

Trends of Negotiation in Bangladesh

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Abstract

The styles of business negotiation in Bangladesh are explored using 57 people both from public and private organizations to identify their effectiveness. Both theoretical and empirical measurement issues have been considered using structural equations as the primary data analysis approach with the help a structured questionnaire. The study concludes that negotiation skills of negotiators i.e., mid-level managers (both male and female representing both private and public organizations) of Dhaka, Bangladesh have reasonably clear idea about negotiation skills/tactics.

Key Words: Negotiation skills, Mid-level Managers/Negotiators, Trends

Introduction

Negotiation skills constitute an important part of a manager's 'tool kit'. Various aspects of the management/negotiation nexus have been explored in academic contexts (Rahim 1992; Bazerman and Lewicki 1983). However, the work of Lax and Sebenius (1992) demonstrated that negotiation is far more than an important interpersonal managerial skill. Fundamentally, as Cohen (1980) writes, negotiation concerns the satisfaction of needs where a person must be cognizant of his or her needs at the outset and decision to negotiate would hinge on the likelihood of thereby meeting those needs. Negotiation is the process by which bilateral influence is articulated (Bacharach & Lawler, 1981; Kipnis & Schmidt, 1983).

Governments of all countries, but particularly of developing countries, as well as private sectors, particularly those in high priority recognizing that their success is significantly affected by their ability to get along with the opposition party. However, despite the importance of the subject of interactions between the negotiators of both public and private organizations, none has conducted any research on this issue. Despite its status as a fundamental organizational process, negotiation has received very little attention in the literature on management and organizations (Greenhalgh et al. 1985). The situation is even worse in Bangladesh. In the absence of adequate literature on the role of negotiation in the daily activity of managers of both public and private organizations in Bangladesh for both male and female managers, this paper seeks to identify the trends of negotiation process in Bangladesh.

Theoretical Background

Negotiation processes include iterations of face to face interactions initiated by parties at the inception of any relationship and developed as the relationship progresses over time (Karrass, 1970). Webster (1981) asserts that the negotiation process is one of the principal influences at work in the buying and selling interaction process (in Neslin and Greenhalgh 1983). This is also a unique encounter because of the simultaneous presence of the elements of cooperation and

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conflict (Mathews et al. (1972). Formal negotiation is a skill that can be learned through experience and practice. People who negotiate a lot tend to be much more skilled at it than people who have not participated in many formal negotiations. Experienced people are more likely to know what to say when, when to make concessions, when not to, what to concede, what not to, and, in general, how to manipulate the situation to their own advantage. For this reason, negotiation tends to favor the experienced party. It is possible to overcome this problem with negotiation skills. In general, it is useful to know and understand the difference between integrative (or win-win) negotiation strategies and distributive (or win-lose) strategies. A mutually gain situation or a win-win strategies are most useful when it is possible to develop a solution to a problem in which both (or all) sides win, or at least come out ahead of where they would, were the conflict to continue. This is possible following the rules of principled negotiation. On the other hand, when the situation is unavoidably win-lose, however, as it often is (at least in part) in intractable conflicts, then principled negotiation is unlikely to work. In that case, either distributive negotiation (which is much more adversarial) or a needs-based approach (such as analytical problem solving) is more likely to yield success.

Nierenberg (1978) lists five basic ingredients for successful negotiation: preparation, knowledge of human behavior, awareness of assumption, use of appropriate techniques, and satisfaction of needs. He recommends that negotiators consider issues in terms of problems not demands, negotiation objectives and facts be determined before positions, needs and strategies and among other matters, that various procedural factors be assessed. Nierenberg also writes of “Creative Alternatives” to traditionally expected win-loss outcomes. One other aspect of negotiation is informatively treated is “communication” (Raffia, 1982). Raffia asserts that the need is not for new techniques but for “the creative use of analytic thinking”.

