



This is to certify that the

dissertation entitled


NEGOTIATION IN ORGANIZATIONAL MARKETS:
AN EMPIRICAL STUDY OF SUCCESS FACTORS

presented by

WILLIAM G. GARDINER

has been accepted towards fulfillment
of the requirements for

Ph.D. degree in Marketing & Transpor-
tation Administration


Major professor
Dr. Donald A. Taylor

Date April 17, 1984



RETURNING MATERIALS:

Place in book drop to
remove this checkout from
your record. FINES will
be charged if book is
returned after the date
stamped below.

DO NOT CANCEL

ROOM USE ONLY

NEGOTIATION IN ORGANIZATIONAL MARKETS:
AN EMPIRICAL STUDY OF SUCCESS FACTORS

By
William G. Gardiner

A DISSERTATION

Submitted to
Michigan State University
in partial fulfillment of the requirements
for the degree of

DOCTOR OF PHILOSOPHY

Department of Marketing and
Transportation Administration

1984

Copyright

William

1964

Copyright by

William George Gardiner

1984

ABSTRACT

NEGOTIATION IN ORGANIZATIONAL MARKETS: AN EMPIRICAL STUDY OF SUCCESS FACTORS

By

William George Gardiner

This study concerns the factors that lead to successful sales negotiations in organizational markets, including those found in industry, commerce, and government. The defense industry was chosen as a point of focus because of the important role of sales negotiations in that industry.

Much has been written on the subject of negotiation, especially on the topic of consistent winning. Few studies, however, sought to measure the perceptions of experienced negotiators or the realities of actual negotiations regarding the variables that lead to the attainment of organizational objectives.

This study of negotiator perceptions owes much to similar studies by U.S. Air Force personnel and to the earlier work of Karrass. Each of these efforts focused on a particular type of success factor, such as strategy, tactic, or negotiator trait. Findings reported in this study are based on a preliminary investigation of success factors and include several classes of such factors.

T
negoti
corpor
in wh
import
negoti

R
suppor
analys
that b
type o

S
organiz
recogn
beginn
abilit
listen

In
numerou
outcome
some p
situat
intern
variab
consid
on spe

The participants in this study were sales contract negotiators in the defense products division of a large U.S. corporation. Data was obtained by means of a questionnaire in which respondents were instructed to indicate the importance of various factors to successful attainment of negotiation objectives.

Ranking the mean scores of all factors indicated that support by top management was of paramount importance. An analysis of correlated factors and write-in comments implied that backing of negotiator decisions and authority was the type of support deemed important to successful negotiations.

Senior-level negotiators emphasized the importance of organization and control of the negotiation team. While recognizing the importance of negotiation team coordination, beginning-level negotiators rated personal skills and abilities highly. Both groups stressed the importance of listening skills.

In summary, this study highlighted the fact that numerous factors are thought to have a significant effect on outcomes. Other research, as well as the observations of some participants in this study, emphasize the effects of situational variables on the importance of variables internal to a negotiation. Because of the large number of variables and the complexity resulting from situational considerations, it is recommended that future research focus on specific situations one at a time.

My

Donald A

been a c

only in

selecti

subseque

Drs. M.

that imp

to Betty

could be

Sp

supporte

encourag

past few

I

Tyszkiew

artist,

assistan

F

standing

of my d

ACKNOWLEDGMENT

My gratitude and appreciation are extended to Dr. Donald A. Taylor, chairman of my committee. Dr. Taylor has been a constant source of encouragement and assistance, not only in the matter of this dissertation but also in my selection of marketing as a field of concentration and subsequent years of study and examinations. In addition, Drs. M. Bixby Cooper and David Closs offered suggestions that improved this dissertation. I am indebted especially to Betty Sears for processing the study's data so that it could be analyzed readily.

Special acknowledgment is given to the firm that supported this research. The assistance, advice, and encouragement of the firm's contracts manager throughout the past few years were crucial to the conduct of this study.

I thank my editors, Elizabeth Johnston and Mary Tyszkiewicz, typists, Marilyn Miller and Randie Lotridge and artist, Carol Skog, for their professional and timely assistance.

Finally, I am grateful for the support and understanding of family and friends throughout the entire period of my doctoral program.

LIST OF

LIST OF

Chapter

I. 1

II.

TABLE OF CONTENTS

| | Page |
|---|------|
| LIST OF TABLES..... | vii |
| LIST OF FIGURES..... | x |
| Chapter | |
| I. INTRODUCTION..... | 1 |
| An Overview of Marketing Negotiations..... | 3 |
| Importance of Negotiation in Marketing..... | 6 |
| Theory Development and Research..... | 9 |
| Meaning of Negotiation..... | 12 |
| Importance of This Study..... | 15 |
| Objectives and Scope..... | 17 |
| Why Study Negotiations in the Defense Market?..... | 19 |
| A Significant Market..... | 20 |
| Large Purchases and Sales..... | 22 |
| Number and Complexity of Issues..... | 22 |
| Environmental Conditions..... | 23 |
| Importance of the Defense Industry..... | 24 |
| Empirical Foundation..... | 24 |
| Limitations..... | 25 |
| The Instrument..... | 25 |
| The Population..... | 26 |
| Overview of the Dissertation..... | 26 |
| II. NEGOTIATION LITERATURE: EARLY HISTORY AND CONCEPTUAL APPROACHES..... | 27 |
| Roots of Current Negotiation Concepts..... | 27 |
| Research on Negotiation: An Overview..... | 35 |
| Deductive Approaches..... | 36 |
| Game Theory..... | 39 |
| Negotiator Traits..... | 42 |
| Negotiation Objectives..... | 45 |
| Negotiation Process..... | 48 |
| Environment and Situation..... | 53 |
| Empirical Research Involving Professional Negotiators..... | 60 |

| | | |
|------|--|-----|
| III. | CLASSES OF SUCCESS FACTORS..... | 66 |
| | Preparation, Including Planning..... | 66 |
| | Objective Setting..... | 68 |
| | Strategies..... | 71 |
| | Tactics..... | 74 |
| | Negotiator Traits..... | 82 |
| | Negotiating Team..... | 96 |
| | Power..... | 100 |
| | Environment..... | 107 |
| | Success Determinants in General..... | 109 |
| | Concluding Observations..... | 112 |
| IV. | METHODOLOGY..... | 118 |
| | Population..... | 119 |
| | Response Problems..... | 121 |
| | Definition of Basic Terms..... | 122 |
| | Non-Representative Response..... | 122 |
| | Data Collection Instrument..... | 122 |
| | Data Collection Procedure..... | 132 |
| | Research Objectives and Methodology..... | 132 |
| | Objective 1: Factor Ranking..... | 132 |
| | Objective 2: Relationships Among Factors.... | 133 |
| | Objective 3: Perceptions by Negotiator Rank..... | 133 |
| | Objective 4: Perceptions by Product Line.... | 134 |
| | Objective 5: Source Variables of Success.... | 135 |
| | Other Research Results..... | 135 |
| V. | RESEARCH FINDINGS..... | 137 |
| | General Descriptive Findings..... | 137 |
| | All Respondents..... | 137 |
| | Supplementary Information about All Respondents..... | 141 |
| | Senior- and Beginning-Level Negotiators.... | 146 |
| | Supplementary Information about Senior- and Beginning-Level Negotiators.... | 152 |
| | Findings Regarding Research Objectives..... | 157 |
| | Objective 1: Importance of Factor Groups.... | 157 |
| | Objective 2: Relationships Among Factors.... | 162 |
| | Objective 3: Perceptions by Negotiator Rank..... | 165 |
| | Objective 4: Perceptions by Product Line.... | 174 |
| | Objective 5: Source Variables of Success.... | 178 |
| VI. | CONCLUSIONS..... | 187 |
| | Importance of Negotiations in Marketing..... | 187 |
| | Managerial Implications..... | 189 |
| | Negotiators' Authority..... | 189 |
| | Negotiators' Training..... | 190 |
| | Implications for Future Research..... | 191 |

APPENDIX

APPENDIX

APPENDIX

APPENDIX

APPENDIX

APPENDIX

BIBLIOG

| | |
|---|-----|
| APPENDIX A. QUESTIONNAIRE..... | 193 |
| APPENDIX B. EXAMPLES OF SUCCESS FACTORS FOR CATEGORIES AND SUBCATEGORIES NOT INCLUDED IN THE QUESTIONNAIRE..... | 227 |
| APPENDIX C. ADDITIONAL SUCCESS FACTORS SUGGESTED BY RESPONDENTS..... | 229 |
| APPENDIX D. CORRELATION TABLES FOR TOP TWELVE NEGOTIATION FACTORS, ALL CASES..... | 232 |
| APPENDIX E. CODING SYSTEM..... | 237 |
| APPENDIX F. VARIABLES RANKED BY MEAN SCORE..... | 247 |
| BIBLIOGRAPHY..... | 249 |

