Power and Negotiation

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Negotiation is a process by which parties try to reach an agreement. Negotiations often involve issues about which parties have incompatible interests. To reach agreement, parties need to resolve or accommodate these differences. Bargaining power is sometimes used to reconcile divergent interests. Because of the integral role that power plays in negotiation, a large literature has focused on it and it is scattered across a variety of fields and disciplines including communication, economics, management, political science, social psychology, and sociology.

There is no accepted overarching theory of bargaining power. Instead, scholars have developed a variety of specific approaches. Although differing in emphasis, they typically examine the basis of power, how power is manifested during negotiation, and the impact of power on negotiation outcomes. This entry describes nine approaches each of which is focused on a central construct related to bargaining power.

Coercive tactics

An early approach to studying bargaining power examined coercive tactics. Coercive tactics are attempts to induce a bargaining partner to make concessions by increasing the value of an agreement or by making nonagreement costly to him or her (Tedeschi & Bonoma, 1977). Rewarding tactics involve giving or promising benefits to a partner, whereas cost-based tactics include punishing or threatening to punish the partner for refusing to concede. A subjective expected utility model is often used to predict when coercive tactics will be enacted and how others will respond to them. When considering which tactics to use, bargainers estimate the probability of success or failure associated with using a tactic and the targets of such tactics base their reaction on the perceived seriousness of the harm or benefit associated with complying or not and the probability that the tactic would be carried out. The degree to which negotiators have carried out their previous threats influences threat credibility and the degree to which they can carry out their current threat affects threat believability. Research using this approach focused on the use and effectiveness of different forms of coercive tactics such as promises versus threats, warnings versus threats, implied versus explicit threats, contingent versus noncontingent threats, offensive versus defensive threats, and compellent versus deterrent threats. When used contingently and consistently, coercive tactics can create positive exchanges with no retaliation or negative feelings (e.g., Molm,

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1994) but in most cases, coercive tactics are negatively related to reaching agreements that yield optimal benefits to all sides (Pruitt, 1981).

Punitive power

Punitive power arises from the accumulation of resources that can be used to harm an opposing negotiator (e.g., building weapons). There are two competing perspectives of punitive power (Lawler, 1986). *Conflict spiral theory* assumes that as two opposing parties accumulate resources their coercive potential increases. To protect themselves, opposing parties reciprocate each other's coercive potential. As one party increases his or her coercive potential, he or she becomes tempted to use it against the opposing party and the opposing party expects to be attacked. Both of these tendencies increase the likelihood that parties will act punitively toward each other. *Bilateral deterrence theory* also assumes that accumulation of resources increases coercive potential which is reciprocated. However, increasing coercive potential decreases a negotiator's fear of being attacked by the opposing party and increases the opposing party's fear of retaliation should he or she attack the negotiator. As long as coercive potential remains equal, then the potential for retaliation decreases the likelihood of conflict escalation. Research shows greater support for the logic of deterrence theory than the logic of conflict spiral theory (e.g., Lawler, Ford, & Blegen, 1988). Although these perspectives are primarily focused on the punitive actions, research also indicates that their logic applies to the use of threats and demands during negotiation.

Dependency

Some scholars argue that alternatives to reaching an agreement constitute the ultimate determinant of bargaining power (Bacharach & Lawler, 1981). This approach emerged from a social exchange theory (Emerson, 1972) and assumes that dependency arises from the perceived number and quality of alternative sources of needed resources afforded to each negotiator (Lawler, 1992). When studying dependency, a distinction is made between the total power in a negotiation system versus relative power. Systems with high total power are those in which both partners have low quality alternatives compared to those in which only one partner has high-quality alternatives or both have high quality. The absence of quality alternatives means that both negotiators constitute each other's best source of needed resources and they are mutually dependent. High total power reduces the use of hostile tactics, increases the use of conciliatory tactics, and is less likely to produce deadlocks. Relative power is the second form and is focused on situations in which one partner has better alternatives than the other. When relative power is high, negotiators often are hostile and less conciliatory toward each other, resulting in deadlocks (Bacharach & Lawler, 1981). In effect, the negotiator with better alternatives tries to force the partner to make concessions and the partner chooses to exit rather than comply.

