

## ***Business Negotiation Power: How is it Used in the Arabian Gulf?***

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### **Abstract**

The attitudes of business negotiators in the Arabian Gulf towards the use of negotiation power were explored through a qualitative interview-based study. Participants included 21 managers from various organizations in the Muscat metropolitan area of Oman for whom negotiation constitutes an essential part of the job. The semi-structured format of the interviews ensured consistency and flexibility in the data collection. The construct of negotiation power was not defined to allow the participants to focus on how negotiation power should be used rather than on what the sources of negotiation power are. The findings revealed four major types of attitudes: a tendency towards an immediate use of power, a tendency towards a delayed use of power, a tendency towards a reluctant use of power and a tendency towards a principled use of power. The attitudes of principled and reluctant use of power were emphasised most and favoured by the majority of negotiators. Analysis of the narratives showed that the principled use of power was related to the negotiator's concern for economic and psychological outcomes of the counterpart, discreetness in the use of power and the feelings of right and wrong. The reluctant use of power was linked to the strategic preference for trying to build a relationship and trust first and for using persuasive appeals instead of applying power. The implications for the practice of cross-cultural negotiations and negotiation research are discussed.

Key words: power, business negotiation, the Arabian Gulf, qualitative

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## **Introduction**

This exploratory study investigates the attitudes of business negotiators in the Arabian Gulf towards the use of negotiation power. While a body of work on negotiation power exists in the West, no systematic, empirical attempts have been made to examine this issue beyond Western contexts, in general, and in the Arabian Middle East, in particular. Redressing this situation is the purpose of the present study.

Understanding the attitudes of business negotiators in the Arabian Gulf towards the use of negotiation power adds an extra tool to the competency skill set for international negotiators. From this viewpoint, the knowledge of how negotiation power is likely to be used creates a competitive advantage for those global organisations who wish to develop sustainable business relationships in the Arabian Middle East. One rapidly developing area with substantial business opportunities is the Gulf Cooperation Council (GCC), comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. Due to its dynamic growth, the GCC region is attractive to international companies, particularly in such industries as civil engineering, telecommunications and oil and gas. For example, the Plan Abu-Dhabi 2030 includes various infrastructure projects worth over US \$400 billion (Davidson, 2009) and has produced intense international competition for contracts. Because of the large cultural distance (Shenkar, 2001), however, industrial and organisational vendors from outside the Arabian Gulf may find themselves at a disadvantage originating from their lack of knowledge about how local business people use negotiation power. Thus, the need to understand the attitudes of business negotiators in the Arabian Gulf towards the use of negotiation power constituted a compelling reason for this study. The present investigation was conducted in Oman, which is regarded as a typical representative of the GCC countries (Moideenkutty & Schmidt, 2011). Oman is an affluent, oil-rich, modern society that strategically follows a course toward economic growth and development while carefully protecting its cultural heritage and belief system (Peterson, 2004). The next section presents the context of the present study in greater detail.

## **Context**

Over the past several decades, Oman has undergone a period of dynamic economic development (Peterson, 2004) that has transformed the country from an isolationist land into a progressive and and prosperous monarchy aiming to become an important economic player on the global arena (Aycan, Al-Hamadi, Davis, & Budhwar, 2007). Its active involvement in globalisation and international cooperation are evident in the presence of multinational and transnational corporations and the exposure of the local workforce to international management practices. At the same time, Oman is firmly embedded in traditional Middle Eastern culture. Consequently, organisational life in Oman is influenced by the Islamic traditions, work ethic, and tribal codes of loyalty and honor (Ali, 1992; Robertson, Al-Khatib, Al-Habib, & Lanoue, 2001). A salient feature of organisational life is “sheikhocracy”, a strong, top-down, authoritative structure rooted in personal autocracy and supreme respect for those who make the rules (Kassem and Habib, 1989). It is worthwhile noting though that, while authoritarianism is directed towards “out-groups”, consultation is emphasised with “in-groups” (Common, 2008). Within Western cultural research approach, Oman is described as a collectivistic, high power distance, and high uncertainty avoidance society (Moideenkutty, Al-Lamki, & Murthy, 2011).

## Theory

As a field of research, negotiation has enjoyed close empirical attention over the last several decades (Bazerman, Curhan, Moore, & Valley, 2000; Carnevale & Pruitt, 1992). Cross-cultural negotiation has recently emerged as a well-defined sub-field of study (Adair, et al., 2004; Brett, 2000; Metcalf, Bird, Peterson, Shankarmahesh, & Lituchy, 2007). However, a notable limitation of the existing body of literature is that it tends to be rooted in Western values and assumptions (Brett & Gelfand, 2006), which is also true for research on negotiation power (Thompson, 2000).