Table

III-1

III-2

III-3

III-4

III-5

III-6

IV-1

IV-2

IV-3

IV-4

IV-5

V-1

V-2

V-3

V-4

LIST OF TABLES

| Table | Page |
|-------|--|
| III-1 | Negotiation Maneuvers..... 77 |
| III-2 | Negotiation Techniques..... 78 |
| III-3 | Tactical Factors..... 79 |
| III-4 | Positive and Negative Traits..... 85 |
| III-5 | Negotiator Trait Rank..... 86 |
| III-6 | A Classification of Negotiation Success Variables..... 113 |
| IV-1 | Selected Departments..... 121 |
| IV-2 | Questionnaire Outline..... 128 |
| IV-3 | Negotiator Traits: A Comparison..... 129 |
| IV-4 | Strategies: A Comparison..... 130 |
| IV-5 | Tactics: A Comparison..... 131 |
| V-1 | Background of Respondents, All Cases..... 139 |
| V-2 | Distribution of All Responses to: "In general, what approach should a negotiator take?"..... 142 |
| V-3 | Distribution of All Responses to: "Considering the negotiations in which you participated directly during the past two years, to what extent were DDIV's negotiation objectives usually achieved?"..... 143 |
| V-4 | Distribution of All Responses to: "If one party wins, must the other one lose?"..... 143 |

V-5

V-6

V-7

V-8

V-9

V-10

V-11

V-12

V-13

V-14

V-15

V-16

V-17

V-18

| | | |
|------|--|-----|
| V-5 | Distribution of All Responses to: "How important to success in contract negotiations is formal training in negotiating techniques?"..... | 145 |
| V-6 | Distribution of All Responses to: "How important is formal training in negotiations to the effectiveness of a negotiator?"..... | 145 |
| V-7 | Background of Senior Group..... | 147 |
| V-8 | Background of Beginning Group..... | 150 |
| V-9 | Distribution of Responses of Two Groups to: "In general, what approach should a negotiator take?"..... | 152 |
| V-10 | Distribution of Responses of Two Groups to: "Considering the negotiations in which you participated directly during the past two years, to what extent were DDIV's negotiation objectives usually achieved?"..... | 153 |
| V-11 | Distribution of Responses of Two Groups to: "If one party wins, must the other lose?"..... | 154 |
| V-12 | Distribution of Responses of Two Groups to: "How important to success in contract negotiations is formal training in negotiating techniques?"..... | 155 |
| V-13 | Distribution of Responses of Two Groups to: "How important is formal training in negotiations to the effectiveness of a negotiator?"..... | 155 |
| V-14 | Mean Scores of Factor Groups..... | 158 |
| V-15 | Success Factors Ranked by Mean Score, Top 12 Factors, All Respondents..... | 159 |
| V-16 | Success Factors Ranked by Mean Score, Lowest 12 Factors, All Respondents..... | 163 |
| V-17 | Factors that Correlate Most Highly With "Having Top Management Support"..... | 164 |
| V-18 | Rejection of Null Hypothesis in t-Test of H_0 : There is No Difference in the Mean ^o Responses of Senior- and Beginning- Level Negotiators..... | 168 |

V-19

V-20

V-21

V-22

V-23

V-24

| | | |
|------|---|-----|
| V-19 | Success Factors Ranked by Mean Score, Top 12 Factors, Senior Group..... | 171 |
| V-20 | Success Factors Ranked by Mean Score, Top 12 Factors, Beginning Group..... | 173 |
| V-21 | Rankings Given by Three Departments to the 12 Factors That Were Rated Highest by All Respondents..... | 175 |
| V-22 | Comparison of Background Characteristics of Department 2, 4, and 5 Negotiators..... | 177 |
| V-23 | Principal Components..... | 179 |
| V-24 | Comparison of Constructs Resulting from Principle Components and Correlation Analyses..... | 182 |

Figure

I-1

II-1

II-2

II-3

II-4

V-1

LIST OF FIGURES

| Figure | | Page |
|--------|---|------|
| I-1 | National Defense Programs (Budget)..... | 21 |
| II-1 | Cyclical Model of Negotiation..... | 52 |
| II-2 | Developmental Model of Negotiation..... | 54 |
| II-3 | Conventional Model of Settlement Range..... | 55 |
| II-4 | Sources of Negotiation Variables..... | 57 |
| V-1 | Distribution of Standard Scores for Negotiator Rank..... | 167 |

T
takes
factor
for a
cally
marke

I
tiona
gover
zatio
accou
buyin

-
-
-
-

CHAPTER I

INTRODUCTION

The study concerns the negotiation, or bargaining, that takes place between buyers and sellers. It focuses on factors perceived by professional negotiators as essential for achieving their marketing objectives. More specifically, this study deals with negotiation in organizational markets.

Kotler (1980, p. 170) distinguished between organizational markets (for example, producers, resellers, and government units) and consumer markets. His characterization of organizational customers should be taken into account by any research concerning negotiations between buying and selling groups.

- Organizations purchase products to facilitate the production of goods and services.
- Several people usually are involved in organizational buying. They generally have different responsibilities and apply different criteria in making purchase decisions.
- The organization imposes policies, requirements, and other constraints on the buying process.
- Buying instruments, such as requests for quotations, proposals, and purchase contracts, add another dimension not usually found in consumer buying.

Other C

- Or
at

- Or
at
an
ge
(K

- L
or
t
ch
an

T

tion s

use of

reasons

N

agreement

include

product

seller

under

L

compet

ways.

compet

lowest

- t
e
p

- s
b

Other considerations include:

- Organizational customers are larger and fewer than are individual consumers.
- Organizational sales total more than those attributed to consumers. Producers alone generate an annual income of over \$1 trillion; while government purchases in 1976 totaled \$366 billion (Kotler, 1980, pp. 171, 188).
- Lastly, purchasing is a career position in many organizations. Through years of experience and training, most buyers develop the art of purchasing, including negotiation, more extensively and intensively than do individual consumers.

The defense market was chosen for a study on negotiation success factors chiefly because it favors widespread use of negotiations to establish sales agreements. Other reasons are discussed later in this chapter.

Negotiation differs from other methods of reaching agreement between buyer and seller. These other methods include: (1) purchase, without negotiation, of an identified product at an offering price and under terms defined by the seller, and (2) competitive bidding on a specified product under terms and conditions stated by the buyer.

Lee and Dobler (1977, pp. 97-98) distinguished between competitive bidding and negotiated purchasing in several ways. They offered five criteria for determining when competitive bidding would assure the buyer of obtaining the lowest possible price:

- the dollar value of the specific purchase is large enough to justify the expense of competitive procurement methods;
- specifications of the time are explicitly clear to both buyer and seller;

- th
se

- th
th

- th
pu

Le

the ap

condit

other c

when:

- ma
a2

- bu
th

- t
ta

- a
i

- p
cl

- m

- p
e

Lee and

identi

case, c

A

under

negoti

- the market consists of an adequate number of sellers;
- the sellers comprising the marketing actively want the contract; and
- the time available is sufficient for using this purchasing method.

Lee and Dobler (pp. 146-47), held that negotiation is the appropriate method of purchasing when competitive conditions, as described above, are impractical or when other circumstances dictate the use of negotiation, such as when:

- many other factors bear not only on price, but also on quality and service;
- business risks cannot be accurately determined by the seller;
- tooling and setup costs represent a large percentage of total costs;
- a long period of time is required to produce the items purchased;
- production is interrupted frequently by numerous change orders;
- make-or-buy decisions are difficult to make; and
- products of a specific supplier are desired to the exclusion of others.

Lee and Dobler (p. 147) noted further that in each situation identified above "negotiation is essential; and in each case, quality and service are as important as price."

An Overview of Marketing Negotiations

As consumers in this country, we often make purchases under conditions defined by the seller and without overt negotiations. Thus, we may overlook the prevalence and

importa

markets

negotia

For

an au

negotia

marketp

negotia

p. 158

in the

except

A

"barga

in a r

indust

transa

negoti

and s

Alders

from

busine

M

conce

perfor

transp

and B.

importance of negotiations. A closer examination of various markets, however, reveals the widespread use of the art of negotiation.

For example, when purchasing expensive items, such as an automobile, buyers may engage in considerable negotiating. Furthermore, many consumer goods reach the marketplace through a variety of marketing channels in which negotiation is the main process (Bowersox and others, 1980, p. 158). In addition, in some foreign countries negotiation in the consumer marketplace is the rule rather than the exception.

Angelmar and Stern (1978, p. 100) argued that "bargaining is a central element of marketing transactions in a number of contexts. In particular, it is found in industrial marketing, distribution channels, and in retail transactions involving expensive items." The practice of negotiation as a means of reaching agreement between buyer and seller probably dates from the origin of bartering. Alderson (1957, p. 130) noted that negotiation originated from the Latin word negocio, which means to carry on business.

Negotiations between buyer and seller frequently concern price. But they also involve product quality and performance, quantity, delivery times and places, means of transportation, credit terms, and service (Staudt, Taylor, and Bowersox, 1976, p. 26).

De
of neg
buyer a
underst
Angelma
negotia
methodo

G
contrac
billion
most
underst
slight
is som
enough

I
nation
import
hand a
when h

C
l
w
u
a
e
u
s
t

L
is an

Despite the persistence, widespread use, and importance of negotiation as a means of achieving agreement between buyer and seller, the art of negotiating is one of the least understood according to some scholars and practitioners. Angelmar and Stern (1978, p. 93) attributed the paucity of negotiation research to "the lack of a satisfactory methodology for capturing bargaining behavior."

Gordon Rule (1962, p. 1), who negotiated military contracts in the U.S. and Western Europe worth more than \$2 billion, noted that the art of negotiating, while one of the most important human activities, is one of the least understood. Fischer (1977, p. 3) described this dilemma in slightly different terms when he observed that "negotiating is something everybody does and knows about, but few know enough about it and even fewer do it well."