Negotiators can increase their power during negotiation. When having less desirable alternatives, a negotiator may engage in strategies designed to reduce his or her

dependency on the other party or increase the other party's dependency on him or her (Lawler, 1992).

The dependency approach implies that having alternatives to reaching an agreement should increase a negotiator's outcomes. However, there are two limiting factors to the power of alternatives. First, although alternative offers allow negotiators to reach an agreement that affords them at least as much as their alternative, when an agreement yields benefits beyond that level, the relative contributions made by the negotiators to the agreement determine the distribution of the surplus benefits rather than their alternatives (Kim, Pinkley, & Fragale, 2005). In part, this reflects the fear that the high contributing partner will withhold contributions unless compensated for them. Second, if a negotiator uses his or her alternatives in a hostile (e.g., threaten to take the alternative if the opposing party does not concede) rather than conciliatory way (e.g., offer to work together), the opposing party will reduce his or her dependency on the negotiator and may exit from the relationship (Kim et al., 2005).

The dependency approach also implies that one or both parties having high-quality alternatives should reduce the ability of negotiators to reach integrative agreements (i.e., those which benefit both parties). The results of research have yielded mixed results. Some studies indicate that the relationship between alternatives and reaching integrative agreements is moderated by other variables such as social motivations (Giebels, De Dreu, & van de Vliert, 2000). In some cases, a partner who has low power may increase their efforts to find an agreement that benefits both parties (Mannix & Neale, 1993). Also, dyads in which both partners have high-quality alternatives or only one party does are able to reach integrative agreements but they do so in different ways (Olekalns & Smith, 2013). When both parties have good alternatives, those achieving integrative agreements avoid power assertions, and when only one party has good alternatives, success results from avoiding prolonged argumentation.

Authority

Bargaining power can arise from one's authority within a social system. Two effects of authority have been studied. The first looks at the relative authority of negotiators. Negotiations often take place between individuals with different levels of formal authority (e.g., management and employees). Authority figures often have access to a wide variety of resources (e.g., rewards, punitive capability, information) that can be used during negotiation to their advantage (Bacharach & Lawler, 1980). Those having less authority have fewer resources to trade or to use coercively and instead often rely upon their experience or personal style to influence the other party. This approach implies that those with authority can bring to bear a wider variety of negotiation tactics than can those with less authority. However, this advantage does not mean that those without authority are powerless. For example, research indicates that experienced and productive employees are able to negotiate employment contracts that are adapted to their individual needs (Rousseau, Hornung, & Kim, 2009).

The second effect is focused on the authority of negotiators who are representing constituencies. Representative negotiators often feel pressure from their constituencies

to do as they say and, as a result, negotiate in a tough manner consistent with those desires. This can lead to deadlocks. However, when the constituency provides a measure of authority to negotiate on their behalf, such pressure is reduced and agreements are more likely to occur (Roloff & Campion, 1987).

Status

Status constitutes a person's rank on some dimension valued by members of a social system. Although status and formal authority are correlated, the correlation is not perfect. Status is related to bargaining power in two ways. First, a negotiator's status influences the willingness of others to make concessions. Individuals who are of higher status are viewed as deserving and valuable members of a social system. Consequently, individuals of lower status are more willing to make concessions to them, although this effect is strongest when the concessions are not very costly (Ball & Eckel, 1996). Second, status may also influence the ability to negotiate. For example, Miles and Clenney (2010) created a status-driven theory that relates gender to negotiation. They argue that gender constitutes a diffuse form of status within negotiations arising from the expectation that males are more effective at instrumental forms of interaction than are females. When this expectation is activated and unchallenged during negotiation, males have an advantage. To be effective, negotiators need to use a balance of cooperative and competitive strategies. Such a mixture signals both a willingness to work with another but not at the expense of sacrificing one's own needs. Males are primarily expected to be competitive but, because of their higher status, they can violate these expectations and use cooperative strategies. Females are expected to be effective in communal interactions and when enacting competitive negotiation strategies, they are viewed with suspicion and stigmatized. Hence, females may avoid negotiation or make too many concessions during negotiation. Consequently, because of their status, males are better able to use effective negotiation strategies, which further reinforces their status within negotiation contexts.