When negotiation is defined as a decision-making process aimed at reaching an agreement on allocating scarce resources (Thompson, 2005), the issue of negotiation power becomes particularly salient. Supposedly, the bigger one's negotiation power, the more value one could extract from a negotiated agreement (Kim, 1997) by influencing the decisions of the counterpart.

Contemporary notions of power can be conceptually traced to the definition originally suggested by Weber (1947), who viewed power as one's capacity to control people, events and resources despite opposition, obstruction and/or resistance. Later, seminal studies by French and Raven (1959), Kipnis, Schmidt and Wilkinson (1980) and Emerson (1962) substantially advanced the conceptualisation of power. Specifically, French and Raven posited that power can originate from five different sources: position of authority (legitimate power), the threat to inflict punishment (coercive power), the offer or denial of rewards (reward power), identification or affiliation (referent power), knowledge and expertise (expert power). Kipnis and collaborators (Kipnis et al., 1980; Kipnis & Schmidt, 1983) and later Yukl and Tracey (1992) examined power tactics used to attain compliance with requests. The power tactics identified through their research are pressure, exchange, coalition, legitimation, ingratiation, consultation, personal appeal, rational appeal, and inspirational appeal. Lastly, Blau (1964) proposed a theory of power relations known as the "Power-Dependence Theory" that brings together the notions of power, power structure, authority and legitimacy. According to Blau (1964), the degree of one's power over the other is determined by the extent of the latter's dependence on the former.

In the realm of negotiation research, Fisher (1983) advanced a taxonomy of negotiation power incorporating six elements: the power of skill and knowledge, the power of a good relationship, the power of a good alternative to negotiating, the power of an elegant solution, the power of legitimacy, and the power of commitment. Some other noteworthy research programs that investigated power in negotiations are those conducted by De Dreu and Van Kleef (2004), Lytle, Brett and Shapiro (1999) and Wolfe and McGinn (2005). Applying the findings of power research to dynamics in negotiation, Kim, Pinkley and Fragale (2005) recently integrated the most influential theories of power to develop a comprehensive theoretical model comprising four components: potential power, perceived power, realised power and power tactics.

Despite an array of concerted scholarly efforts, extant research is silent on the issue of whether having negotiation power automatically triggers the use of this power. Speculatively, the answer is "yes", given the assumption that "the relatively high-power party is likely to have his or her interests addressed during a negotiation, while the interests of the lower-power party may be ignored" (Wolfe & McGinn, 2005:3). The present investigation tests this assumption by

exploring the attitudes of business negotiators in the Arabian Gulf towards the use of negotiation power.

## **Method**

This study is based on qualitative methodology. Qualitative data were obtained by semi-structured interviews, which ensured flexibility and consistency in the data collection process. The interviews, including their planning, preparation and conducting, were a partial credit requirement for a university course project. Students interviewed Omani managers who negotiate regularly as part of their role. The interviewers followed an interview guide that assisted them in conducting the discussion. The interview guide was designed around such topics as competitive and collaborative negotiation, concession making, power and influence, communication and trust and relationship building. Strategically, negotiation power as a construct was not defined for the participants to encourage them to reflect on how they use negotiation power rather than on what the bases of negotiation power are.

The interview process emphasised anonymity and confidentiality in participation to ensure openness of the interviewees and their willingness to cooperate. Most interviews were digitally recorded with the interviewees' consent. The interviewer took in-depth notes when interviewees were unwilling to have the interview recorded. Twenty-one interviews were conducted, transcribed *verbatim* and thoroughly examined for relevant themes and topics. This study reports on the themes that emerged in relation to the attitudes of Omani business negotiators towards the use of negotiation power.

## **Results**

Four thematic categories emerged during the interview data analysis: a tendency towards an immediate use of negotiation power, a tendency towards a delayed use of negotiation power, a tendency towards a principled use of negotiation power and a tendency towards a reluctant use of negotiation power.

Replying to the question "If you feel that you have more power in a negotiation situation, do you use this power straight away, or only as a last resort?" one negotiator asserted:

*Yes, I use it straight away to ... show them that I am the decision maker.*

This dominating orientation was further confirmed by another manager who illustrated his point in the following way:

*You want the price of the equipment to be lowered but the agent refuses. I will use my power by telling them if they do not come down I will go somewhere else where there are many suppliers for the same product and I have the power to change the supplier at any point of time.*

Some of the interviewed managers, however, confessed their preference for a delayed use of negotiation power. As one interviewee elaborated:

