



NOVA SCHOOL OF
BUSINESS & ECONOMICS

PERSUASION & NEGOTIATION

Power Dynamics in negotiation

Introduction

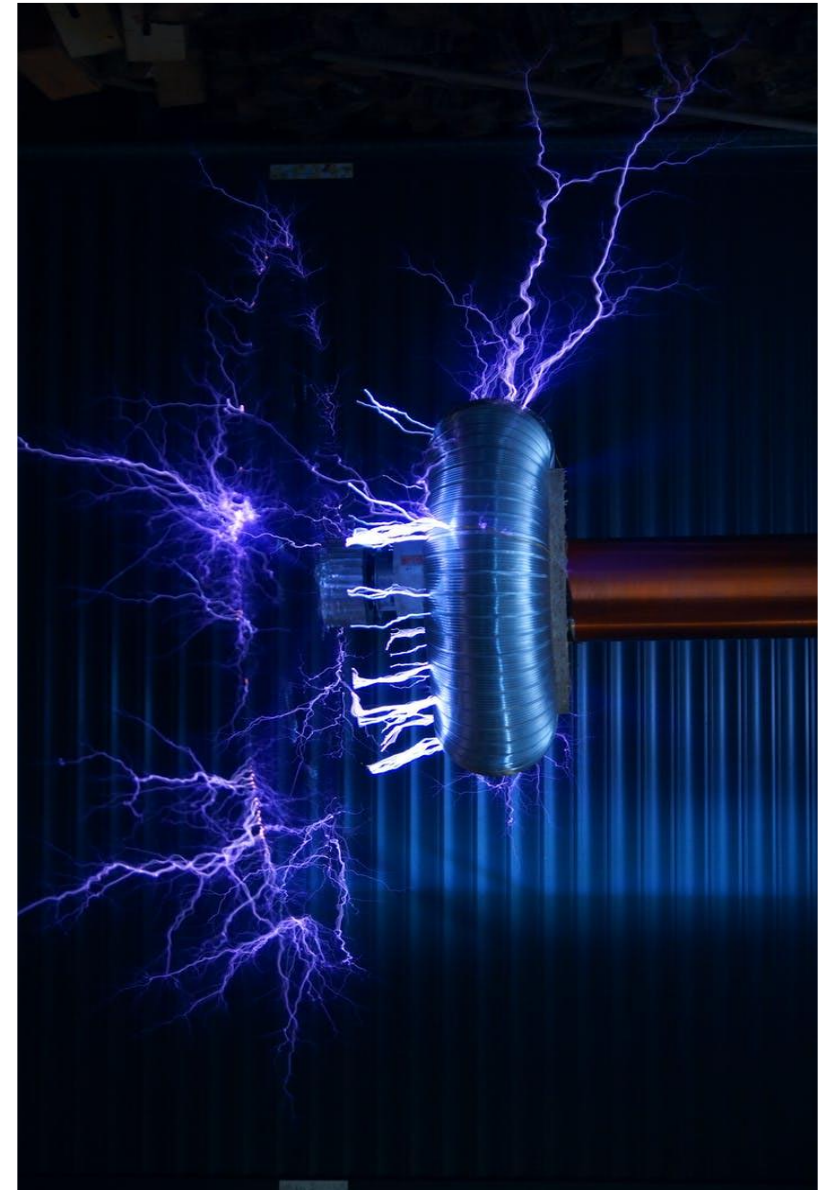
Topics:

1. Why is power important?
2. Five major sources of power;
3. When others have more power.



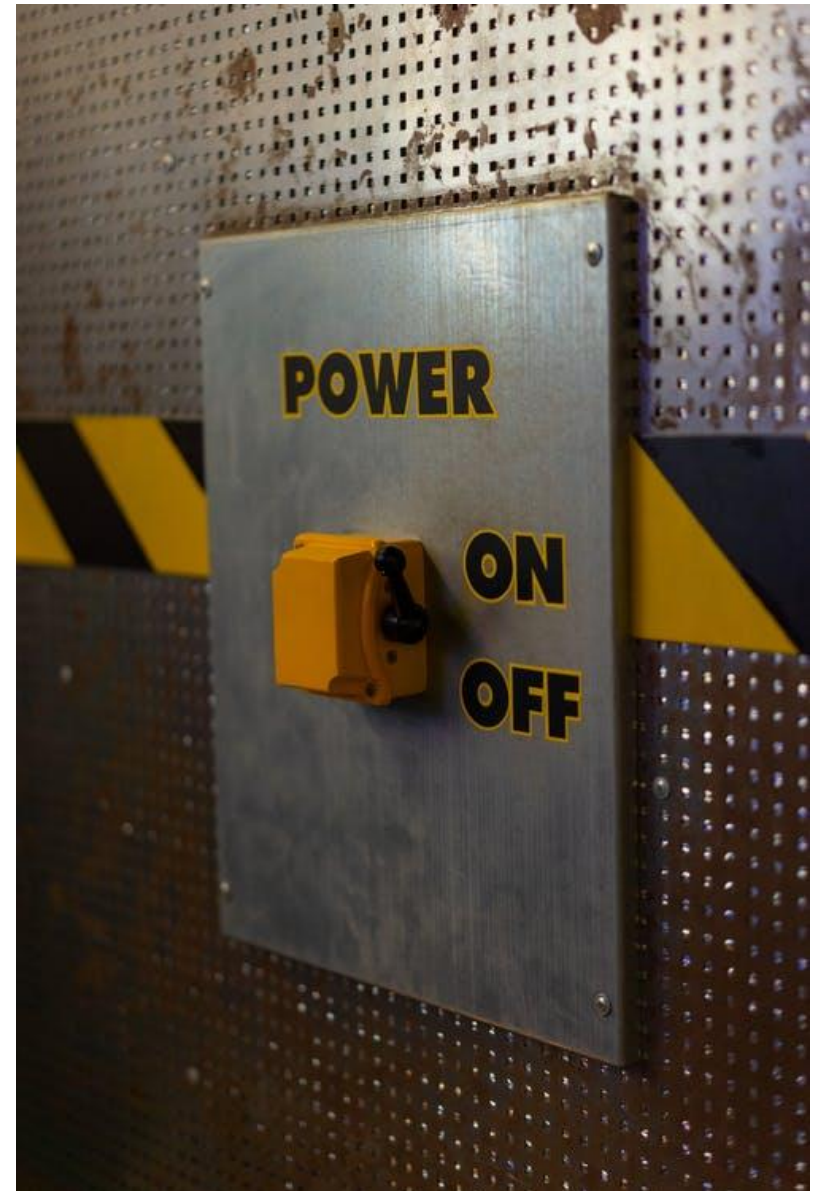
Why is power important?

- Seeking power in negotiation arises from one of two perceptions:
 - The negotiator believes he or she currently has *less power* than the other party.
 - The negotiator believes he or she needs *more power* than the other party.
- Two perspectives on power:
 - Power used to dominate and control the other– “power over”
 - Power used to work together with the other–“power with”



Five major sources of power

- Informational sources of power
- Personal sources of power
- Power based on position in an organization
- Relationship-based sources of power
- Contextual sources of power



Five major sources of power

1. Informational sources of power

- Information is the most common source of power
- *Experts* are those that control the information
- Ability to assemble and organize data to support his or her position, arguments, or desired outcomes
- A tool to *challenge* the other party's position or desired outcomes, or to *undermine* the effectiveness of the other's negotiating arguments



Five major sources of power

2. Personal sources of power

- Based on personality and individual differences
- *Cognitive* orientation
 - Ideologies about power
- *Motivational* orientation
 - Specific motives to use power
- *Disposition* and skills
 - Orientation to cooperation/competition
- *Moral* orientation
 - Philosophical orientation to power use



Five major sources of power

3. Power based on position in an organization

- *Two major sources:*
- Legitimate power which is grounded in the title, duties, and responsibilities of a job description and “level” within an organization hierarchy
 - It is the foundation of our social structure
- Power based on the control of resources associated with that position
 - People who control resources have the capacity to give them to someone who will do what they want, and withhold them (or take them away) from someone who doesn't do what they want.