Approach and avoidance tendencies

Keltner, Gruenfeld, and Anderson (2003) argued that power reflects an individual's ability to modify the states of others by administering rewards and punishments. Unlike many approaches in bargaining power, this one is less focused on the determinants of power and acknowledges that it can arise from a variety of factors such as authority, status, dependency, or personal accomplishment. Instead, it is primarily focused on the effect of power on individuals. The freedom to exercise power influences an individual's tendency to approach or avoid. When individuals feel empowered, they are more likely to (1) experience and express positive affect, (2) have increased sensitivity to rewards, (3) view others as a means to an end, (4) judge others based on heuristics, (5) approach situations, (6) act consistently, and (7) engage in socially inappropriate actions. Conversely, when individuals feel they lack power, they are more likely to (1) experience and express

negative affect, (2) have increased sensitivity to threats and punishments, (3) view self as a means for others to accomplish their goals, (4) judge others based on deliberative thought, and (5) inhibit their behavior. The theory also notes that factors such as stability and threats to power, accountability, personality, and culture may moderate these effects. Power increases the likelihood that a negotiator will make the initial offer which improves his or her outcomes (Magee, Galinsky, & Gruenfeld, 2007), disclose risky information about their interests (Anderson & Galinsky, 2006), and enter into agreements regardless of whether they enhance or deplete the supply of resources available to others (Galinsky, Gruenfeld, & Magee, 2003) but decreases reactivity to relevant situational information when pursuing negotiation goals (Galinsky, Magee, Gruenfeld, Whitson, & Liljenquist, 2008). On the other hand, decreased power increases negotiators' desire for accurate information and to create positive impressions, which in turn enhances the likelihood that they will ask diagnostic rather than leading questions and questions that are congruent with their beliefs especially when negotiating with a competitive opponent (De Dreu & van Kleef, 2004). Power may improve outcomes in some situations. When a powerful negotiator is predisposed to express positive affect, mutual trust increases and integrative agreements are more likely to be reached (Anderson & Thompson, 2004).

Power asymmetries

Many researchers are interested in situations in which there are power asymmetries (i.e., one partner has more power than the other). Coleman, Kugler, Mitchinson, Chung, and Musallam (2010) created a taxonomy of power based on three perceptual dimensions of social relationships, relative distribution of power (equal to unequal), type of interdependency (cooperative, mixed, competitive), and degree of interdependency (low to high). From these dimensions, they derive five psychological orientations toward conflict which will influence a negotiator's thoughts, emotions, and actions. Benevolence occurs when one party has greater power than the other party, is cooperatively motivated, and perceives high interdependency. In these situations negotiators are confident they can achieve their goals and view the negotiation as mutual problem-solving. They engage in frequent communication and are face supportive. Domination is characterized by situations in which a negotiator has greater power than the other party and perceives high interdependency but is competitively motivated. These negotiators are confident of goal achievement but instead of working together they like to control the situation and may try to exploit the other party. A supportive orientation arises when a negotiator has less power than the other party, wants to be cooperative, and perceives high interdependency. In these situations, negotiators lack confidence in their ability to achieve their goals and are less likely to take action. Instead they are respectful toward the other party and appreciative of any concessions they receive. Appeasement occurs when a negotiator lacks power, is competitive, and perceives high interdependency. In such situations, the negotiator merely tolerates and placates the other party and may attempt to avoid future contact. Finally, an autonomous orientation occurs when a negotiator perceives equal power, has a combination of competitive and cooperative motivations, and perceives low interdependency. These individuals

typically see solving problems as their own responsibility and avoid negotiations. This approach suggests that power asymmetries could lead to different negotiation behaviors (e.g., attacking, problem-solving, or avoiding) and outcomes (e.g., one-sided victories, stalemates, or avoidance) depending on other aspects of relationships.