Materials and Methods

The data was collected through structured questionnaire from 29 mid-level managers of public organizations and 28 mid-level managers of public organizations of Dhaka city. The scope of the research is the mid-level male and female managers of both public and private organizations of Dhaka city. Both descriptive and inferential research was conducted to identify different dimensions of negotiators skills in Bangladesh. Then hypothesis was formulated on the basis of core variables and conclusive research was applied to prove the hypothesis and infer the analysis. The data were collected through cross sectional survey method through a structured questionnaire. Quantitative and qualitative information related to successful negotiation was developed through the analytical scanning effort. The statistical package was used to conduct the various analyses was the SPSS, which is one of the most commonly used packages for quantitative research methods for data analysis (Bryman and Cramer, 1994).

Hypothesis Formulation

Hypothesis 1: To compare the nature of negotiators of Bangladesh and skills of the negotiators, the following hypothesis is formulated:

H₀¹: There is no association between the negotiating approach of the negotiators of Bangladesh and different commonly used negotiation skills of, against;

H₁¹: There is association between the negotiating approach of the negotiators of Bangladesh and the different commonly used negotiation skills.

Dependent Variable: Trends of Negotiation

Independent Variables: Different Dimensions of skills i.e. Analytical, Communicative, Interactive.

Hypothesis 2: To compare the nature of negotiators of Bangladesh and knowledge of the negotiators, the following hypothesis is formulated:

H₀¹: There is no association between the negotiating approach of the negotiators of Bangladesh and, against;

H₁¹: There is association between the negotiating approach of the negotiators of Bangladesh and different dimensions of the negotiation knowledge.

Dependent Variable: Trends of Negotiation

Independent Variables: Dimensions of knowledge i.e. Knowledge of negotiating principle, Knowledge of detailed subject matter involved, and Knowledge of the context of the particular negotiation.

Hypothesis 3: To compare the nature of negotiators of Bangladesh and handling breakdown of the negotiators, the following hypothesis is formulated:

H₀¹: There is no association between the negotiating approach of the negotiators of Bangladesh and dimensions of the handling breakdown in the negotiation process, against;

H₁¹: There is association between the negotiating approach of the negotiators of Bangladesh and different dimensions of the handling breakdown in the negotiation process.

Dependent Variable: Trends of Negotiation

Independent Variables: Dimensions of the handling Breakdown i.e. unilateral action, mediation, arbitration.

At $\alpha = 0.05$ level of significance the above hypothesis was tested.

Decision Rule: **H₀¹** will be rejected, if P Value is less than Significance Level i.e. 0.05; otherwise **H₀¹** accepted at 5% level of significance (Lind et. al., 2002, pp-317). Or **H₀¹** will be rejected, if Computed Value is greater than Critical Value; otherwise **H₀¹** accepted at 5% level of significance (Lind et. al., 2002, pp-515).

Results

A Psychometric questionnaire was designed for data collection and both non-parametric and parametric statistics were used for data analysis. Descriptive statistics was used to describe the data and finally, inferential statistics was used to make inference from the analysis.

Descriptive Statistics: The study examines the percentages of negotiators and the categories as shown in the appendix Table 1. Here, the descriptive analysis done just to identify the trends of negotiators of Bangladesh. However, the discussion focuses on the findings. To facilitate understanding, the managers reported skills are summarized according to the percentage.

Inferential Statistics: The result of the hypothesis 1 showed that, the P Value of the analytical skills are less than the Significance Level i.e. 0.05. As a result, **H₀** is rejected and **H₁** is accepted for the analytical skill, which means that there is relationship between the negotiators of Bangladesh and the analytical skill and no relationship with the communicative and interactive skill (See appendix table 2). This implies that the negotiators of Bangladesh consider the analytical skill for negotiation. The result of the hypothesis 2 showed that, the P Value of the knowledge of the detailed subject matter are less than the Significance Level i.e. 0.05. As a result, **H₀** is rejected and **H₁** is accepted for the knowledge of the detailed subject matter, which means that there is relationship between the negotiators of Bangladesh and the knowledge of the detailed subject matter and no relationship with the Knowledge of the negotiating principle and Knowledge of the context of the particular negotiation (See appendix table 2). This implies that the negotiators of Bangladesh consider the knowledge of the detailed subject matter for negotiation. The result of the hypothesis 3 showed that, the P Value of the arbitration are less

than the Significance Level i.e. 0.05. As a result, H_0 is rejected and H_1 is accepted for the arbitration, which means that there is relationship between the negotiators of Bangladesh and the arbitration action and no relationship with the unilateral action and mediation (See table appendix 2). This implies that the negotiators of Bangladesh consider the arbitration action for the handling breakdown in the negotiation process.