Ikle (1964, p. 1), who focused on negotiations between nations, perhaps best summed up the disparity between the importance and ubiquitousness of negotiations on the one hand and the lack of knowledge of the subject on the other when he postulated that:

Certain subjects seem quite clear as long as we leave them alone. The answers look obvious until we ask questions, the concepts appear to be well understood until we wish to define them, causes and effects are easily recognized until we seek to explain them, and all the rules pass for valid until we try to prove them. ...Negotiation is a subject on which much has been said and written that seems evident until examined more closely."

Later, Karrass (1970, p. 235) observed that negotiation is an emerging profession, and recently Graham and Herberger

(1983, p.
on negot
objectiv
long-term
negotiat
Thus, t
necessar

Neg
achievin
and sell
needs, v
profit.

App
posited
consumer
agreemen
further
least th
price of

Bre
resistan
exchange
negotiat
"the con
consumer-

pp. 160-68) explicated the effect of national culture negotiating style. Main (1983, p. 146) focused on the active of some Japanese business people of building term relationships rather than beating an opponent in negotiations as many American businessmen attempt to do. there appears to be a continuing, though not arily systematic, interest in negotiation.

Importance of Negotiation in Marketing

negotiations serve effectively as a process for ing mutual satisfaction in meeting the needs of buyers llers. Buyers seek cost-effective solutions to their , while sellers seek to satisfy those needs at a .

approximately 50 years ago, Breyer (1934, pp. 6, 7) d that "after the contact between producer and er has been made, it becomes necessary to arrive at an ment or contract of sale or purchase." He stated er that there must be a mutual understanding on at three essential issues: the quantity, quality and of the products or services to be exchanged.

Breyer also noted that both buying and selling ance must be adjusted through marketing to effect an ge of goods and services. He termed this work the atory task of marketing and defined its objective as consummation of a bargain between producer-seller and er-buyer" (p. 7).

Years later, Levitt (1960, p. 53) warned of the danger that managers face when drifting into the habit of thinking of themselves as producing goods and services, rather than customer satisfaction. Negotiations between buyer and seller tend to focus sharply on the needs and wants of both parties and, thus, help to minimize or avoid Levitt's "drift."

In this respect, negotiating is closely associated with the marketing concept as it is frequently defined (Kotler, 1980, p. 31; Lazer and Culley, 1983, pp. 9-10; McCarthy, 1979, p. 24; Heskett, 1976, p. 590) because it involves market research, pricing, advertising, financing, transportation and distribution planning, and service. Negotiation, therefore, may be considered a primary means of carrying out the marketing concept in those instances wherein it, rather than competitive bidding or other means, is employed to reach agreement between the buyer and seller.

Important transactions, especially those involving relatively expensive products, or complex issues, usually result in a detailed contract. "Legal help is essential in foreseeing all the eventualities and developing the terms of a sound contract" (Alderson, 1957, p. 148). Thus, marketing and law are closely related through negotiation. In fact, the profession of corporate law "is largely concerned with problems of negotiation and with the frequent need for skilled and specialized negotiators" (p. 147).

negot

and a

In a

acqui

contr

their

(1957

chann

from

low p

cases

water

proce

agree

1969,

barga

1982,

-

-

-

-

-

-

Brown (1955, p. 2) hypothesized that effective negotiation is often the foundation of a well-built contract and as such there is less opportunity for later difficulty. In a recent study of Air Force managers responsible for the acquisition of new systems and equipment, 80 percent rated contract negotiation as an important function in meeting their needs (Gardiner, 1982, p. 41). Further, Alderson (1957, p. 130) hypothesized that "negotiation in marketing channels is an essential aid to the orderly flow of products from one step to another."

In some situations a buyer hopes for an unrealistically low price, while the seller seeks an easy sale. In such cases, "wishes are converted into reality through the cold water of bargaining" (Karrass, 1974, p. 1). The bargaining process has other merits as well. It sometimes leads to agreement possibilities unrecognized previously (Cross, 1969, pp. 4-5).

A recent study of Air Force negotiators indicated that bargaining was perceived as serving many purposes (Gardiner, 1982, pp. 10-11, 25-26, and 41-42):

- avoiding unnecessarily high prices and unsatisfactory products;
- insuring a meeting of the minds especially regarding the buyer's program objectives;
- providing flexibility in high technology procurements;
- providing an opportunity to understand fully the seller's proposal;
- providing a dialogue regarding alternative approaches to meeting the buyer's needs;

- c

- s

t

- a

- a

s

- a

p

R

p. 14

negoti

- a

- c

- s

- r

- a

- s

Funda

(1957

marke

contr

negot

have

outco

157-7

Kevin

- clarifying the seller's intentions;
- settling details regarding technical considerations and costs;
- arriving at a fair and equitable sales contract;
- avoiding future misunderstandings concerning the sales contract;
- and providing the basis for monitoring the progress of contract work.

From the purchaser's viewpoint, Lee and Dobler (1977, p. 144) specified five objectives commonly sought in all negotiations:

- a fair and reasonable price;
- on-time performance by the supplier;
- some control over the manner in which the contract is performed;
- maximum cooperation from the supplier; and
- a sound and continuing relationship with competent suppliers.

Theory Development and Research

In his book, Marketing Behavior and Executive Action: A Fundamental Approach to Marketing Theory, Roe Alderson (1957, pp. 130-62) devoted a chapter to negotiation in marketing. Since 1957, few, if any, marketing writers have contributed as much to the development of a theory of negotiations. Most theory development and empirical studies have focused only on power as a determinant of negotiation outcome. For example, see Bowersox, et al., 1980, pp. 157-72; El-Ansary and Stern, 1972, pp. 47-52; Hunt and Nevin, 1974, pp. 186-93; Etgar, 1976b, pp. 254-62.

Angelmar and Stern (1978, p. 93) observed that "there are ... many contexts in which bargaining occurs in modern economies. Industrial marketing is probably one of the most important ones." In addition, Bird and Clayton (1973, p. 7) noted that "most large industrial sales to private businesses or government agencies are negotiated." They believed, however, that research regarding the problems of industrial sales negotiations was scarce (p. 7).

Wilson (1983, p. 10) held that industrial marketing is an important part of today's technology and, therefore, deserves the best thinking that academic and professional people can provide. However, most empirical work concerning industrial marketing negotiations has been done from a purchasing perspective. It has been conducted primarily at an individual level even though marketing scholars acknowledge that industrial purchasing "can be viewed as a dynamic interaction of several organizational members" (Spekman, 1978, p. 84). Other considerations that characterize organizational markets (described in the beginning of this chapter) have also been ignored in most cases.

In their work concerning buying centers, that is, groups of people responsible for specific purchases in organizations, Johnston and Bonoma (1981, pp. 143-45) noted that only a very limited amount of work has actually been done on this subject. The reasons they give for this situation may have implications for research on marketing

negotiations, namely: "For the most part researchers have been unable to capture the real life complexity of the buying interactions that occur in a company, much less the influences coming from selling representatives and the environment (competitors, government)."

Most organizational buying behavior models, such as the Sheth Model, Webster and Wind Model, and Choffray and Lilien Model, do not account for negotiations between buying and selling organizations. The end point of these models is a buying decision concerning the selection of a supplier (Webster, 1979, pp. 30-40).

Although marketing researchers have displayed little interest in negotiations, "purchasing professionals are well aware of the importance of bargaining and textbooks in this area usually include at least a chapter on this topic" (Angelmar and Stern, 1978, p. 93). For example, see Lee and Dobler (1977, pp. 143-64), Heinritz and Farrell (1981, pp. 256-67), and Ammer (1980, p. 680 lists 42 pp. of discussion).

A large portion of government purchases, especially defense systems and equipment, is made through negotiation. Of those studies dealing with the perceptions of professional negotiators concerning success factors almost all have involved the defense industry, with particular emphasis on a purchasing perspective. Few, if any, numerical data has resulted from observations of actual marketing negotiations.

Out
been wh
have be
works
demonst
tions.
experim
college
negotia

Vi
success
Studie
profess
strate
within
partic
every

A
questi
tions
negoti
Simila
proces
Greate
tion
offers
betwee

Outside the fields of marketing and purchasing much has been written about negotiation, and numerous experiments have been reported. Virtually without exception, these works have been performed by researchers having no demonstrated firsthand knowledge of organizational negotiations. Furthermore, the representativeness of laboratory experiments, especially the conditions and subjects (usually college students), with respect to real life organizational negotiations, was not demonstrated.

Virtually no statistical studies of the determinants of success in real life negotiations have been reported. Studies of success factors involving the perceptions of professional negotiators have been limited either to strategies, tactics, or negotiator traits. Furthermore, within each of these classes of success variables, research participants have been offered a limited choice in almost every instance.

Meaning of Negotiation

A discussion of negotiation almost inevitably leads to questions concerning the meaning of the term. Many definitions may be found in the literature. Riley held that negotiation means "actual discussion of proposals." Similarly, Pace (1970, p. 112) described negotiation as a process of bargaining between buyer and seller. In somewhat greater detail, Riley (1983, p. 72) observed that negotiation "is a series of questions, answers, offers and counter-offers that result in a mutually satisfactory agreement between the parties."

