Chapter 8
Finding and Using Negotiation Power

Overview
In this chapter, we focus on power in negotiation. By power, we mean the capabilities negotiators can assemble to give themselves an advantage or increase the probability of achieving their objectives. All negotiators want power; they want to know what they can do to put pressure on the other party, persuade the other to see it their way, get the other to give them what they want, gain one step up on the other, or change the other’s mind. The tactics of distributive bargaining and integrative negotiation are leverage tactics—tactics used to exert influence over the other party in the service of achieving the best deal, most commonly only for the self.

We begin by exploring the nature of power, showing why power is important to negotiators, and discussing some of the dynamics of its use in negotiation. We focus on the power sources that give negotiators capacity to exert influence. Of the many sources of power that exist, we consider three major ones in this chapter: the power of information and expertise; power derived from personality and individual differences; and the benefits of power that may derive from one’s structural position in an organization or network, including control over resources. We also explore the nature of the relationship between the negotiating parties and the power derived from the specific context of a negotiation.

Learning Objectives

1. Understand different approaches to defining “power” in negotiations and why power is critical to negotiation
2. Explore different sources or bases of power in negotiation.
3. Consider different strategic approaches for negotiators who have more power and for negotiators who have less power and must deal with others who have more power.

I. Why is Power Important to Negotiators?

Most negotiators believe that power gives one negotiator an advantage over the other party. Seeking power in negotiation usually arises from one of two perceptions:
- The negotiator believes they currently have less power than the other party.
  - The negotiator believes the other party has some advantage, so they seek power to offset or counterbalance the other’s advantage.
- The negotiator believes they need more power than the other party to increase the probability of securing a desired outcome.
  - The negotiator believes that added power is necessary to gain or sustain their own advantage in the upcoming negotiation.

Embedded in these two beliefs are significant questions of tactics and motives.
- Tactics may be designed to enhance the negotiator’s own power or to diminish the other’s power, and to create a state of either power equalization or power difference.
- The motive questions relate to why the negotiator is using the tactics—usually two major reasons.
First, and more commonly, negotiators employ tactics designed to create power differences as a way to gain advantage or to block the other party’s power moves.

Second, less commonly but equally necessary, negotiators employ tactics designed to create power equalization as a way to level the playing field—with the goal of minimizing either side’s ability to dominate the relationship.

Box 8.1 (summarized in the bullets below) presents a framework that evaluates when negotiators might use power as a tactic, as opposed to a focus on interests or an emphasis on “rights” in a dispute.

Box 8.1: Interests, Rights, and Power in Negotiation
- Negotiators focus on interests when they strive to learn about each other’s interests and priorities as a way to work toward a mutually satisfying agreement that creates value.
- Negotiators focus on rights when they seek to resolve a dispute by drawing upon decision rules or standards grounded in principles of law, community standards of fairness, or perhaps an existing contract.
- Negotiators focus on power when they use threats or other means to try to coerce the other party into making concessions.
  - Negotiators cycle through all three strategies during the same encounter.
  - Negotiators tend to reciprocate these strategies.
    - Starting a negotiation by conveying your own power to coerce can bring a quick settlement if your threat is credible.
    - Power tactics (and rights tactics) may be most useful when the other party refuses to negotiate or when negotiations break down and need to be restarted.
    - The success of power tactics (and rights tactics) depends to a great extent on how they are implemented.

In general, negotiators less concerned about their power (relative to others) or who have matched power with the other find their deliberations are easier and reach acceptable outcomes.

- In contrast, negotiators who do care about their power and seek to match or exceed the other’s power are seeking a solution where they either do not lose (a defensive position) or dominate the negotiation (an offensive position).

II. A Definition of Power

There are two perspectives on power
- Power used to dominate and control the other—more likely in a distributive bargaining context.
  - From the power holder’s point of view, this fits a power over definition, implying that power is fundamentally dominating and coercive.
  - The receiver experiences this power as powerless and dependence.
  - The dynamics of this power relationship can range from benign and supportive (mentoring) to oppressive and abusive (dictatorial parent).
Power used to work together with the other—more likely in an integrative negotiation context.
- The power holder views power as power with, jointly developing and sharing power with the other.
- The receiver experiences this power as empowering and independence, and its dynamics reflect the benefits of empowerment.

