology of influence

The noted psychologist Robert Cialdini reveals six laws to influence others, “1) law of reciprocity 2) law of commitment and consistency 3) law of liking 4) law of scarcity 5) law of authority and 6) law of social proof”²⁸. In this section, we will consider influence tactics used in negotiation and its relation to the psychology of influence.

4.3.2.1 Law of reciprocity

Reciprocity gives mutual gain from exchange. “The GATT and the Marrakesh Agreement (that established the WTO) refer in their preambles to ‘entering into reciprocal and mutually advantageous arrangements directed to the substantial reduction of tariffs and other barriers to trade’. The GATT/WTO outcome was based on the use of reciprocity in negotiations”²⁹. “Reciprocity is also cited as a negotiation formula (land for peace, land for security etc) that is created as a platform for negotiations”³⁰.

4.3.2.2 Law of commitment and consistency

There were “several studies using negotiation games”³¹ to see the effect of a pattern of moves by one party affecting the moves by the other party. The general “conclusion implied by such

²⁵ Refer Fisher, R., W. Ury, & B. Patten (1981) **Getting to Yes: Negotiating an Agreement Without Giving In.**

²⁶ McRae, Brad (1998) **Negotiating and Influencing Skills- The art of creating and claiming value.** p.13

²⁷ Foo, Maw Der et.al (2005) **Emotional Intelligence and Negotiation- The tension between creating value and claiming value.**

²⁸ Cialdini, Robert (1993) **Influence-The psychology of persuasion.**

²⁹ Finger, Michael. J. (2005) **A diplomat's economics: reciprocity in the Uruguay Round negotiations.** World Trade Review (2005), 4: 1, 27–40. Available at:

http://journals.cambridge.org/download.php?file=%2FWTR%2FWTR4_01%2FS1474745605002168a.pdf&code=e8fc4c112fead52b7fc0936b8a4b398c as of 03 May 2008.

³⁰ Refer Pfetsch, Frank R. (2007) **Negotiating Political Conflicts.** p.81

³¹ Refer PD games Rubin, J.Z & Brown. B.R (1975) **The Social Psychology of Bargaining and Negotiation.** p.270

research is that cooperation begets cooperation; and conversely, non-cooperation begets non-cooperation”³².

“Gerald R William’s study on effective negotiation style using a survey on lawyers’ behavior provides the relevance of a co-operative style giving results – successful negotiation with an agreement beneficial to both parties”³³.

