

Striking the best deal: a closer look at negotiation

[Business](#), [Management](#)



Introduction

Negotiation styles must be dynamic and flexible; they ought to be adapted based on the context in which they shall be utilized. These styles may either be competitive or collaborative, depending on the extent to which the individual considers himself and the person he is negotiating with. The following scenario has been relayed for purposes of reflecting on my negotiation style and on the tangible means through which I can improve it.

Negotiation has been overlooked as an important management competency / skill as it was limited to the confines of the conflict - resolution phase. This skill whose aim is to minimize differences between parties, can also be effectively used as a tool for information-sharing, influencing and building or strengthening relationships. This tool is most helpful where the environment promotes openness in communication, particularly in the sharing of information and involvement of everyone in the decision-making in the organization.

Discussion

This paper begins with a thorough discussion of the context in which the negotiation took place. I have worked as a Human Resources Manager for a Battery Manufacturing company for two years now. After a careful review of my performance, I believe that my salary raise has been way overdue. There were several things which I had to adequately prepare prior to my negotiation with my boss. First, I had to gather as much objective / empirical evidence to back up my case. This meant going through my performance reviews, and seeing the achievements and the merits which I have

accomplished for the past two years. I had to make sure that my claims were backed up by verifiable critical incidents. That is, my evidence must be as objective as possible so as to gain credence and strike up a reasonable bargain with my superior. My objective for the negotiation session was to convince my superior that I add value to the enterprise and therefore deserve a raise that will make my recent promotion worthwhile.

I then proceeded to schedule a meeting with my boss and went through the process of negotiating for a salary raise. I began the discussion with asking him about how he evaluated my performance for the past two years. He said that he thought my performance was exemplary and that I excelled more compared to the other managers of the department. I thanked him for his compliments and proceeded by giving a summary of my achievements within the past two years. I supported each of my traits with critical incidents. I ensured support for both technical expertise and soft skills. I also gave a brief rundown of the training sessions which I have attended which demonstrated by authentic intent to improve myself further.

I then showed my boss the strategic map of my company which illustrates the different strategic objectives of the organization, from the various perspectives of our Balanced Scorecard, encompassing financials, customer, best business practice, business development, and learning and growth. I again pointed out how the effective performance of my role is able to contribute to each of the strategic thrusts across these perspectives. He seemed to be convinced of the value of my role and my drive to excel. I then articulated my belief and feeling that my salary increase has been long overdue.

He responded by saying that currently, the company has some financial considerations which has compelled him to be very careful in giving raises lest we go beyond our operating budget. I responded by expressing empathy over his concern; “ yes I understand the situation, Sir”. Since reason appealed more to my boss more than feelings, I decided to further rationalize the need for me to have a raise. I said that based on benchmark data, I feel that my pay is below the industry average when compared to parallel positions in other companies.

I showed him the data. With salaries which are uncompetitive, I put forth that we will surely lose critical talent. I have also added that with the addition of one more child to myfamily, I pragmatically need more financial resources more than ever. He seemed to agree with my arguments and yet he still maintained that the company was currently experiencing financial constraints which I must be able to consider. Again, I have expressed empathy of the situation.

I then proceeded by asking him about his ideas about my proposition. This discussion was very important since both parties were engaged in the brainstorming and decision making process. He again reiterated the fact that the company then was experiencing certain financial constraints. After proposing severla alternatives, he agreed on a ‘ conditional’ raise. First, I would have to show consistency in my performance within the next six months, exhibiting the same level of excellence and results orientation in my work. He said that the financial figures would have shown a turnaround by that time.

I then reassured him that I am willing to compromise and that I thought that the proposal was reasonable. I volunteered to summarize the discussion, and reiterated that I was expecting a 20% raise in my basic salary after an interim performance review, six months from the time of our discussion.. He finally agreed. Finally, for clarity of the agreements between us, I have volunteered to document all that was agreed upon so that we could sign for documentation purposes. He has also agreed with this proposal. I then proceeded to doing the minutes of the session and to have him concur to all that was stated in the document.

There were several things which I have learned from myself from this experience on negotiation. First, it may be beneficial and reasonable to exhibit assertiveness when it is due. Had I not decided to muster all my courage to negotiate with my salary increase, I would not have gotten his word – also, considering the organization’s conservative position when it comes to giving out raises. I have also realized that it is always beneficial to use key principles that ensure the smooth interpersonal relationship between two parties during the negotiation process.

First, I have ensured to maintain or enhance his self-esteem despite being somehow frustrated with the fact that I have not received a raise for such a long time. I have expressed to him that I still felt motivated and driven in my work despite the lack of that hygiene factor – pay. Whenever there were instances wherein it appeared he lacked management skill, I always ‘balanced’ it off with a positive trait. This was to ensure that antagonism would not develop as a reaction from him. I found this very effective and

critical in the process of negotiation. Next, I have also practiced the use of empathy.

I always assured him that I understood the tight financial position that the company was experiencing then. I also assured him that I understood why he was not able to recommend a raise for me within 2 years' time when he explained that the company was still in financial rehabilitation. Another effective technique was to engage him in brainstorming for ideas. If the idea solely came from me, he would surely not have buy-in with it and would tend to antagonize it. On the contrary, since he was part of the process of thinking of the best alternative for resolving the situation, he remained amiable and accepting throughout the whole process. This facilitated the discussion and made us arrive at a mutually beneficial option.