The statement “A is more powerful than B” should be viewed from three distinct yet interrelated perspectives.
- Environmental power, or “A is more usually able to favorably influence his overall environment and/or to overcome its resistance than is B.”
- Relationship power, or “A is usually more able to influence B favorably and/or to overcome B’s resistance than B is able to do with A.”
- Personal power, or “A is usually more able to satisfy his desires than is B.”

There is a weakness of any discussion of power.
- First, the effective use of power requires a sensitive and deft touch, and its consequences may vary greatly from one person to the next.
- Second, not only do the key actors and targets change from situation to situation, but the context in which the tools of power operate changes as well.
  - This only allows us to identify a few key sources of power and offer general statements about how they operate in negotiation contexts.

III. Sources of Power – How People Acquire Power

Understanding the different ways in which power can be exercised is best accomplished by looking at the various sources of power.
- Expert power: derived from having unique, in-depth information about a subject.
- Reward power: derived by being able to reward others for doing what needs to be done.
- Coercive power: derived by being able to punish others for not doing what needs to be done.
- Legitimate power: derived from holding an office or formal title in some organization and using the powers associated with that office.
- Referent power: derived from the respect or admiration a person commands because of attributes like personality, integrity, and interpersonal style.

In this chapter, we take a broader perspective on power as it relates to negotiation and aggregate the major sources of power into five different groupings (See Table 8.1)
- Informational sources of power.
- Power based on personality and individual differences.
- Power based on position in an organization.
- Relationship-based sources of power.
- Contextual sources of power.

A. Informational Sources of Power
Information power is derived from the negotiator’s ability to assemble and organize facts and data to support their position, arguments, or desired outcomes.

- In a negotiation, it is the most important source of power.
  - See Box 8.2 on the ways the power of information, available through the Internet, has changed the ways people buy cars.

The exchange of information in negotiation is also at the heart of the concession-making process.

- A common definition of the situation emerges and serves as a rationale for both sides to modify their positions and, eventually, arrive at a mutually acceptable agreement.

Power derived from expertise is a special form of information power.

- Expert power is accorded to those who are seen as having achieved some level of command and mastery of a body of information.
- One or both parties will give experts’ arguments more credibility than those of non-experts—but only to the extent that the expertise is seen as functionally relevant to the persuasion situation.

B. Power Based on Personality and Individual Differences

Individuals have different psychological orientations to social situations.

- Cognitive, motivational, and moral orientations guide a person’s behavior and responses to a situation.
- Orientations of skills and moods also play a part in the use of power.

**Cognitive Orientation**

Individual differences in ideological frames of reference are central to understanding power.

- The *unitary frame*, believes that society is an integrated whole and the interests of individuals and society are one.
  - Power can be largely ignored, or, when needed, used by benevolent authorities to benefit the good of all.
- The *radical frame*, believes society is in a continual clash of social, political, and class interests.
  - Power is inherently and structurally imbalanced.
- The *pluralist frame* believes power is distributed relatively equally across groups.
  - Groups compete and bargain for a share of the continually evolving balance of power.

**Motivation Orientation**

Focuses on differences rooted more in needs and “energizing elements” of the personality rather than in ideology.

- An example is the “power motive,” the disposition of some people to have high needs to influence and control others and to seek out positions of power and authority.
○ The “authoritarian personality” is an individual who has a strong need to dominate others and yet, at the same time, to identify with and submit to those in high authority.
○ These orientations play out in either the “power over” or “powerless” situations of power, depending on the status of the other party.

Dispositions and Related Skills
Orientations to power are grounded in individual dispositions to be cooperative or competitive.
○ Competitive dispositions and skills may emphasize the “power over” approach and suggests that people with these dispositions maintain skills such as sustaining energy and stamina, maintaining focus, and having high expertise, strong self-confidence, and high tolerance for conflict.
○ Cooperative dispositions and skills are more allied with the “power with” approach, emphasizing skills such as sensitivity to others, flexibility, and ability to consider and incorporate the views of others into an agreement.