W
define
so as
or com
"to ne
haggle
defin
negoti

P
negoti
is not
sacri
attemp
of bo
defin
proce

I
count
barga
each
losse
posit
An ex
parti
issue
which

Webster's Third New International Dictionary (1981) defined negotiate as: "to communicate or confer with another so as to arrive through discussion at some kind of agreement or compromise about something ...". It defined bargain as: "to negotiate over the terms of an agreement or contract; to haggle especially over a purchase price..." These definitions are evidence of the close connection between negotiation and bargaining.

Procurement Associates (1977, p. I-5) believed that negotiation in procurement is used in a special sense. "It is not considered to be a process of giving in or of mutual sacrifice in order to secure agreement. It is rather an attempt to find a formula which will maximize the interests of both sides." Ammer (1980, p. 410) concurred in this definition in stating that "negotiation is a trading process. Buyer and seller assess each other's needs."

Bacharach and Lawler (1981, p. ix) added the concept of countervailing gains and losses when they suggested that bargaining is a process of social interaction through which each party tries to maximize its gains and minimize its losses. On the other hand, Alderson (1957, pp. 145-46) posited the concepts of explicit and implicit negotiations. An explicit negotiation involves a meeting between the parties with the mutually understood objective of resolving issues. Implicit negotiation "is any sequence of behavior which is directed toward, or may eventually lead to, an

understanding, even though the relationships between the two parties are never cast in a formal bargaining framework."

Gulliver (1979, pp. 79-80) observed that negotiation involves an exchange of information that permits a learning process by which each party formulates, modifies, and readjusts expectations, preferences, and proposals. Furthermore, he argued that the outcome of negotiation "often represents a compromise between the parties initial demands and expectations, but there may be, in part of whole, the joint creation of some new terms not originally conceived of by either party."

In addition, Gulliver (pp. 69-71) postulated a difference between negotiation and bargaining based on what he called "a wider and narrower process of interaction between the opposed parties..." The wider process he called negotiation and the narrower, bargaining. Gulliver quoted Bartos (1974, p. 167) who observed that negotiation is "more than a sequence of concessions... It is also -- and at times primarily -- a sequence of attempts to discover what the opponent's true interests are." Expanding upon this concept, Gulliver (pp. 69-71) added that negotiation includes "each party's efforts to discover what he can about all potentially significant matters, not only those concerning his opponent."

Another possible distinction between negotiation and bargaining was made by Gulliver (pp. 70-71) when he hypothesized that negotiation:

embraces everything that occurs, from the initiation and recognition of the dispute proper to the final outcome and, perhaps, its practical execution.... The narrower process of bargaining occurs within that comprehensive frame of negotiation. Bargaining consists of the presentation and exchange of more or less specific proposals of the terms of agreement on particular issues. I have first in mind the process of demand, offer, bid, and their counters, on the analogy of the marketplace or bazaar...

Despite the previous discussion, the literature on negotiation and bargaining usually does not distinguish between them. In almost every instance, these terms are treated as synonyms. For that reason, they are used interchangeably in this dissertation except as noted. Furthermore, in this text, negotiation is defined as a face-to-face conference between buyer and seller for the purpose of reaching agreement on the terms of a purchase or sales contract.

Importance of This Study

A basic unit of analysis in a marketing system is the transaction (Narver and Savitt, 1971, p. 3). From the standpoint of marketing, as well as purchasing, discovering the determinants of negotiation outcomes is important to an understanding of buyer-seller transactions. This is true because outcomes gauge the extent to which buyers and sellers achieve their objectives.

Karrass (as quoted by Bearden and Chipman, 1977, p. 3) observed that in a successful negotiation both parties win, but more often than not one party wins more than the other. The question is why. The answer no doubt is complex, but

the C

assump

1977,

must

thereb

large

Brown

at th

facto

The g

was

chief

estab

later

ment

that

envi

gove

almo

mult

purc

perc

ways

as a

the concept of consistent winning is a fundamental assumption of research on negotiation (Bearden and Chipman, 1977, p. 4). The paradigms that evolve from this research must account for the complex dynamics of negotiation, thereby facilitating the examination of many important, yet largely unstudied marketing negotiation issues (Rubin and Brown, 1975, p. 297).

One of the research questions that had to be answered at the inception of this study was where to study the factors that result in winning a sales contract negotiation. The government market more specifically, the defense market, was chosen for a study on negotiation success factors chiefly because it favors widespread use of negotiations to establish sales agreements. Other reasons are discussed later in this chapter.

Hutt and Speh (1981, pp. 35, 39) suggested that governmental units are an extremely important market segment and that they offer some of the most sophisticated and complex environments within which a marketer may operate. The U.S. government is the largest buyer in the world, buying more of almost any commodity than any other government, cartel, or multinational corporation (Robertson, 1979, p. 2). These purchases are growing at an estimated rate of 12 to 15 percent per year (Robertson, 1979, p. 3).

Private firms view the government market in different ways. Some consider it their primary market. Others see it as a means to offset declining commercial sales, while still

other companies look upon this market as a way to enter a new product line by selling a concept to a government agency that will pay all development and other nonrecurring costs (Robertson, 1979, p. 3).

Defense-military expenditures are among the largest of any U.S. governmental unit, accounting for an estimated 28 percent of the Fiscal Year 1984 budget (Executive Office of the President, 1983, p. 79). The relationship between prime contractors and the Department of Defense may be summarized as one of healthy conflict between organizations with differing goals (Patterson, 1977, p. 57). Sellers strive to make a profit, while buyers do everything they can to reduce costs.

Objectives and Scope

The overall objectives of this study were to: (1) develop approaches for studying factors that affect the outcome of marketing negotiations and (2) identify some of the factors that are perceived by professional negotiators to be most important to success in marketing negotiations.

Specific objectives of this study were to:

1. identify those groups of factors and individual factors perceived as the most important for successful negotiations when no restrictions are placed on the factors under investigation;
2. identify relationships between the most important factors and other factors;
3. compare and contrast the perceptions of senior- and beginning-level negotiators regarding negotiation success factors;

4. compare and contrast the perceptions of negotiators based on product line; and
5. identify underlying source variables, if any, that represent most of the factors perceived by negotiators as essential to successful negotiation outcomes.

This study includes measurement of the perceptions of a group of professional negotiators regarding the importance of various factors that may affect negotiation outcomes. No restrictions were placed on the factors evaluated by the negotiators. Participants were personally responsible for negotiating sales contracts with existing or prospective client organizations. All were members of a corporate group that provides design, manufacturing, and supporting services to government and private sector organizations in the U.S. and overseas. The corporation to which this group belongs ranks among the top 50 of the Fortune 500 firms. It was agreed that its identity would remain anonymous.

One basic consideration of this study was to build upon previous knowledge and experience, a concept that was emphasized by the father of modern management, Frederick Taylor (Fisher, 1971, p. 168). Another was to attempt to avoid the problems encountered in earlier research on negotiation and similar topics. These include:

- a laboratory approach that results in a static view of the negotiation process (Tedeschi and Rosenfeld, 1980, p. 225);
- too much concern with narrow constructs (Peterson, 1978, p. 508);
- studying the perceptions and actions of people who have not had in-depth experience and responsibility for the research topic in the real world (Henderson, 1970, p. 66); and

- focusing on a part of the issue, isolated from other interacting parts (Gordon, 1971, p. xi).

Why Study Negotiations in the Defense Market?

One question that may be asked about this study is: Why select the defense market for an investigation of marketing negotiations? Answers to this question are important partly because they will aid the reader in determining the applicability of the study's findings to other markets. They also should serve to encourage future research in this market.

One reason for choosing the defense market is its persistent, widespread use of negotiation, dating from the early 1800s. While a discussion of the defense market and its similarities and differences with respect to other markets is outside the scope of this dissertation, some observations concerning salient features of the defense market, as they affect its appropriateness for a study of marketing negotiations, are in order. Detailed discussions of the defense market, including contract negotiations and related issues are found in Pace (1970), Fox (1974), Robertson (1979), Gansler (1980), and Riley (1983).

In North America, military purchases, known variously as procurements or acquisitions, began before the founding of our nation (Cox and Jarrett, 1969, p. 1). Later, in 1809, the first federal statute that distinguished between "open purchases" and "advertising for proposals" was issued (p. 2). Since that time federal laws specified that military purchases must be made through advertised bidding,

with open purchases (negotiated procurement) permitted only under emergency and other specified conditions (Cox and Jarrett, 1969).

Today, 17 exceptions to the requirement for advertised bidding justify military purchases through negotiation (Riley, 1983, p. 7-1). As a result, negotiated procurement is an exception in law but, in fact, is the rule in practice (Fox, 1974, p. 254; Robertson, 1979, p. 26). Approximately 90 percent of all military dollars are spent in this manner. This percentage has held true for many years. For example, in 1967, Kelley and Lazer (p. 211) observed that "since 1950 between 80 and 90 percent of procurement dollars have flowed to the defense industry through the process of negotiation." More recently, the U.S. Department of Defense (April, 1981, p. 3) noted that during Fiscal Year 1980 negotiated contracts accounted for 92 percent of the prime contract dollars awarded (1970, p. 676).

A Significant Market

Billions of dollars are spent annually by the Department of Defense (DoD) via contract negotiations. For example, in Fiscal Year 1981, DoD procurements equalled approximately \$100 billion (U.S. Department of Defense, March 1982, pp. 1-1, 6-2). Approximately 90 percent, or \$90 billion of this amount was negotiated (p. 6-2). Furthermore, a steep rise in defense spending was predicted recently by the Executive Office of the President (see Figure I-1).