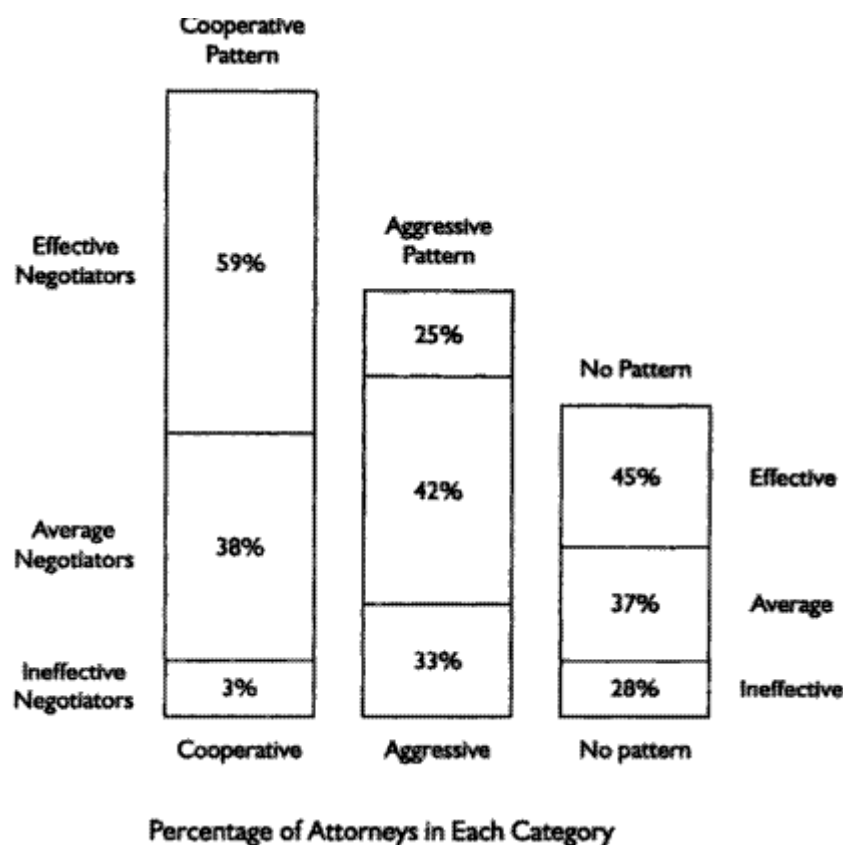


Figure 1. Gerald R William’s study on negotiation styles³⁴

“The US-declared policy of free trade and its determined stance on that question in the GATT Uruguay Round gave Canada a lever for obtaining the Free Trade Agreement with the United States”³⁵. Canada was exerting influence using the law of consistency and commitment in this example.

³² Rubin, J.Z & Brown. B.R(1975) **The Social Psychology of Bargaining and Negotiation**. p.270

³³ Refer McRae, Brad (1998) **Negotiating and Influencing Skills- The art of creating and claiming value**. p.22

³⁴ McRae, Brad (1998) **Negotiating and Influencing Skills- The art of creating and claiming value**. p.22

³⁵ Zartman, I. William(2000) **Power and Negotiation**. p.263

4.3.2.3 Law of liking

The purpose of this tactics of influence is to create a feeling of solidarity and increase the chance of getting the offer accepted. “Where bargainers have, or appear to have, a common opponent – a threatening or intervening third party, for example- referent influence may be used to increase the likelihood of a particular agreement being concluded”³⁶.

This is a common influence attempt seen in movies, where a good cop/bad cop team interrogating a suspect. This social-psychological model of influence is normally applied to individuals but it is applicable in interstate relations and negotiations also.

“Seeking to address different U.S. and European approaches to ending Iran’s nuclear ambitions, former U.S. Deputy Secretary of State Richard Armitage explained in November 2004 that, ‘The incentives of Europeans only work against the backdrop of the United States being strong and firm on this issue. In the vernacular, it’s kind of a good cop/bad cop arrangement’. Others have made the same analogy with respect to diplomacy toward North Korea”³⁷.

4.3.2.4 Law of scarcity

There is no objective way to value an item. However, if many others need it, then we assume that it probably has a value. Law of scarcity is useful in preparing the agenda for a negotiation.

“British Steel Corporation’s contract negotiation with Korf (West German Engineering firm) on the issue of creating a new iron ore plant is a good example of the law of scarcity in negotiations and the effectiveness of this tactics. If you present the stronger proposal first, there will be a great deal of discussion. If it is first on the agenda, time is not scarce. So on a limited time negotiation, selecting the order of issues can use the law of scarcity”³⁸.

4.3.2.5 Law of authority

For law of authority or “expert influence”³⁹ to be effective, one party in the negotiation must be able to convince the other that he possesses a superior knowledge. However, in “international negotiation, a mutually acceptable third party usually exerts expert influence as it is usually difficult to create the expert level of trust between two parties in negotiation”⁴⁰.

The negotiation between Israel and Egypt, which resulted in Camp David, 1979, is a good example of the usage of the law of authority or expert influence of the USA.

³⁶ Rubin, J.Z & Brown. B.R(1975) **The Social Psychology of Bargaining and Negotiation**. p.261

³⁷ Martin, Curtis. H (2007) **“Good Cop/Bad Cop” As a Model for Nonproliferation Diplomacy Toward North Korea and Iran**. Non-proliferation Review, Vol. 14, No. 1, March 2007. Available at: <http://cns.miis.edu/pubs/npr/vol14/141/141martin.pdf> as of 04 May 2008.