Moral Orientation toward Power
Individuals differ in their moral views about power and its use.
○ The general belief is that every negotiator dominantly acts on the basis of self-interest—doing what is best for themselves.
○ But differences in the pursuit of self-interest affects the use of ethical and unethical tactics in negotiation.
◊ There is a strong interrelationship between an individual’s self-interest and their “moral identity.”
  ▪ Those with a strong moral identity are less likely to act in their own self-interest, even when they have more power over the other.
  ▪ The notion that “power corrupts” is not always true—a strong moral identity can moderate this tendency.

Moods
A negotiator’s mood can also create power, and power enhances the impact of emotional expression.
○ For a powerful negotiator, anger is helpful and tends to focus attention on what they want, leading them to be more assertive, and claim more value.
○ Low power negotiators do not respond to their own emotions and are more likely to be drawn into the other party’s emotional state, are less focused and surrender value to the other.

C. Power Based on Position in an Organization (Structural Power)

We discuss two different approaches to structure that can influence negotiating power.
● The first way is consistent with more traditional approaches to organizational structure—a hierarchy of jobs forming a traditional organizational chart.
• The second way is consistent with a newer approach to organizational structure that considers networks, and shows how a negotiator’s location in a network can contribute to bargaining power.

**Power Derived from Traditional Organizational Hierarchy**

Power based on position in traditional hierarchies can take two forms.

- Legitimate power, which is grounded in the specific title, duties, and responsibilities of a job description and “level” within an organizational hierarchy.
- Resource power, based on the control over resources (budget, funding, etc.) associated with that position.

**Legitimate Power**

- Derived from occupying a particular job, office, or position in an organizational hierarchy.
- Legitimate power is at the foundation of our social structure.
  - Without social order, groups have difficulty taking any coordinated action, or everyone tries to participate in every decision and group coordination takes forever.
- People can acquire legitimate power in several ways.
  - It may be acquired at birth (the Queen).
  - It may be acquired by election to a designated office (the POTUS).
  - It may be derived simply by appointment or promotion to some organizational position (the CEO of a large corporation).
  - Some legitimate authority comes to an individual who occupies a position for which others simply show respect (clergy).
- The effectiveness of formal authority is derived from the willingness of followers to acknowledge the legitimacy of the organizational structure and the system of rules and regulations that empowers its leaders.
  - In short, legitimate power cannot function without obedience or the consent of the governed.
- Because legitimate power can be undermined if followers choose not to recognize the powerholder’s authority, it is not uncommon for powerholders to accumulate other power sources to fortify their power base.
  - Legitimate power is often derived from manipulating these other sources of power—military organizations still drill their personnel in order to teach discipline and obedience, monitor their people, and punish or reward performance.
- It is also possible to apply the notion of legitimacy to certain social norms or conventions that exert strong control over people:
  - The legitimate power of *reciprocity*—“I did you a favor; I expect you to do one for me.”
  - The legitimate power of *equity*—“I went out of my way for you; the least you could do for me is comply with my wishes.”
  - The legitimate power of *responsibility or dependence*—“I understood that the other really needed help on this and could not do it alone.”
Resource Power

- 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.
- Important organizational resources include:
  - Money, in its various forms.
  - Supplies.
  - Human capital.
  - Time.
  - Equipment.
  - Critical services.
  - Interpersonal support.
- The ability to control and dispense resources is a major power source in organizations.
  - Power also comes from creating a resource stockpile in an environment where resources appear to be scarce.
  - Political and corporate figures build empires founded on resource control.
- To use resources as a basis for power, negotiators must develop or maintain control over some desirable reward that the other party wants or control over some punishment the other seeks to avoid.
  - These rewards and punishments can be tangible or intangible, such as liking, approval, respect, and so on.
  - Successful control over resources requires that the other party deal directly with the powerholder.
  - The powerholder must be willing to allocate resources depending on the other’s compliance or cooperation with the powerholder’s requests.
    - The new corporate golden rule: “Whoever has the gold makes the rules.”

Power Based on Location in a Network

Another major type of structural power comes from location in an organizational structure, but not necessarily a hierarchical one—here, power is derived from critical resources that flow through a particular location (usually information and money).