Discussions

In this research the mid-level managers are the respondents. The result proved that among the mid-level managers 96.5% managers exercise negotiation on a regular basis against only 3.5% who are not. It implies that the mid-level managers are the negotiators of Bangladesh. Here, some of the variables are identified and they are discusses according to the opinion of the negotiators of Bangladesh both public and private organization in reference with male and female negotiators.

Issues of Strengthening a Negotiation Situation: Successful negotiator should implement appropriate bargaining tactics. Weiss-Wik, (1983). Druckman (1977) observed that ‘skillful negotiator must be ...a canny tactician.’ According to Fowler (1996), there are three particular tactics used to strengthen negotiator’s position during a bargaining process. The tactics include introduction or execution of new issues, attaching conditions to concessions [Greenhalgh et al., 1985], the use (or misuse) of emotion etc. In this paper it is noted that according to the negotiators of Bangladesh, the most preferred option is introduction of new issue (46.3%), followed by attachment of new condition (24.1%) in a negotiation process. According to Fowler, introduction to new issues sometimes advantageous, as both parties have an ongoing involvement in many matters other than the immediate point under discussion. But they do not consider use of emotion, but it can be a useful tactics for strengthening negotiators position. On the other hand, they consider attachment of new issues or trade offs but they emphasize more on that. So, it implies that the negotiators of Bangladesh consider introduction of new issue as the most preferred technique as tactics for strengthening negotiator’s position.

The skilled negotiator considers a wider range of outcomes or options for action than the average negotiator [Rackham, (1999)]. The skilled negotiator is concerned with the whole spectrum of possibilities, both those which the negotiator could introduce him or herself and those which might be introduced by the people he or she negotiates with. From the analysis it is observed that 80.7% negotiators are agreed that exploration of alternatives is important, but 15.8% is neutral. It seems that, the exploration of alternatives is an important factor for planning in the negotiation process, according to the Bangladeshi negotiators. On the other hand, 15.8% negotiators do not consider the exploration of alternatives as a negotiation tool. So, it implies that the negotiators of Bangladesh consider exploration of alternatives is an effective tool for a successful negotiation.

The research showed that in a negotiation both groups of negotiators tended to concentrate on the conflict areas. The skilled negotiators gave over three times as much attention to common ground areas as did the average negotiators [Rackham, (1999), Fowler (1996)]. In this paper it is noted that according to the negotiators of Bangladesh, maximum 75.5% managers agreed for the preference for consideration of common ground, followed by 17.5% are neutral. It is viewed that there should be a concentration on issues or outcomes of common interest. So, according to the negotiators of Bangladesh, it is implies that consideration of common ground is an essential factor for negotiation, but a good number of negotiators (17.5%) do not consider the particular issue as a negotiation tool. Similarly, previous research suggested that skilled negotiators feel questioning or inquiring techniques as important skill or toll for any negotiation process [Rackham, (1999), Fowler, (1996)]. If the negotiators ask question then the answer will provide

data about the other party's thinking and position. Not only that, Rackham also suggested that questioning also give control over the discussion and keeps the other party active and reduces his or her thinking time. The analysis showed that among the negotiators of Bangladesh 35.1% negotiators have a strong preference on inquiring techniques and 31.6% agreed on that. But it seems that 22.8% negotiators are in neutral position i.e. they do not consider the inquiring technique in negotiation secession. So, it could be concluded that the negotiators of Bangladesh have a very good idea of inquiring question in the negotiation process.

During negotiation frequently it happens that one party puts forward a proposal and the other party immediately responds with a counter proposal. The researchers found that skilled negotiators made immediate counterproposals much less frequently than average negotiators [Rackham, (1999)]. Counter proposal may not effective as they introduce another option, sometimes a whole new issue. The result proved that according to the negotiators of Bangladesh 51.8% negotiators consider that counter proposal is important for a successful negotiation outcome. But 28.6% negotiators are in the neutral position i.e. they do not consider counter proposal in a negotiation process. So, it implies that the negotiators of Bangladesh are not that much concerned about the importance of counter proposal in a negotiation process.