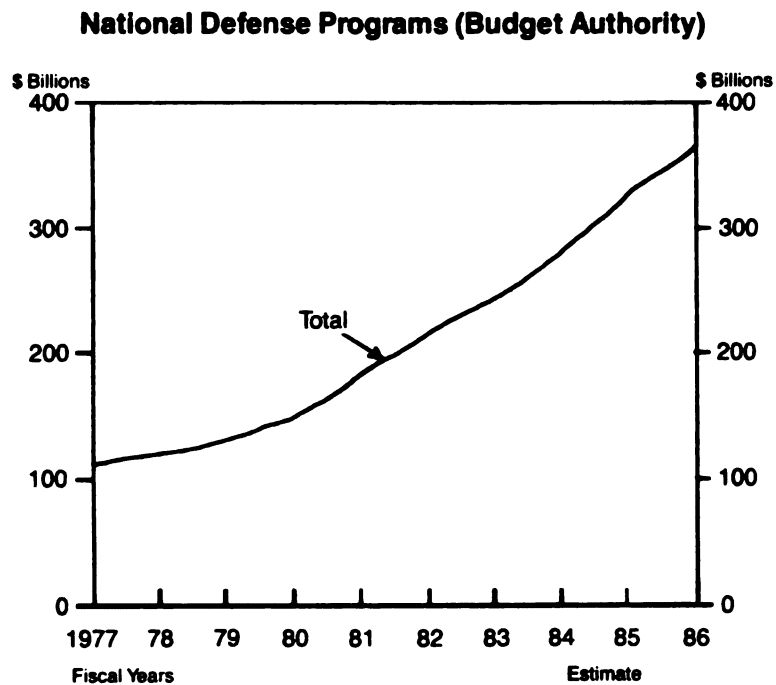


Figure I-1. National Defense Programs (Budget Authority)
(Adapted from Executive Office of the President, 1983, p. 33)

Earlie

planne

histor

the '8

M

of we

agenc

ment

hardl

subst

Large

stimu

part

overa

bill:

prog

both

succ

large

Numb

defe

sett

thes

Earlier, Time reported that the Reagan Administration planned the largest peacetime military buildup in U.S. history, \$1.5 trillion over a five year period ("Arming for the '80s," 1981, p. 6).

Many people think of the defense market only in terms of weapon systems. However, the DoD, like other government agencies, buys a variety of products. In discussing government purchases, Alderson (1957, p. 148) noted that there is hardly any article of commerce that is not bought in substantial quantities by government agencies.

Large Purchases and Sales

The mere size of many defense product purchases may stimulate strong interest and skills in negotiation on the part of both buyers and sellers. For example, in 1983, the overall cost of 64 major defense programs was \$606.9 billion, an average of approximately \$9.5 billion per program. It is not hard to imagine that negotiators for both buyers and sellers may tend to identify and apply success factors as much as possible in the face of such large stakes.

Number and Complexity of Issues

The number and complexity of the issues involved in defense industry negotiations provide a comprehensive setting in which to study these procedures. Examples of these issues include price, performance, design

requi
inspe
train
incre
requi
gover

of a
(Bear
negot
chang
accep
vario

Envin

its f
Truth
contr
corre
addi
gover
(mana
Furth
obtai
beyon
manag

requirements, delivery points, shipping and handling, inspection and testing, manufacturing facilities, operator training, maintenance and repair, spare parts, options for increased production, terms and conditions (such as the requirement to hire minority workers), and countless government standards and specifications.

In addition, negotiations do not end with the awarding of a contract but continue throughout the contract's life (Bearden and Chipman, 1977, p. 2). Issues that are negotiated after a contract is signed include contract changes, interpretation of contracts, acceptance of designs, acceptance of prototypes and initial production units, and a various assortment of contingencies (Fox, 1974, p. 348).

Environmental Conditions

When a firm negotiates a defense contract it must open its financial records and procedures to the government. The Truth in Negotiations Act requires prime and some sub-contractors to certify that their cost and pricing data are correct, complete and current (Riley, 1983, p. 7-21). In addition, a firm's negotiators must bear in mind that government auditors will conduct financial and operational (management) audits of the firm (Newman, 1978, pp. 6, 33). Furthermore, a firm's negotiators must be aware that obtaining a fair profit may require additional negotiating beyond the originally approved agreement, as well as good management. The government subsequently can recover what it

consi

(Zolt

regul

as a

compe

tivel

they

case

clusi

in th

thing

subje

marke

Impon
Defen

nego

impr

proc

U.S.

effo

impr

Empi

indu

tiat

considers excessive profits under the Vinson-Trammel Act (Zolt, 1978, p. 905).

Presumably, these defense industry conditions and regulations tend to foster the development of negotiation, as a marketing function, to a relatively high level. In a competitive situation, firms that do not negotiate effectively generally do not obtain contracts consistently or, if they do, they may not make a satisfactory profit. In either case they may drop out of the industry. A logical conclusion from this line of thinking is that firms that stay in the defense industry for many years are, among other things, effective negotiators. They may also be suitable subjects for the study of factors that lead to success in marketing negotiations.

Importance of the Defense Industry

From a practical viewpoint, another reason for studying negotiations in the defense industry is simply to help improve such negotiations where possible. The importance of procurement negotiations in providing for the defense of the U.S. and its allies suggests the need for a continuing effort to improve negotiation effectiveness and, thereby, to improve the outcomes attained (Mullen, 1978, p. 10).

Empirical Foundation

From the standpoint of orderly research, the defense industry is the area of choice for a study of the negotiatory function in organizational marketing. Almost all

empirical data concerning the perceptions of experienced negotiators comes from this industry. Thus, there is an established base on which to build. Unfortunately, there are virtually no statistical studies of actual business negotiations.

Despite some of the unique conditions of the defense market, it bears many similarities to other organizational markets. Many of the findings in defense negotiation studies may, therefore, apply to other governmental and industrial markets.

Limitations

The limitations of this study stemmed from two basic sources: the instrument and the population. Each is discussed below.

The Instrument

Most of the success factors discussed in negotiation literature were not the result of studies of actual negotiations. Nor were they the result of studies of the perceptions of professional negotiators. In this study, most of the success variables contained in the questionnaire were proposed by negotiators from the firm that participated in the study. However, systematic comparison between these items and those identified by prior research was not performed.

The Population

Respondents to the questionnaire were all from one company. A census, rather than a sample, was taken. No attempt was made to measure nonresponse error.

Overview of the Dissertation

The remaining chapters of this dissertation present the results of a research on success factors in buyer-seller negotiations. Chapter II discusses the origins of research on negotiation and major approaches to such research. Chapter III examines the various classes of success factors found in negotiation literature and provides examples of the factors associated with each class.

The methodology developed for this research is discussed in Chapter IV. The population of the study is described, and the data collection instrument and procedures are presented. Also, the statistical methods used for answering the research questions are outlined. Chapter V contains the findings of the study, including information concerning the study's participants, while Chapter VI examines the major conclusions and implications of this investigation.

1

nego

nego

rese

succ

orde

to p

lite

fact

diff

incl

cati

comp

affe

neg

Thes

form

beca

CHAPTER II

NEGOTIATION LITERATURE: EARLY HISTORY AND CONCEPTUAL APPROACHES

This chapter and the next review the literature on negotiation. Chapter II discusses early thinking regarding negotiation and provides an overview of negotiation research. Chapter III identifies the major classes of success factors that resulted from this research. This order of presentation from general to specific is intended to provide an understanding of the diverse and often complex literature on negotiation. The diversity results from the fact that information on negotiation comes from many different disciplines. In addition to marketing, these include psychology, sociology, social psychology, communication, law, diplomacy, and management science. The complexity results from the large number of factors affecting negotiation outcomes.

Roots of Current Negotiation Concepts

The following paragraphs highlight some concepts on negotiation from ancient history to more recent times. These concepts may be viewed as the predecessors to recent formulations of negotiation theories and are mentioned because present-day researchers may be unaware of their debt

to

ind

mad

A F

(19

He

rel

cla

rec

with

late

car

bus

156)

neg

for

disc

char

seve

Acco

to the past. In addition, the following discussion indicates some of the contributions to negotiation theory made by various disciplines.

In his book, Marketing Behavior and Executive Action; A Functionalist Approach to Marketing Theory, Wroe Alderson (1957, p. 130) discussed the origin of the word negotiation. He stated that the Latin word for business, negacio, is related to the word negation. Alderson noted that in classical times businessmen were not engaged in any of the recognized occupations, so they were regarded as occupied with negotiating -- in other words, doing nothing. The term later emerged as the designation for the activity of carrying out transactions that lie at the heart of the business function.

Sir Francis Bacon (1908, pp. 225-27), who lived from 1561 to 1626, described the tactics to be used in negotiation, as well as the type of people one should use for various negotiation situations. Ikle (1964, p. 253), in discussing negotiations between nations, reviewed the characteristics a negotiator should possess according to seventeenth- and eighteenth-century manuals on diplomacy. According to Ikle, these manuals stated that

the compleat negotiator should have a quick mind but unlimited patience, know how to dissemble without being a liar, inspire trust without trusting others, be modest but assertive, charm others without succumbing to their charm, and possess plenty of money and a beautiful wife while remaining indifferent to all temptation of riches and women.

ment

whose

busin

funct

are r

which

the v

are

rela

chan

nego

also

thro

whic

"as

This

anot

and

thos

dis

"in

whi

int

Neg

The most important modern-day pioneer in the development of marketing negotiation theory is Alderson (1957), whose work was cited previously. His broad perspective of business activities, ability to interrelate significant functional elements of marketing, and attention to detail are reflected in his writing on marketing negotiations.