*If I felt myself having a strength point over the other side, I would use my power as a last resort. For example, if I wanted to buy a stock of wood from a supplier at the time when there are other suppliers who can provide me with the same quantity or with even better quality, I wouldn't threaten him. Instead, I would convince him that the deal is in his best interests. However, if I see that he is still refusing to accept my conditions, then I would use my strength point as a last resort.*

An attitude that is conceptually related to a delayed use of negotiation power can be denoted as reluctant use of power. Two subcategories of this attitude were related to the preferences for convincing rather than dominating and for building trust and long-term relationships. This is evident from the following comment:

*If I have negotiation power, I'd prefer to use it as a last tool. In the first stage, I want to see my other skills in convincing people. Sometimes power cannot work with all people but, if a person has a convincing tool this will help him or her to avoid using power unnecessarily. Thus, we have to focus on how to improve our convincing skills and tools and forget about power.*

The motivation to invest in trust building and to establish sustainable business relationships was another underlying reason for the reluctant use of power. Explaining his reluctance to use power in negotiations, one manager reasoned:

*We need to make the customer loyal and build trust between us so that he comes back to us again and again.*

In a similar vein, another negotiator amplified that idea:

*You could throw your first bunch, "These are my demands, take it or leave it. I'm going to have a cup of coffee." But then you don't want to do it the hard way because you still need them in the long run as your partners and they will grow with you.*

Interestingly, a tendency towards a principled use of negotiation power emerged as an attitude favored by most interviewed managers. The three dimensions of the principled use of power were associated with the negotiator's concern for the counterpart's economic and psychological outcomes, discreteness in the use of power and the moral feelings of right and wrong. The driving motivation for these attitudes was often grounded in the expectation of being able to build a solid and lasting business relationship. Expressing a desire to help the counterpart to reach their negotiation goals, one manager pointed out:

*When I negotiate, I use my power but I never make the other party lose. I make them feel happy about the goal and I focus on the long term relationship. ... I use my negotiation power in some situations but I don't like the other party to think that he will lose. Even if I am winning I want the other party to be happy and that happened many times. The reason behind this is that I want them not only for one year, I want a long-term relationship.*

Demonstrating a similar concern for the counterpart's outcomes, another negotiator elaborated:

*You should have the power to show him up. But although you have it, you should make him happy. Your price may be high but then you use that money to really deliver a project to his full satisfaction. He will say, "OK, you have delivered on time, done a very good quality job for me and I am happy".*

Discreetness emerged as the second dimension being related to of a principled use of power. One negotiator described how he tries to make sure the other party does not feel that power is being applied on them:

*In business if we have now a company and we are 90% of their income, by default we are important to them. By default, if we close our business with them, they are gone. The reason behind my being polite in presenting my power to them is that we want them to be comfortable in the negotiation.*

The third dimension of principled use of power is associated with the moral feelings of right and wrong towards using negotiation power. One manager felt very strongly about the morality of using power in negotiations. In her view:

*... **it's wrong** [emphasis added] to make the other party feel – from the beginning or from the first meeting – that you have power. This is not negotiation because the negotiation is a way of two sides, not one side.*

## **Discussion**

The findings of this exploratory study revealed four major types of attitudes: a tendency towards an immediate use of power, a tendency towards a delayed use of power, a tendency towards a reluctant use of power and a tendency towards a principled use of power. The attitudes of principled and reluctant use of power were emphasised most and favoured by the majority of negotiators. Analysis of the narratives showed that the principled use of power was related to the negotiator's concern for economic and psychological outcomes of the counterpart, discreetness in the use of power and the moral feelings of right and wrong. The reluctant use of power was linked to the strategic preference for using persuasive appeals instead of applying power and for trying to build a relationship and trust as a foundation for future business transactions.

Although different conceptualisations of power exist, the content of the construct of negotiation power was not imposed on the participants to allow them to focus on how negotiation power should be used rather than on what the sources of negotiation power are. This strategic methodological decision resulted in a successful elicitation of a variety of attitudes towards the use of negotiation power. Overall, the assumption that the possession of negotiation power is automatically translated into the use of negotiation power emerged as being reductionist and simplistic. A preponderant view among the interviewed managers was that the use of negotiation power should be avoided in the interests of maximising joint outcomes and building a sustainable business relationship.

The findings reported in this study have important managerial implications. For example, negotiation practitioners involved in cross-cultural and international negotiations should consider potential differences in the attitudes towards the use of negotiation power of their overseas counterparts. As this study suggests, negotiators in the Arabian Middle East favor reluctant and principled use of negotiation power. Therefore, those international traders and marketers who choose to employ their negotiation power in a direct, immediate or forceful fashion will likely fail to secure a contract. The present research contributes to the literature on negotiation by enhancing our understanding of cross-cultural differences in negotiators' attitudes towards the use of power.

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