³⁸ Pfeffer, Jeffrey (1992) **Managing with Power: Politics and Influence in Organizations**. p.241

³⁹ Rubin, J.Z & Brown. B.R(1975) **The Social Psychology of Bargaining and Negotiation**. p.261

⁴⁰ Rubin, J.Z & Brown. B.R(1975) **The Social Psychology of Bargaining and Negotiation**. p.261

4.3.2.6 Law of social proof

Law of social proof can influence by providing a legitimacy to a particular situation. Such “legitimate influence”⁴¹ can come from acceptable law, precedents, role of press etc.

The role of press in influencing negotiation is a powerful example of the law of social proof. Press is successful in telling its readers what to think (agenda setting), it can facilitate the emergence of a problem as an issue (agenda building) and it can just reflect a government’s agenda to the public (agenda reflecting). “On November, 18, 1981, in a speech at the National Press Club in Washington, D.C., President Ronald Reagan unveiled a new proposal to eliminate U.S. and Soviet intermediate-range nuclear forces in Europe”⁴². A detailed study of the “impact of the Press on the Intermediate-Range Nuclear Force Negotiations provided by Marc A. Genest is a good example in this category”⁴³.

4.3.3 Huthwaite research and the art of asking questions to influence

Over two thousand years ago, “Herodotus observed that the people with the capability to influence ask many questions”⁴⁴. The “Spin- Selling”⁴⁵ method that is created after a study of 35,000 sales calls made by 10,000 sales people in 23 countries over 12 years considers the importance of an investigation stage in sales. The investigation stage stipulated by Spin-selling involves asking two types of questions, one for understanding the customer’s interest and the other for increasing the perceived value of the solution. Huthwaite research proves beyond doubt that “successful negotiators used questions not reasons, as their main persuasive tool”⁴⁶. “Reasons persuade people already on your side, all you can do is to ask the right questions, which will allow people to persuade themselves”⁴⁷.

Lee Iacocca’s negotiation with the Congress for a loan guarantee in 1979 is an excellent example of the power of questions. He posed the question, “would this country really be better off if Chrysler folded and the nation’s unemployment rate went up another half of one percent overnight? Would free enterprise really be served if Chrysler failed and tens of thousands of jobs were lost abroad?”⁴⁸ This example also illustrates the importance of understanding one’s BATNA and the other party’s BATNA to win in negotiations. However, understanding each other’s BATNA is not enough; communicating that in a non-threatening way is an art in itself. With this question, Iacocca is reminding the Congress on what will happen if no agreement is reached to the country and to his company.

⁴¹ Rubin, J.Z & Brown. B.R(1975) **The Social Psychology of Bargaining and Negotiation**. p.261

⁴² Genest, Marc. A (1995) **Negotiating in the Public Eye**. p.1

⁴³ Genest, Marc. A (1995) **Negotiating in the Public Eye**.

⁴⁴ Rakham, Neil (1995) **Spin Selling**. p.39

⁴⁵ Rakham, Neil (1995) **Spin Selling**.

⁴⁶ Rakham, Neil (1995) **Spin Selling**. p.42

⁴⁷ Rakham, Neil (1995) **Spin Selling**. p.42

⁴⁸ Ury, W.(1991) **Getting Past No- Negotiating with difficult people**. p.114

This is also a good example of the negotiation between the powerful Congress and the weak and almost bankrupt Chrysler. In this example, power was irrelevant and Iacocca's style and technique of influencing was more relevant.

5 Conclusion

In conclusion; relative power differences between negotiating parties is not relevant in deciding the outcome of a negotiation. A weaker party could win a negotiation using influence tactics over the other party even if it has more "aggregate power"⁴⁹. One should identify the favorable issues and the BATNA as per principled negotiation strategy and use influence tactics to arrive at a successful outcome. One can exert influence throughout the negotiation by asking the right questions to understand the interests of the other party and convince the perceived value of the suggested outcome for mutual benefit. Along with the strategy of using questions instead of statements, one can use the psychology of influence and achieve results in a negotiation.

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