There were also several things which I have learned about my superior following that session. I have realized that he was a very rational person, who bases his decisions on empirical data. He wanted support for all that was said. I feel that this was reasonable and has helped encourage objectivity from both parties. I came to the session prepared with all the necessary documents to support my arguments, knowing that he will be more appreciative given all these 'evidence'. In effect, the sense of subjectivity from both parties is diminished which also helped maintain that atmosphere of amiability. I then realized from the experience that it is very important for a manager to be psychologically prepared before going through any negotiation or bargaining process.

This experience was quite different from the parties whom I have negotiated with in the past. One difference was the personality of the party whom I was

negotiating with – my superior was highly objective and was willing to negotiate. Such willingness and objectivity are very important. There were parties in the past who appear to be very antagonistic to begin with, and were not willing to compromise. In effect, the session was simply about manipulation and getting the other party to agree to what one wants. This is a wrong assumption, and is marked by close-mindedness. Another difference which I have noted was the willingness of my boss to reach a reasonable compromise. He listened to my arguments and assessed if they held water. If they did, he acknowledged them and were open to them. He also considered the financial constraints of the company and had to adjust his proposition so that both parties may benefit.

It should also be noted that in the process of negotiation, managerial-level bargaining is controlled by the organization in such a way that the company's interest is placed at top priority, unshadowed by the personal interest of the manager (Ramundo, 1992). The effectivity of the negotiation is also seen in the prevalence of the organizational interest as negotiation can be exploited to serve the manager's or negotiator's personal objectives. In the future, I would proceed by researching not only about the profile and the ways of my superior per se, but also of other factors which may influence the bargain. For instance, I was not able to take into consideration the fact that the company was then experiencing financial constraints at that time. A profound knowledge of all the factors that may affect the negotiation process is critical, so that the alternative reached after the process is one that is realistic and that does not put undue pressure on either party.

Conclusion

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The competency of negotiation is a must for every manager. As a business leader, the ability to communicate with persuasion, presenting an idea and coming up with options in order to reach an agreement between parties is a well-known, yet unmastered competency. Studies have shown that this skill has been linked to Emotional Intelligence. Ergo, being a good negotiator entails possessing a high EQ. But like any other skill, the researcher believes that negotiation can be developed through training, concepts, knowledge of the techniques and practice. I have learned from the experience that it is important to exhibit assertiveness and effective interpersonal techniques during the negotiation process. Moreover, it may also be helpful to 'size up' the party you are bargaining with to be able to use the most suitable bargaining techniques.

I have realized, too, that more than convincing or influencing decisions, negotiating is also about developing and maintaining relationships. In the field of business, this is one of, if not the most important aspects in surviving in its tough arena. The negotiating table is a staple in the life cycle of business – from the start of the partnership, to term modifications until the end of the business relationship.

When one speaks about the skill or process of negotiation, it is usually associated with business deals, bargaining or conflict resolution. However, little did most people know that it is also one form of influencing which is aimed at achieving win-win outcomes (Manning & Robertson, 2004). It was also described as the process wherein parties meet having different objectives and / or values basing from their motives or interests. The end product of such process is to at least minimize the conflicting differences, so

as to reach a mutual agreement. In the experience which I have just related, I was willing to compromise in having a raise, but within a time frame proposed by my boss. If I had insisted on what I wanted and was not willing to delay gratification, this could have possibly bred antagonism and would have pre-empted the smooth closure of the negotiation process.

Though the definition may sound too theoretical, managers are very aware of its practical power in the lifeblood of businesses in all industries. It is through negotiation that the business is opened up for partnership, whether it is for dealers, suppliers or customers. For issues that may be surrounding the deal or service, the negotiating table is the venue for smoothing out these issues and maintaining the business relationship. And in the final stages of the business partnership, remaining issues or options on the business are discussed in the process. Following these circumstances, conflict can readily emerge in the process due to the premise of persuading another party to be performing an action or agree to an idea which may be quite disagreeable for some reason.

More specific examples of negotiation can be seen in the following: Managers do negotiation with union contracts (Walton & Mackenzie, 1965), resource prices and allocations, delivery schedules, promotions, compensation packages (Lax & Sebenius, 1986; Murningham, 1992), and a myriad of other aspects of organizational outcomes (Wall & Blum, 1991).

This was further emphasized by Mintzberg (1993), pointing out that negotiation was identified as a primary managerial role, particularly in decision-making. Ramundo (1992) postulated that almost two-third of the managerial function is devoted to dialogues in all levels within the

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organization even if this was not primarily considered in orthodox writings on management. Over the years, organization-based negotiations have not only increased in frequency, but also has become more critically complex. Wall & Blum (1992) observed that it has likewise put on a more ambiguous and changeable which could be attributed to the interdependencies between organizations brought by the globalization and the trend of diminishing boundaries. In addition, they also cited the cross-cultural differences brought by international business as well as the current pack of employees who are well-educated possessing knowledge of expert caliber.

Thus, as a manager, I feel that negotiation ought to be a core competency, since in the organizational setting, there are many conflicts where negotiation may be useful. Through a thorough knowledge and practice of negotiation techniques, these situations may be handled with greater ease.

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