Cultural values

A great deal of negotiation research including that focused on bargaining power has been conducted in Western cultures and the theories used to guide it are based on assumptions common in those cultures. As interest in cross-cultural negotiation has increased, an approach to bargaining power has emerged which adopts a cultural frame. Rather than simply comparing negotiators from different nations, researchers often focus on cultural values that differentiate cultures. The degree to which a culture's values reflect hierarchy or egalitarianism is related to bargaining power (Brett, 2000). Hierarchical societies are those in which the social structure is differentiated into clear ranks. When parties of different status negotiate, those with lower status defer to the interests of those with higher status. When status is uncertain, negotiators from hierarchical societies endorse and use all forms of bargaining power (Brett & Okumura, 1998). The social structure of egalitarian societies is relatively flat. Individuals in these societies assume that bargaining power will fluctuate across situations and the fundamental basis of power is dependency rather than status. Egalitarian negotiators will use their alternatives as a basis of power when encountering resistance but would prefer to primarily focus on information exchange (Adair, Okumura, & Brett, 2001). This approach assumes that negotiators have power schemas that reflect cultural assumptions about the appropriate use of power. When engaged in intracultural negotiation the schemas should match, but not when engaged in intercultural negotiation. Originally researchers assumed that intercultural negotiations would be difficult because negotiators rigidly adhere to their cultural schemas which may not match. However, current research suggests that they do mismatch but that it results from both parties switching to what they believe to be the other party's schema. For example, when an individual from an egalitarian culture negotiates with someone from a hierarchical one, they both shift their power schemas to be more like the other's (the egalitarian negotiator adopts a hierarchical schema and vice versa) which, ironically, creates a mismatch in negotiation behavior (Adair, Taylor, & Tinsley, 2009). This tendency is more evident for the appropriateness of arguing based on hierarchical status than for power moves (e.g., withdrawing from the negotiation).

Emergent power

The approaches discussed so far focus on pre-existing sources of power that more or less guide negotiations once they begin. Another approach assumes that bargaining power emerges during a negotiation and may change throughout its course. Kolb (2004) argues that negotiators seek to construct legitimate social positions during a negotiation so that

they can better create and claim value. In doing so, they are not only explicitly discussing issues but are involved in a shadow negotiation involving their social positions. One feature of shadow negotiations is a series of strategic moves intended to position a negotiator as competent or legitimate, often at expense of the legitimacy of the opposing party. Strategic moves include actions challenging competency, demeaning ideas, criticizing style, making threats or appeals for sympathy, or flattery. One way to counter moves is to engage in turns which are aimed at restoring the legitimacy of one's position. These include interruptions, naming the move, questioning, correcting, or diverting. Turns can be used to restore legitimacy but may prompt defensiveness. Hence, some negotiators may use turns in a way that invites the opposing party to participate in a discussion of his or her legitimacy rather than to defend it.

Donohue (1981) also developed a framework for understanding emergent power. He argues that competitive negotiation is guided by a set of rules that specify how parties should act and react to each other's communication. By working within the logic of these rules, negotiators can gain relative advantage which can fluctuate throughout the negotiation. Negotiators with the greatest cumulative relative advantage at the end of negotiation achieve the best outcomes.

Lowenstein, Morris, Chakravarti, Thompson, and Kopleman (2005) tied negotiation power to conversational dominance. In their model, individuals exert influence by advancing intricate arguments (i.e., those involving complex causal chains) that the opposing negotiator cannot counter. When negotiating through a medium that requires instant responding, negotiators using intricate rather than simple arguments are better able to bluff and to make their opponents feel dominated, which in turn increases their relative outcomes.

This entry indicates that bargaining power has been studied in a variety of ways. Each approach highlights a different construct for understanding how power arises, is used and its consequences.

SEE ALSO: Bargaining Goals and Plans: Distributive Negotiation Strategies; Emotion and Negotiation; Integrative Negotiation Strategies; Issue Framing; Negotiation Sequences; Power and Conflict; Social Exchange Theories

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