

POWER IN NEGOTIATION

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Articles:

Hodgson, D (1997). **Making the most of your power**

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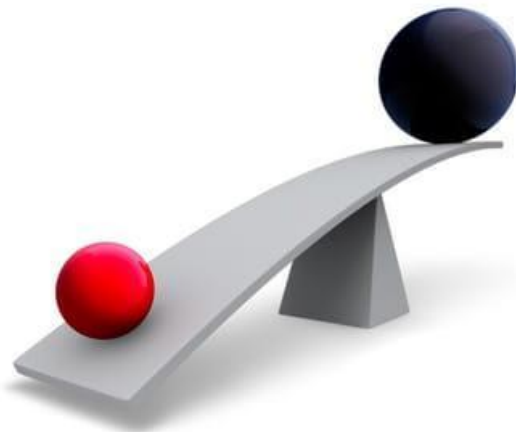
What is power?

In negotiations, parties often attempt direct and indirect pressure to win the situation. Source of this pressure is defined as power. It will give the ability to get the wanted results out of the negotiations. Power has many meanings but mostly it is interchangeably with leadership, influence and persuasion. In some cases, different parties define others' power even before starting the negotiations and it will define the whole negotiation situations more than it should.

Why power is important?

Power in negotiations is important because people believe it is. Before even starting the negotiations all the participants have some kind of assumptions other's powers. Just by the attitude and knowledge who has the most of power, can be significant effect to the result. The one that has more power will have advantages over the other. The one who has power will more likely get negotiations going as one wants. They can easily affect if negotiations continue and what would be the outcome. Power is dependent about the situations and one cannot be powerful in all the negotiations. Power affects to possibility to make decisions as both parties are considering the other one's power. However, the power works only if the other party believes you have it.

Seeking more power starts from two different kinds of need; either the one believes *having less* power and tries to balance the power difference. In the other case, the one believes *needing more* power to increase the other prospect to control the negotiations.



Sources of power

Understanding various sources of power is the key to understanding how it can be exercised. In the table below, we present one way to classify power sources together with explanations and examples.

Source	Explanation and examples
Information and expert power	<p>Your information or expertise can be used as a basis for arguments that support your position.</p> <p>Example: You are selling your company, and you know that a similar company was recently sold for X€. You can use this information to support your position.</p>
Resource control	<p>When you control resources, you can allocate them the way you like, which gives you leverage in negotiations.</p> <p>Example 1: Money - By controlling budget allocations for example, you have additional power in many negotiations within the company.</p> <p>Example 2: Time - If the other party is under time pressure to meet a deadline, you have control over time, which allows you to put lots of pressure on the other party.</p>
Legitimate power	<p>Your rank or position can give you power, so that others will obey you even if it is something they do not like.</p> <p>Example: You have subordinates at workplace.</p>
Location in the structure	<p>Even if you do not have a high rank in an organisation, your position in the organisational structure can give you power.</p> <p>Example: A secretary can have lots of power as a gatekeeper. If you cannot get through her/him, you cannot get an appointment and influence the decision maker.</p>
Personal Power	<p>The personal qualities of an individual can convert into influence.</p> <p>Example. Being friendly can help you establish a personal relationship with the other party which gives you power.</p>

Application of power sources

There are numerous of different influence strategies. The power in action is called influence. The researchers have not reached a consensus on the number of specifically different influence strategies used. Different influence strategies may be effective under specific conditions. Each one of these strategies may be used separately but they can be used in various combinations too, to enhance their strength and impact or to suit the needs of situation as well.

Ten different, useful, influence strategies, which may be used in negotiation:

1. Persuasion

Persuasion is used when negotiator wants to change the other party's mind through information. Rational arguments, logic, facts, analyses, reports, data and any other information is used to construct a fact-based logical case. The primary sources of this strategy are information and expertise. Use of this strategy assumes that the other will make the decision based on high quality information.

2. Exchange

Exchange is a process of explicitly or implicitly offering recourses of favors to secure the other`s compliance and cooperation. Exchange relies on resources as the power base, resources that can be translated into rewards for the other like favors, benefits, treats and perks. Exchange invokes the use of promises and commitments as persuasive tools, obligations we are willing to make in exchange for the other`s compliance or commitment to give us what we want.

3. Legitimacy

Legitimacy is using the power vested in the organizational position or title by asking people to follow directives derived from that position or title. Legitimacy is effective to the extent that the other believes that the request is derived from formal authority base.

4. Friendliness

Using friendliness and attractiveness as influence tactic we hope that we create a relationship with the other person. The friendship that develops will hopefully lead the other to comply simply because friends like each other and help each other out, as well as do favors for each other. This tactic usually requires the relationship already before the request is made, because developing a relationship normally takes time.