- The person occupying that position may not have a formal title or office but their leverage comes from the ability to control and manage the critical resources that flow through that position.
- Understanding power in this way is derived from conceptualizing organizations not as a hierarchy but as a network of interrelationships with key individuals seen as circles or nodes and relationship between individuals as lines of transaction.
  - See Figure 8.1 for an example of a network as compared with an organizational hierarchy.
- In a network, the lines (ties) represent flows and connect individuals or groups (nodes) who actually interact with each other.
  - In formal hierarchies, authority is related to how high the position is in the vertical organizational chart and how many people report to that individual.
In networks, power is determined by location within the flows that occur across that node in the network. Three key aspects of networks shape power: tie strength, tie content, and network structure.

**Tie Strength**
- An indication of the strength or quality of relationships with others.
  - Quality may be measured by how close two nodes are, how much personal information they share, or how much one person (node) is willing to go out of their way for the other.
  - Strength can be determined by how often the parties interact, how long they have known each other, how close their personal relationship is, how many ways the two interact, and how much reciprocity there is in the relationship.
  - Stronger ties usually indicate greater power to influence the other.

**Tie Content**
- Content is the resource that passes along the tie with the other person.
  - The more the content of the ties builds a strong personal relationship, the more the ties create trust and respect for each other and the stronger the tie will be.

**Network Structure**
- This refers to the overall set of relationships within a social system.
- Some aspects of network structure that determine power in a network include:
  - Centrality
    - The more central a node is, the more power that node’s occupant will have.
    - May be determined by the number of connections into and through a node, by the total number of transactions that pass through a node, or by the degree to which the node is integral to managing a certain information flow.
    - In Figure 8.1, the star has greater centrality and therefore more power.
  - Criticality and relevance
    - A large amount of information may not flow through a node, but what does flow through it may be essential.
    - They may be in frequent contact with more important people and required to integrate information from those contacts into a recommendation, an action strategy, or a decision.
    - In Figure 8.1, liaisons and linking pins perform this role.
    - Being critical—even irreplaceable—is a core part of getting and maintaining power.
  - Flexibility
    - This is the degree to which the individual can exercise discretion in how certain decisions are made or who gains access.
A classic example is the role of gatekeeper (Figure 8.1), the person who controls access to a key figure or group.

- Visibility
  - This refers to how visible the task performance is to others—not necessarily the same as centrality or criticality.
  - A node with high centrality and criticality may not necessarily be visible, but if it is not, it is much less likely to be recognized and rewarded.

- Membership in a coalition
  - A node can be a member of one or more subgroups or coalitions.
  - The more coalitions you belong to, the more likely you will be to find “friends” who can help you meet key people, obtain “inside” information, and accomplish objectives.

D. Power Based on Relationships

Two types of power are discussed here: goal interdependence and referent power.

**Goal Interdependence**

- How the parties view their goals—and how much achievement of their goal depends on the behavior of the other party—has a strong impact on how likely parties will be to constructively use power.
- Cooperative goals tend to shape the “power with” orientation, inducing higher expectations of assistance, more assistance, greater support, more persuasion and less coercion, and more trusting and friendly attitudes.
- Competitive goals lead the parties to pursue a “power over” orientation; to reinforce or enhance existing power differences; and to use that power to maximize a person’s own goals, often at the expense of the other.
  - For example, relationships and goal interdependence are key sources of power in salary negotiations—see Box 8.3.

**Referent Power**

- Referent power is often based on an appeal to common experiences, common past, common fate, or membership in the same groups.
- It is made salient when one party identifies the dimension of commonality in an effort to increase their power (usually persuasiveness) over the other.
- Like expert power, referent power can also have negative forms.
- Negative referent power is often used when parties seek to create distance or division between themselves and others or to label the other.

E. Contextual Sources of Power

Power based in the context, situation, or environment in which negotiations take place.

- In negotiation, these short-term sources are critical and suggest ways that negotiators who feel powerless can build short-term power bases to enhance their leverage.
BATNAs
- The availability of a BATNA offers a negotiator significant power because they now have a choice between accepting the other party’s proposal or the alternative deal.
- Any viable BATNA gives the negotiator the choice to walk away from the current deal or to use the BATNA as leverage to strike a better agreement in the current conversation.
- A strong BATNA is a source of power.
  - First, having a strong BATNA increases the likelihood that you will make the first offer.
  - Second, having a good BATNA increases your own outcomes, compared with not having a BATNA.
  - Third, good BATNAs not only give you some leverage over the other party, but they give you confidence that you have viable choices so you do not take a solution dictated to you by the other.
  - Finally, one study shows that having alternatives leads negotiators to a heightened sense of entitlement and higher aspirations for settlement with the current opponent—higher aspirations tend to motivate opportunistic behavior.