Research showed that the skilled negotiators tend to give an advance indication of the class of behavior they were about to use. According to Rackham, (1999), the skilled negotiators first warn the other party that a question was coming. The averages negotiators first show his or her statement of disagreements that leads to reasons or explanation, but the skilled negotiators first explain the reason that leads to statement of disagreement. The analysis proved that the negotiators gave their strong preference on the importance of behavior leveling. 83.9% negotiators of Bangladesh agreed that behavior leveling is essential in a negotiation process. So, it implies that the negotiators of Bangladesh are very much concern about the importance of behavior leveling.

To define an issue as negotiable is often the greatest problem in negotiation. To achieve such a definition is to begin to create the structure of a settlement (Winham & Bovis, 1978). Every position taken by either party must be negotiated internally among players/negotiators who assess the position in terms of their own bureaucratic/business interests, and who will have substantial decision-making power to veto positions they find unacceptable (Allison, 1971; and Winham and Bovis, 1978). According to Fowler (1996), one of the aspects of assessing the other side's case identifying the underlying and unstated issues or objects i.e. hidden agenda is important. The result showed that 36.8% negotiators strongly agreed that identification of hidden agenda is important; on the other hand, 28.1% negotiators are in the neutral position i.e. they do not consider the importance of identification of hidden agenda in the negotiation process. So, it implies that one third of the negotiators of Bangladesh concern about the importance of hidden agenda and rest are not concerned.

There is often a choice of location for a negotiation meeting. Experienced negotiators argue that location should make no difference, but for many people, the negotiating environment i.e., location can influence their (negotiators) condition and attitudes. Fowler (1996) suggests that it is always best to select home territory. Inexperienced negotiators feel more confident on home ground, but for formal negotiators the use of formal location is more desirable. In this paper it is observed that 40.4% negotiators consider that location is not a factor for negotiation process i.e. according to them negotiation is independent of location. But 35.1% negotiators consider that location of negotiation makes difference in a negotiation process. So, it implies that a large portion of negotiators of Bangladesh consider that location has some impact on the negotiation

outcome, actually they are not that much confident in their position.

Importance of Having Objectives: In the case of planning a negotiation, an assessment of relative strength needs to be linked to the determination of objectives-the outcomes which are aimed for. Fowler (1996) observed that to a large extent the higher or more optimistic way to strengthen one's position in the negotiation process is the setting of objective. Every negotiation should have a top-line objective and a bottom line objective. If there is any objective that will help the other party to feel satisfied with the outcome. The result proved that in the case of having top line and bottom line objectives, 35.1% negotiators are agreed on this particular issue, and followed by 14.0% who are neutral. So, it seems that the negotiators of Bangladesh have a preference for top line objectives and the bottom line objectives in the negotiation process.

Importance of Knowledge and Skills: Fowler (1996) elaborates that effective negotiation demands knowledge of the principles of the negotiating process, the context of the particular negotiation and its detailed subject matter. The negotiators should have a detailed knowledge of the negotiating issue. The effective negotiator has a mastery of the subject under discussion, knowing that an ability to display an in-depth knowledge of the issues contributes powerfully to bargaining credibility. According to the negotiators of Bangladesh, to go into a negotiation without the depth and accuracy of information is extremely risky, will probably to exploit by a skilled opponent. In this paper it is observed that of the 21% negotiators consider knowledge of the detailed subject matter, 18% negotiators believe on knowledge of the particular negotiation and 17% negotiators consider that knowledge of the negotiating principles is the most preferred technique for negotiation. So, it implies that the negotiators of Bangladesh all three (knowledge of the detailed subject matter, knowledge of the particular negotiation and negotiation principles) are more or less equally preferred technique for successful negotiation.