5. Praise

In this tactic verbal praise, encouragement and affirmation are used. Verbal reinforcement, approval and praise are highly effective in negotiations to reward the target person for desired behaviors.

6. Assertiveness

Assertiveness is to express what one wants in a forceful, strong style and manner. The way to express assertiveness is by making demands and clearly stating what you want. Assertiveness may work when used selectively.

7. Inspirational appeal

Inspirational appeal combines information with emotional message that appeals to the other`s idealism, personal values and hopes for the future. Inspirational appeals inspire people to

perform, energize them and build feelings and confidence that will hopefully lead to superior performance. Inspirational appeals are often called pep talks, sales pitches or motivational speeches.

8. Consultation

Consultation is the process of involving others in process or in planning strategy or being willing to modify one's own position based on the other's suggestions or ideas. Consultation seeks to draw on the other's information, personal integrity and perspective by asking his advice and input.

9. Pressure

When using pressure, an agent makes demands, suggest consequences about what will happen if the demands are not met, reminds the other party frequently about what is expected and eventually may deliver the punishment if the demand is not met or if it is not met on time. The pressure strategies should be used sparingly and selectively because any use is likely to corrode the relationship between the parties and it may even destroy it.

10. Coalitions

In coalition strategy the agent enlist endorsement or aid of a number of other people and asks these people to make requests to the other party or suggests that many people have already endorsed or supported the desired behavioral objective.

Boost your personal power

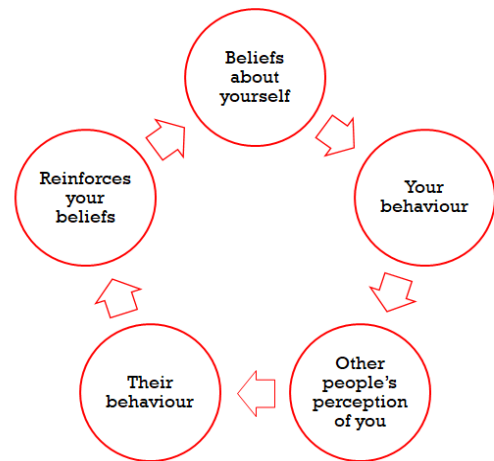
Often when talking about power, external sources such as expertise or rank get more attention than the internal power source – personal power. Personal power can be thought of as the personal qualities that can be converted into influence. “Power in negotiations” notes that a large number of personal qualities can have an effect but the four most important are:

- personal attractiveness (friendliness, being outgoing and showing interest)
- emotion (positive and negative emotions)
- integrity (character, personal values and ethics)
- persistence and tenacity (creativity in finding new ways to pursue the same objective).

Power does not have to be used, the fact that people believe you have it is often the only thing required to make it effective. Because of this, perceptions of power can have a significant effect on negotiation. What usually matters more is perceived power rather than actual power. Therefore, it is important to be aware of your own beliefs about your power and how they might be affecting you. The amount of internal power you have is largely dependent on how powerful you allow yourself to be.

Circle of Beliefs

- Beliefs about yourself and how much power you hold will have an impact on your behavior through negative emotions like anxiety, inadequacy, fear of failure and a general lack of confidence, as well as positive emotions.
- Your behavior then influences other people's perceptions of you, behavior towards you and subsequently reinforces your own beliefs about yourself.



How to boost your personal power

As mentioned, beliefs about yourself and your power can have a significant effect on how powerful you actually are. Before negotiating, you should be familiar with them and how they affect you. “The bucket of beliefs” that have an effect on your own power, confidence and ability to influence consists of confidence, self-esteem and beliefs about yourself.

Four ways to affect them and increase your personal power:

1. Be aware of your power:
 - recognize and acknowledge the external power you have
 - focus on successes in the past, reminding yourself how good you are
 - be aware of what you have to offer.
2. Harness your inner voice:
 - inner voice is often negative, criticizing yourself in absolute terms
 - a reality check allows to put a rein on the inner voice and change the absolutes to shades of grey
 - by turning the inner voice from a negative dialogue to a positive one, it can be turned into an asset, helping feel less nervous and make outcomes more positive.
3. Think about the positive and not the negative outcome:
 - don't get caught up going through all the bad things that might happen, but rather think positive thoughts about how successful the outcome will be.
4. Remember they may need something from you:
 - no matter how powerful the other party seems they wouldn't be negotiating with you if there wasn't something they wanted from you
 - when you are negotiating you always have some power, find out what that power is and where it comes from, that is one way of increasing it.