Culture
- Culture is a system of basic assumptions, norms, and/or common values that individuals in a group or organization share about how to interact with each other, work together, deal with the external environment, and move the organization into the future.
- Culture often shapes what kinds of power are seen as legitimate and illegitimate or how people use influence and react to influence.
  - Culture often contains many implicit “rules” about use of power and whether “power over” or “power with” processes are seen as more or less appropriate.
- National cultures differ in the degree to which these “power over” or “power with” orientations are supported or encouraged.
  - “Power distance” distinguishes national cultures from each other.
    - Cultures high in power distance accept inherent inequality in their social structure—that some people have “power over” others.
    - Cultures low in power distance embrace a broad norm of “power with” so that decision-making power is spread through the culture so democratic decision making and delegation to experts is accepted.
- Culture—both organizational and national—often translates into deeply embedded structural inequalities in a society.
  - Many significant social and economic inequalities require significant effort and attention over many years to introduce meaningful change.

Agents, Constituencies and External Audiences
- Negotiations become significantly more complex when negotiators are representing others’ views.
When all of these other parties are involved in a negotiation, they can significantly change the power dynamics.

IV. Dealing With Others Who Have More Power

So far, we have focused on the ways negotiators can assemble and use power to their advantage, but negotiators are often on the receiving end of that power.

- We end the chapter with some advice to negotiators who are in a low-power position.
  - Never do an all-or-nothing deal.
    - Low-power parties should attempt to diversify risk by entering into deals with several partners so that no single high-power player could wipe out the low-power partner.
  - Make the other party smaller.
    - Attempt to establish multiple relationships and engage in multiple negotiations which may allow you to “divide and conquer” the high-power party.
  - Make yourself bigger.
    - Attempt to build coalitions with other low-power players to increase your collective bargaining power.
    - Attempting to “make yourself bigger” by becoming aggressive leads to significantly poorer outcomes.
  - Build momentum through doing deals in sequence.
    - Early deals can build a relationship, strengthen the relationship with the high-power party, and acquire resources.
    - Select those high-power targets that have the most to gain, and maximize your visibility of those deals to other parties.
  - Use the power of competition to leverage power.
    - This is a variation on the power of a BATNA.
    - If you have something to offer, make sure you offer it to more than one high-power party.
    - If you get them to compete against each other, one may actually do a deal with you simply to keep the others from doing such a deal.
  - Constrain yourself.
    - Tie your hands by limiting the ways you can do business or whom you can do business with.
    - These constraints might drive away competitors, but they also limit you as well.
  - Good information is always a source of power.
    - Seek information that strengthens your negotiating position and case.
    - Anticipate information that would be most helpful to the other side and organize it so that you can draw on it quickly for maximum persuasiveness.
  - Ask many questions to gain more information.
    - Negotiators with less power who asked more diagnostic than leading questions and constantly showed willingness to cooperate had better outcomes.
  - Do what you can to manage the process.
◊ If a high-power party controls the negotiation process, they will do it in a way to assure outcomes they want.

◊ If the low-power party controls the process, they are more likely to be able to steer the deal in an advantageous direction.

Summary
In this chapter, we discussed the nature of power in negotiation. We suggested that there are two major ways to think about power: “power over,” which suggests that power is fundamentally dominating and coercive in nature, and “power with,” suggesting that power is jointly shared with the other party to collectively develop joint goals and objectives. There is a great tendency to see and define power as the former, but as we have discussed in this chapter and our review of the basic negotiation strategies, “power with” is critical to successful integrative negotiation. We reviewed five major sources of power: Informational sources of power, personal sources of power, position-based sources of power, relationship-based power, and contextual sources of power.

While we have presented many vehicles for attaining power in this chapter, it must be remembered that power can be highly elusive and fleeting in negotiation. Almost anything can be a source of power if it gives the negotiator a temporary advantage over the other party (e.g., a BATNA or a piece of critical information). Also, power is only the capacity to influence; using that power and skillfully exerting influence on the other requires a great deal of sophistication and experience.