If the negotiation process has skillfully been constructed, it will lead decision-makers to satisfy rather than maximize their interests. Generally, three types of skills are particularly important: analytical, interactive, and communicative skills. Some negotiations may involve consideration of a very complex interaction of various aims and concessions where an effective negotiating plan will, therefore, need to look analytically at the situation (Fowler, 1996). According to the Bangladeshi managers, 28% negotiators believe analytical skill, 23% negotiators consider interactive skill and 15% negotiators consider communicative skill is the most favored skill respectively. In this research it is noted that among all the negotiation skills analytical skills is the most preferred by the respondents followed by interactive skills, and communication skill which is ranked as least preferred for become a successful negotiation. So, it implies that the negotiators of Bangladesh consider analytical skill as the most preferred skill for a successful negotiation.

Steps in Handling Breakdown: Fowler (1999) elaborates that there are two main options of handling breakdown; they are unilateral action to enforce an outcome, or to seek third party intervention. In considering unilateral action, thought need to be given to the effect of such action on future working relationships. The least extreme form of third party assistance is conciliation, in which a conciliator works with the two parties to help them reach agreement. Another third party direct form is mediation in which both parties agree to consider a solution suggested by a mediator. The most powerful and risky form of third party resolution is arbitration, where both parties bind themselves in advance to accept the arbitrator's solution or legal action through the courts or tribunals. From the present research analysis it is observed that 30% negotiators have their strong preference on the arbitration action, 14% on mediation and 12% on unilateral action. So, it implies that the negotiators of Bangladesh prefer arbitration as an

effective tool for successful negotiation.

Importance of Adjournment in Negotiation: Adjournments coincident with refreshments should be used to break a lengthy negotiation into two hour segments. Adjournments or break should be used as powerful aids to negotiation. According to Fowler (1996), one of the reasons is that to provide time to consider progress or new proposal. Second, initiate informal talk between members of the two parties and the final reason is that to bring an unconstructive negotiation to an end. From the analysis it is observed that according to the 57% negotiators of Bangladesh the most preferred technique for adjournment is to provide time to consider progress or new proposal. So, it implies that the negotiators of Bangladesh consider break as a time for progress or new proposal in a negotiation.

Conclusion

The current study showed a general trend of negotiation situation in Bangladesh, which integrates different types of negotiation skills or tactics in handling a negotiation situation. The research emphasized rigorous measurement of all variables, some of which are seldom measured in negotiation research. In particular, the research explicitly recognized that negotiations skills and measured those skills using descriptive analysis.

The most notable finding of this research is that negotiation skills of negotiators i.e., mid-level managers (both male and female representing both private and public organizations) of Dhaka, Bangladesh have reasonably clear idea about negotiation skills/tactics. While the results of this research were based on percentage analysis, so need further replication of the work. In addition, the sample size is 57, which was not as large as it ideally might have been. The suggestion is that it is necessary to have a balanced acceptable fund for the detail and volume of data on skills or tactics for this research. In conclusion, the study of the skills of the negotiators in determining the outcomes of negotiation has yielded stimulating and exiting results. The findings can be applied to different negotiation experiments and hope that future researchers will expand and improve upon this work as they strive to understand bilateral influence processes.

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Appendices

Table-1 Distribution of Negotiation Skills of the Negotiators of Bangladesh

<i>Exploration of alternatives</i>	80.7%
Consideration of common ground	75.5%
Adjournment for progress or new proposal	57%
Consideration of counter proposal	51.8%
Introduction of new	46.3%
Importance of location	35.1%
Importance of having objectives	35.1%
Knowledge of the detailed subject matter	21%
Analytical skill	28%
Arbitration	30%

Source: Compiled by the Authors

Table- 2 Summarized Results of the Hypothesis 1, 2 & 3

Dependent Variable	Independent Variables	P Value	Sig. Level	Implications
Trends of Negotiation	Analytical skill	0.033	0.05	Have Relationship
	Communicative skill	1.250	0.05	No Relationship
	Interactive Skill	0.980	0.05	No Relationship
	Knowledge of the detailed subject matter	0.007	0.05	Have Relationship
	Knowledge of the negotiating principle	0.761	0.05	No Relationship
	Knowledge of the context of the particular negotiation	1.342	0.05	No Relationship
	Unilateral action	0.684	0.05	No Relationship
	Mediation	3.905	0.05	No Relationship
	Arbitration	0.021	0.05	Have Relationship

Source: Compiled by the Authors