Alderson provided several frames of reference from which marketing negotiations may be studied. In discussing the various "utilities," for example, time and place, that are obtained by customers through marketing functions, he related possession utility to negotiations that result in a change of title (p. 69). Alderson posited that "if the negotiation pertains to the transfer of goods and assets, it also is concerned with valuation and attempts to effectuate, through analysis and discussion, the determination of values which are not automatically fixed by the market" (p. 140).

From another perspective, Alderson viewed negotiation "as a continuous adjustment among power centers" (p. 131). This adjustment takes place between one business firm and another, between business and government, between a business and a union (p. 131). An example of such negotiations are those between a food supplier and firms in the supplier's distribution channel. In this regard Alderson observed that "in addition to their common interests the several firms which are linked in a marketing channel have diverse interests--in some respects, adverse interests" (p. 156). Negotiation in trade channels is one means of reconciling

adve

mark

on

refr

140

shap

adva

neg

"wa

fee

con

ass

and

as

The

equ

dis

goc

may

ti

tr

sup

on

ei

adverse interests and other sources of conflict in marketing.

Alderson's construct of power in bargaining is based on the dichotomy of power to take action and power to refrain from action, which he labeled "waiting power" (p. 140). Power to take action may result in leverage by shaping the proposal to be negotiated and defining, in an advantageous way, the agenda to be followed during negotiations. The power to refrain from action, that is, "waiting power," may provide leverage if the other party feels a greater urgency to complete the transaction under consideration. Both types of power are based on two assumptions: (1) each party has something the other wants, and (2) each has alternative means of satisfying its needs.

Still another frame of reference proposed by Alderson as a starting point for studying negotiations is objectives. These may include the sale of assets, such as plant or equipment; the movement of a large lot of goods; preliminary discussions concerned with procedures for the movement of goods; the sale of services; mergers and acquisitions (which may require negotiations regarding the marketing organization); long-term supply contracts; and possible future transactions, such as becoming qualified as a future supplier (Alderson 1957, pp. 137-40).

Another frame of reference Alderson proposed is based on outcome. The degree of satisfaction that is felt on either or both sides of a negotiation is proposed as a

poss

that

genu

enti

is m

or

perm

for

barg

may

mean

prin

wit

as

mar

bot

thi

as

ot

ti

is

co

co

a

possible test of the outcome (p. 135). Alderson posited that a good bargain is one in which both parties are genuinely better off than before and argued that this is entirely feasible if each side is giving up something that is more important and useful to the other side (p. 136).

Regardless of the outcome of a negotiation, the issue or issues under consideration are seldom settled permanently. The agreement may be only the starting point for the next negotiation. Alderson (p. 136) noted that "no bargain can be expected to last forever." Thus, negotiation may function as a continuous adjustment among power centers.

Negotiation is also seen by Alderson (p. 133) as a means of "building a system of action." This is represented primarily in the operating structure of a firm, particularly with regard to the marketing function. Management is seen as constantly creating, maintaining, and expanding the marketing organization through the process of negotiation, both within and outside the firm. Alderson conceptualized this shaping of the marketing structure through negotiation as a means of providing for the orderly flow of work in other areas of the firm.

As mentioned earlier, the differing goals of organizations that desire to work together to satisfy mutual needs is seen as a source of conflict. In fact, the sharpest conflicts often develop among those who feel obliged to cooperate with one another (p. 134). Such conflict may arise, for example, between a supplier firm that provides

the m
an es
means
analy
contr
or th

inter
mecha
(Bart
trad.
refer

psyc
conf
intr
Inc.
indi
inac
1976

appr

the most suitable product at the least cost and a firm with an essential need for the product. Negotiation is a primary means of solving such conflicts. Much of Alderson's analysis is from functional and behavioral perspectives, as contrasted with the mechanistic approaches of game theorists or the process-oriented views of social psychologists.

A primary reason negotiation has attracted the interest of researchers is that it is seen as an outstanding mechanism for resolving social and political conflicts (Bartos 1967, p. 481). Consequently, the "conflict tradition" is one of the most widely used frames of reference in research on negotiation.

Negotiation can be viewed as a fundamental social psychological process involving at least three forms of conflict: intergroup, intragroup or interpersonal, and intrapersonal or role conflict (Procurement Associations, Inc. 1977, p. III-7). Furthermore, there is much evidence indicating that a serious cause of conflict in bargaining is inaccurate perceptions of the other person or group (Swingle 1976, p. 35).

Nierenberg (1971, p. 168) sums up the various approaches to the study of conflict as follows:

Under the game theory, conflict has been described as a rational competition for limited resources. A Freudian psychologist has described it as an "innate, independent instinctual disposition in man" based on the outward projection of the death instinct. The psychoanalysts describe defense mechanisms against conflict as rationalization, repression, reaction-formation, projection, and displacement. Others have used

oth

(19

sim

neg

in

is

law

mos

with

Cont

can

enf

rega

as t

coll

of

exch

only

(Ald

p. 5

powe

barg

the terms "territorial imperative" and "aggressive animal instinct." The learning theories have viewed it in terms of the frustration-aggression hypothesis. Very little for practical day-to-day use has been added by these studies to the resolution of conflict by negotiation.

The power tradition, as formulated by Alderson and others, for example, French and Raven (1968), Wilemon (1972), Hunt and Nevin (1974), and Dwyer and Walker (1981), similarly has led to no reported improvements in actual negotiations. This tradition is discussed separately later in this report.

Still another frame of reference proposed by Alderson is from a legal point of view (p. 147-48). There are many laws concerning business negotiations, contracts being the most crucial example. Very few contracts are entered into without some form of negotiation, either tacit or explicit. Contract law governs the kinds of business relations that can be covered by contracts as well as the rights of enforcement available to the parties involved. In this regard, Alderson viewed the work of John R. Commons (1959) as the most basic reference on negotiation in marketing.

Commons, an economist, was interested in law, collective action, and labor economics. He saw the change of title from one owner to another as the essence of exchange, involving scarcity and coercion, and controlled only by the bargaining limits inherent in the situation (Alderson 1957, p. 21). In some instances, Commons (1959, p. 54) viewed the power of property as "waiting power, the power to hold back until the opposite party consents to the bargain."

stud

had

proc

labo

Othe

incl

comm

nego

to r

pers.

or t

might

and t

ing.

the

barga

and m

barga

While Alderson posited many concepts as a basis for studying negotiations in marketing, he believed that there had been a much more intensive study of negotiation processes in diplomacy and collective bargaining concerning labor contracts than in the field of business (p. 131). Other disciplines that have studied negotiation intensively include sociology, psychology, social psychology, and communication.

Strauss (1978, pp. 234-35) sums up the importance of negotiation in sociology as follows:

Negotiation is not merely one specific human activity or process, of importance primarily because it appears in particular relationships (diplomacy, labor relations, business transactions, and so on), but is of such major importance in human affairs that this study brings us to the heart of studying social orders. As argued in the preface to this book, a given social order, even the most repressive, would be inconceivable without some forms of negotiation.

Strauss observed, however, that there are alternatives to negotiating. In his view, these at least include persuading, educating, manipulating, appealing to the rules or to authority, and coercion (p. x). Other theoreticians might consider all of these alternatives as forms of power, and the application of power as a primary means of negotiating. Strauss also held that the traditional areas in which the literature on negotiation originates include labor bargaining, diplomacy, arms control, conflict resolution, and marketing (p. vii).

Lockhart (1979, p. 1) believed that although bargaining is a central activity of political life, students

of
of
on
be
do
ba
th

wa

bas
his
dis
ove
is
ded
inv
neg
lite
othe
conc

of politics generally have not provided theoretical analyses of bargaining. He points out further that scholars focusing on international politics (Zartman 1971; Ikle 1964) have been more interested in bargaining than their colleagues in domestic politics and that most of the theorizing on bargaining has been done by economists, administrative theorists, and psychologists.

The interdisciplinary nature of bargaining research was noted by Shubik (Cross 1969, p. vii):

Topics which at one time were regarded as belonging to the private hunting preserve of one set of specialists are now recognized to be fair game for all. Bargaining is one of these topics...At the same time he (Cross) has recognized that intensive work must be done in many allied disciplines before 'The Theory of Bargaining' emerges.

Research on Negotiation: An Overview

The first part of the literature review provided some basic concepts concerning negotiation, mostly from a historical perspective. It also identified several of the disciplines that have provided much of the literature. This overview of some approaches to negotiation theory building is divided into two parts: one dealing with primarily deductive work and one focusing on empirical studies involving professional negotiators or data from actual negotiations. As with most classifying schemes, some of the literature does not fit neatly into one category or the other. Some of the literature discussed under the conceptual heading contains the results of experiments, but

th

re

en

pl

Ka

re

s

en

De

of

ne

tu

he

ar

he

ne

gr

co

co

ma

lat

sat

(19

the participants were not representative of people who were responsible for negotiating in an occupational setting.