Five major sources of power

4. Relationship-based sources of power

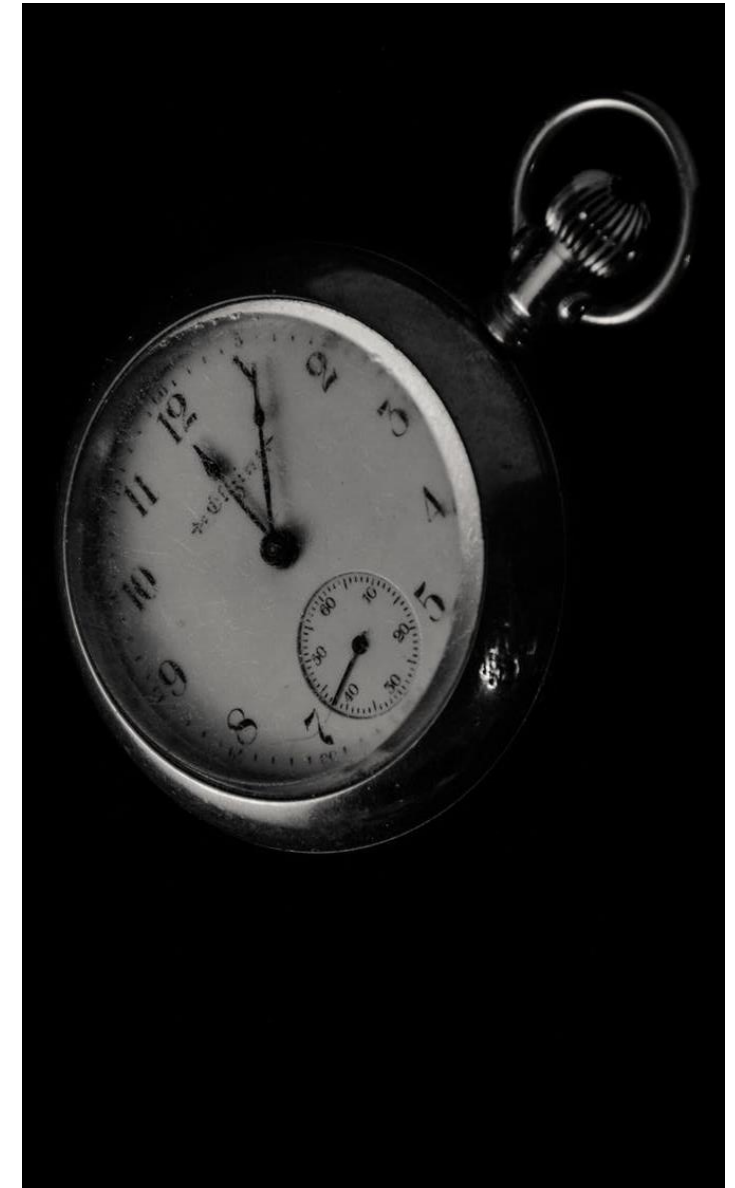
- *Goal interdependence*
 - How parties view their goals (competitive vs. cooperative)
- *Referent power*
 - Respect and admiration
 - Based on an appeal to common experiences, common past, common fate, or membership in the same groups.
- *Networks*
 - Power is derived from whatever flows through that particular location in the structure (usually information and resources)



Five major sources of power

5. Contextual sources of power

- Power is based in the context, situation or environment in which negotiations take place.
- *BATNAs*
 - An alternative deal that a negotiator might pursue if she or he does not come to agreement with the current other party
- *Culture*
 - Often contains implicit “rules” about use of power
- *Agents, constituencies and external audiences*
 - All these parties can become actively involved in pressuring others



When others have more power

- Never do an all-or-nothing deal;
- Make the other party smaller;
- Make yourself bigger;
- Build momentum through doing deals in sequence;
- Use the power of competition to leverage power;
- Constrain yourself;
- Good information is always a source of power;
- Ask many questions to gain more information;
- Do what you can to manage the process.



Negotiation time

Toyonda



Five major sources of power

Questions

- *What other kinds of situations might one find him/herself in where power is/appears asymmetric?*
- **CUSTOMER**
 - *What sources of power did the manufacturer have? What sources of power did you have?*
 - *How can the customer's power be used constructively to foster an integrative agreement?*
- **MANAGER**
 - *What sources of power did the customer have? What sources of power did you have?*
 - *When acting as an agent for an organization in dealing with a customer complaint, how should one proceed when a customer begins making power claims?*



Debriefing: Customer

- **Informational power**
 - Knowledge of reputation importance
 - Knowledge of value to manufacturer of “dead” transmission
- **Personality and individual differences**
- **Position-based power**
 - Resource control: possession of faulty transmission with post-mortem value
- **Relationship-based power**
- **Contextual power**
 - BATNA: EverGo transmission repair
 - Access to a potentially influential constituency, the type of advertising you can't buy in a typical TV or radio commercial



Debriefing: Manager

- **Informational power**
 - Expertise: knowledge of the new model, when problems typically surface
- **Personality and individual differences**
- **Position-based power**
 - Legitimate power: has the formal authority to accept or reject the customer's request
- **Relationship-based power**
 - Access to proprietary data on the new model
- **Contextual power**
 - The expired warranty may have the effect of reducing any perceived need to negotiate at all





POWER

POWER CORRUPTS. ABSOLUTE POWER CORRUPTS ABSOLUTELY.
BUT IT ROCKS ABSOLUTELY, TOO.

www.despair.com

THANK YOU FOR YOUR ATTENTION!