Similarly, most of the literature classified as empirical contains some theoretical discussion, but its principal contributions are its methodology and findings. Karrass' work (1968, 1970, 1974) is an exception. It is referred to under both headings because it appears to make significant contributions to both theory building and empirical evidence.

Deductive Approaches

The following discussion provides an overview of some of the more frequently used approaches to developing a negotiation theory. In summarizing the voluminous literature, an attempt was made to group approaches under broad headings. The major contributions of various researchers are discussed, therefore, under a relevant heading or headings.

Underlying most of the conceptualizations on negotiation is a perspective of two parties (persons, groups, countries, and so forth) who are engaged in a cooperative effort but have different goals. The cooperative effort may be, for example, the structuring of a marketing organization, or it may be the negotiation itself.

One crucial consideration, as will be explicated later, is that each party to a negotiation is seeking to satisfy a need or needs through the other party. Nierenberg (1971, p. 19) found that "the satisfaction of needs is the

commo

other

not b

This

depend

226; /

to co

resol

of go

other

sett

issue

depend

Lawle

examp

contr

is on

each

relat

group

of a

negot

elsewh

negoti

common goal of all negotiations." Each party needs the other, at least to some minimal extent, or else they would not be engaged in negotiation (Nierenberg 1973, p. 89). This situation leads to the basic concepts of mutual dependence and exchange (Tedeschi and Rosenfeld 1980, p. 226; Anglemar and Stern 1978, p. 93).

The second consideration, differing goals, gives rise to conflict--and to a vast body of literature on conflict resolution through negotiation and other means.

In the extreme case of mutual dependence and diversity of goals, a bilateral monopoly exists. Neither party "has other parties with whom to negotiate a comparable or better settlement, and each is highly committed to the outcomes at issue. In other words, there is a high level of mutual dependence in the bargaining relationship" (Bacharach and Lawler 1981, pp. 4, 5). Such a situation might occur, for example, when the U.S. Department of Defense desires a contract at once for a specific fighter aircraft, and there is only one production source.

In a pragmatic sense, "the dependence of coalitions on each other is based on a comparison of the immediate relationship with relationships available from alternative groups" (Bacharach and Lawler 1980, p. 171). This concept of a comparison between choices available through negotiation with the other party and those available elsewhere is the focal point for a recent "best seller" on negotiation (Fisher and Ury 1981).

Mc

conceptu

E

t

b

T

h

c

t

a

a

m

i

O

o

r

a

A

P

t

i

A

stated

interes

there ;

to neg

2

adopte

histor

type

experin

Furthe

Strauss

1977,

believe

concern

More than 20 years ago, Rose (1962, pp. 15-2, 15-3)

conceptualized a marketing transaction as follows:

Every transaction involves a seeming contradiction. On the one hand, there is the fact that buyer and seller have a mutuality of interest. The seller is anxious to serve the buyer and fill his requirements as specified. The buyer is concerned in establishing a source and providing that source with sufficient incentive to produce and perform as specified. Both are eager to arrive at agreement, and hopefully maintain a mutually advantageous relationship beyond the immediate procurement.

On the other hand, the seller is naturally oriented towards his own business and its requirements, and only aware of the buyer's needs as they reflect themselves in additional sales. As for the buyer, he is disposed to look at the purchase in terms of internal considerations, and to be little concerned, if at all, with what it imposes on the seller.

At approximately the same time, Ikle (1964, p. 2) stated the matter succinctly: "There must be both common interests and issues of conflict. Without common interest there is nothing to negotiate for, without conflict nothing to negotiate about."

Zartman identified eight approaches that have been adopted by social scientists for the study of negotiation: historical, contextual, structural, strategic, personality-type analysis, behavioral skills, process, and experimentation and simulation (Gulliver 1977, pp. 265-266). Further discussion of these approaches may be found in Strauss (1978, p. 2), as well as in Zartman (1976, p. 1-4; 1977, pp. 619-27). Bacharach and Lawler (1981, pp. 2-3) believed that there are two theoretical traditions concerning bargaining, namely, environment and process.

app

neg

Th

al

to

mu

Gar

con

tia

par

alt

the

par

the

Coa

pro

4-8

and

the

Our literature review identified the following major approaches to research on negotiation: game theory, negotiator traits, objectives, process, and situation. These are discussed on the following pages and are not altogether mutually exclusive. However, they are intended to provide a frame of reference as an aid to understanding much of the literature on negotiation.

Game Theory

Game theory is one of the oldest and most enduring conceptual approaches to determining the outcome of a negotiation. Game theorists "seek to determine how a rational party attempting to maximize individual gain chooses between alternative lines of behavior, given that the payoff from the choice is contingent, in part, on the choice of another party" (Bacharach and Lawler 1981, pp. 6, 7).

There are numerous examples of the application of game theory, including the Prisoner's Dilemma and the Parcheesi Coalition. Brief descriptions of game theory have been provided by McGinnies (1970, pp. 412-19), Bartos (1974, pp. 4-8), and Edwards and White (1977, pp. 28-38). Bacharach and Lawler (1981, pp. 7-9) have described the origin of game theory as follows:

[John Nash's (1950)] determinate solution is the foundation for virtually all other game-theoretical models of bargaining. Nash's theory was a response to von Neumann and Morgenstern (1944)--the founders of the game theoretical tradition--who held that there is no determinate solution for variable-sum or bargaining games. In variable-sum games, such as bargaining, the product of the parties', payoffs or utilities is

The
spec

These
tion
behav
can
(Bart

sever
Game
system
social
suffi
virtu
barga
Lawle
envir
Party

not constant or fixed because different outcomes can specify different total amounts of payoff to be distributed by the parties. Nash (1950) was dissatisfied with the indeterminate nature of von Neumann and Morgenstern's solution and sought to specify a determinate solution for two-party bargaining games.

The only way open to Nash to achieve his objective was to specify a number of assumptions. Those he proposed are:

- . Each actor is rational and expects the other to be rational.
- . Each actor has complete information on the utility of alternative settlements to himself and his opponent.
- . The only significant differences between the parties are those reflected in their utility functions.

These obviously are very restrictive, especially the assumption that the actors are rational and, therefore, that their behavior can be predicted. Consequently, very few conflicts can be conceptualized as games with optimal strategies (Bartos 1967, p. 481).

The usefulness of game theory has been criticized along several lines. For example, see Young (1975 pp. 392-95). Game theory abstracts away such essential ingredients as systems of communication and enforcement. In addition, social and psychological factors are not accounted for sufficiently (Kuhn 1962, p. 1). The bargaining process is virtually ignored; it is reduced to a ritual wherein the bargainers converge on an a priori outcome (Bacharach and Lawler 1981, pp. 15-16). External constraints of the environment are included, without explanation, in each party's utility functions. The restrictive, unrealistic

assu

nist

of i

much

its

Pris

296-

thee

the

game

conv

vali

to

stro

thee

by

thee

of t

Raif

Raif

enve

nego

conc

pp.

assumptions that are an essential feature of the deterministic approach of game theory result in a substantial loss of informativeness of the theory.

Given these weaknesses, one would not expect to find much application of game theory methodology. Nevertheless, its use in negotiation-type experiments, such as the Prisoner's Dilemma, is widespread (Rubin and Brown 1975, pp. 296-97).

Other problems related to the methodology of game theory include its subject matter and participants. While the application of findings from prisoner interrogation games that use students as subjects may be inexpensive and convenient for the experimenter, they lack external validity. Rubin and Brown, in the work cited above, point to the abundance of real life negotiations and suggest strongly that these be studied (p. 298).

The basic problem of the mismatch between the game theory of negotiation and actual negotiations is illustrated by Raiffa's experience. At first, a theoretician in game theory and decision analysis and, later, the first director of the International Institute for Applied Systems Analysis, Raiffa participated in many international negotiations. Raiffa (1982, p. 3) stated that "simple, back-of-the-envelope analysis" was all that seemed appropriate in his negotiations. He explained his awakening to the weakness of concepts based on game theory in this way (Raiffa 1982, pp. 3, 4):

det

be

sta

tha

com

imp

Bro

Neg

his

mos

syn

It

the

as

alw

tua

sho

Pat

Per

Law

I was constantly impressed with the limitations of iterative, back-and-forth gamelike thinking. I could try to be systematic, thoughtful and analytic, but the "others" I negotiated with always seemed to have intricate, hidden agendas. Secretly I thought that if I could really know their true values, judgments, and political constraints, I would be doubly convinced that they were not acting in a coherent, rational way. They certainly weren't satisfying the prescriptive ideals of "rational economic man."

A move away from unrealistic approaches, including the deterministic methodologies of game theories, would seem to be in order. In other words, "if researchers are to understand the complex dynamics of bargaining, ...it is essential that they (we) create paradigms that incorporate this complexity, thereby permitting the examination of a spate of important and as yet largely unstudied issues" (Rubin and Brown 1975, pp. 296-97).

Negotiator Traits

The person responsible for conducting negotiations for his or her organization is the most visible and perhaps the most vocal member of a negotiating team. He or she is the symbolic, if not the actual, leader of the team's efforts. It would seem natural, therefore, for research to focus on the qualifications or characteristics of the lead negotiator as determinants of negotiation outcomes, but such is not always the case. For example, social-psychological conceptualizations of negotiations focus on what the negotiator should do, might do, or even what his or her thought patterns might be in a particular situation, but not on personal qualifications. (For example, see Bacharach and Lawler 1981).

Research regarding the personal characteristics of negotiators has its origins in the fields of psychology and diplomacy. Karrass (1968), for example, cites 139 important personality traits that were developed by Jenkins (1962, pp. 418-42). He divided these into two categories: those that were positive bargaining attributes and those that were not (Karrass 1968, p. 122).

As previously mentioned, more than 350 years ago, Sir Francis Bacon prescribed the qualifications a successful negotiator should have (Bacon 1908, pp. 225-27), and Ikle (1964) cited the characteristics required of a negotiator according to seventeenth- and eighteenth-century manuals on diplomacy. Also, Roetter (1963), as referenced in Karrass (1968, pp. 126-27), described the English standards used in selecting candidates for diplomatic training as opposed to the requirements of the U.S. Department of State.

The negotiation literature suggests a myriad of prescriptive traits for use in selecting negotiators (Karrass 1968, pp. 131-32; Lee and Dobler 1977, pp. 163-64, U.S. Department of Defense 1976, pp. 1-405.1; Edwards and White 1977; Procurement Associates, Inc. 1977; Herman and Kogan 1977; Corey 1976; Rubin and Brown 1975; Nierenberg 1971; Riemer 1968; Bartos 1967; and Rule 1962). However, behavior in negotiations seems to be so unpredictable that theoreticians cannot offer a satisfactory explanation as to why certain relationships between negotiator characteristics and negotiation outcomes exist (Bartos 1967, p. 493).

In their review of the research on the effect of a negotiator's personality on his or her behavior, Herman and Kogan (1977, pp. 147-48) noted

at least three different ways in which personality characteristics may affect negotiation behavior which are often confounded in the literature. Personality may be related to initial orientation to the negotiations; strategies and other process variables may be influenced by personality; and the mix of the opposing negotiators' personality characteristics may affect the outcome of the negotiations.

Herman and Kogan (1977) found experimental research on the effects of personality on negotiating behavior to be generally discouraging. Recent reviews of the literature "show only a few personality variables for which there are more significant than nonsignificant relationships, and these few variables are generally in studies yet to be replicated" (p. 247). In his studies of negotiator characteristics, power, and negotiation outcome, Emerson (1962, p. 32) found that these factors "are infinitely variable across the set of possible relations, and hence have no place in a general theory."

The literature on negotiator qualifications thus runs the gamut from high interest on the part writers of prescriptive documents for practitioners to virtual abandonment on the part of theoreticians. However, some of the negotiator characteristics that are thought to be crucial to negotiation outcome will be noted under the heading "Empirical Research" and will be discussed in somewhat more detail under "Success Factors."

Nego

nego

clea

that

to s

proc

ment

of m

good

with

(196

the

view

nego

tact

item

thre

reso

psyc

They

subp

twen

inte

Negotiation Objectives

As with so many of the other concepts, the analysis of negotiations in terms of their objectives was enunciated clearly by Alderson almost three decades ago. He postulated that negotiations may be classified and analyzed according to such objectives as the sale of assets in a merger, procedures to be followed in a future transaction, arrangements for a long-time supply contract, start-up or revision of marketing organizations, or simply the immediate sale of goods and services (Alderson 1957, pp. 137-40).

From another discipline that is vitally concerning with negotiations, labor relations, Walton and McKersie (1965) provided a paradigm based primarily on the nature of the issue(s) under discussion. Their perspective may be viewed as an expansion of Alderson's basic concepts.

Walton and McKersie sought to show that the way negotiators approach their discussions and the strategy and tactics they use are all dependent on the nature of the items that are at stake. They stated that their work has three "touchstones": collective bargaining, conflict resolution, and underlying disciplines of economics, psychology, and sociology" (Walton and McKersie 1965, p. 1). They do not claim to have conceptualized any major subprocesses of negotiation; rather, they cite more than twenty authors whose thinking they have abstracted and integrated (pp. 6-8).

fo

in

ba

di

to

lo

(p

st.

One

re

mu

to

Law

fi.

re.

div

bar

par

ref

Edw

typ

bet

obj

sin

Walton and McKersie's analytical framework includes four models: distributive bargaining, integrative bargaining, attitudinal structuring, and intraorganizational bargaining. Distributive bargaining is concerned with the division of finite resources in what is sometimes referred to as a "zero-sum" game--what one party wins, the other loses. The authors viewed this as pure conflict of interest (p. 4).

The integrative model concerns resources that are not strictly limited--a "non-zero sum" or varying sum situation. One party does not gain at the expense of the other. As a result, negotiation is characterized by cooperation and mutual problem solving. The crucial issue is finding a way to maximize the benefit to both parties (Bacharach and Lawler 1980, p. 110).

The attitudinal structuring model differs from the first two in that it is concerned with influencing the relationship between the parties, rather than with the division of resources. The focus of intraorganizational bargaining is on activities that bring the expectations of a party into line with those of its chief negotiator.

The distributive and integrative models are widely referred to by negotiation theoreticians. (For example, see Edwards and White 1977; Bacharach and Lawler 1980.) Ikle's typology, however, differs slightly. He distinguishes between negotiations that involve an exchange of different objects as opposed to those whose common interest lies in a single arrangement or object (Ikle 1964, p. 2).

Walton and McKersie's integrative model is relevant to marketing in that its aim is to maximize the satisfaction of both parties, for example, a buyer and a seller. Karrass (1968, p. 60) pointed out that this is "an example of important integrative bargaining and should be recognized as such.

The distributive model may be appropriate in some marketing channel negotiations and similar situations. For example, in a price negotiation between a wholesaler and retailer in a particular marketing channel, a higher price charged by the wholesaler may result in a higher profit for the wholesaler and a lower profit for the retailer. However, there is the possibility in this example to change to a more integrative approach by introducing offsetting terms more favorable to the retailer. These might include a higher credit limit, more prompt delivery, and greater advertising support from the wholesaler.

The attitudinal and intraorganizational models also have widespread application to marketing. Attitudinal bargaining may be a part of any bargaining situation. Intraorganizational bargaining may be employed in changing a marketing organization, for example, to effect expansion into an overseas market.

Bacharach and Lawler (1980, p. 110) posited that extreme versions of distributive and integrative bargaining are poles of a hypothetical continuum. They pointed out that real world negotiations fall somewhere between the

poles. "In other words, there are both integrative and distributive aspects of most bargaining, and any attempt to classify concrete bargaining cases on this basis must be made a matter of degree."

Main (1983, p. 146) postulated that building strong relationships is an important objective of business negotiations, noting that the Japanese talk of "building relationships as a cornerstone of business." He observed further that some U.S. businessmen, with their competitive drive, may achieve victory but "may also leave a beaten opponent who will never want to do business with (them) again."

Negotiation Process

One question that negotiation theory must answer is: How do negotiators adjust or relate their own intentions and activities to those of their opponent? (Bacharach and Lawler 1981, p. 41). The answer may be called the negotiation process, a topic that has received much attention from theorists.

Zartman (1977, pp. 620-21) conceptualized negotiation as one of a limited number of decision-making modes; the others are coalition (choice by majorities, rules, and legislation) and judication (a hierarchical process wherein the parties plead before a single judge or executive who makes a decision). Negotiation involves much decision making, and decision making involves some uncertainty, but in complex negotiations in the defense industry and

elsewhere there often is considerable uncertainty. Negotiation processes have evolved, in part, as reaction to uncertainty -- as attempts to mitigate its unfavorable effects.

Zartman and Berman's (1982, p. 9) negotiation model includes three stages. In the first, the parties diagnose the situation and decide to attempt to negotiate. In the second, they negotiate a formula or common definition of the conflict in terms amenable to a solution. In the third stage, the parties negotiate the details to implement the formula on precise points of the dispute.

In a somewhat broader perspective, negotiation may be conceptualized as consisting of pre-conference, conference, and post-conference stages (Karrass 1968, pp. 55-56). Requirements, objectives, and policies are formulated and other preliminary activities occur during the first stage. Limited efforts have been made to analyze these activities (Young 1975, p. 405). The second stage includes activities usually thought of as face-to-face negotiation. During the post-conference stage the parties make certain there is clear and detailed agreement, that intraorganizational approvals are obtained, and that all formal and informal steps necessary to confirm the agreements have been completed (Karrass 1968, pp. 55-56).

Other researchers conceptualize negotiation as a communication process. Angelmar and Stern (1978, p. 93) held that "three main types of research paradigms have been

used in the study of bargaining." These paradigms concern the degree of communication permitted. The first type is simply a bid process with no communication. The second type allows limited communication by means of a set of predefined messages. The third paradigm involves minimal or no constraints on messages between the parties.

With reference to integrated bargaining, wherein the objective is to find a mutually beneficial outcome, three basic steps have been hypothesized (Edwards and White 1977, p. 12; Walton and McKersie 1965, p. 137): (1) exchange of information by participants in order to identify the items at issue; (2) discovery and exploration of choices, or solutions, and their consequences; and (3) ranking the solutions and selecting a course of action.

Procurement Associates (1977, p. XVII-1) conceptualized negotiation in a slightly different manner:

Negotiation is a three stage process. The first stage consists of fact finding to determine the range of the negotiation positions of each side and to determine if both sides are ready for negotiation. The second stage consists of fact finding and preliminary negotiation to narrow this range as much as possible by logic and persuasion and to determine the real objective of the other party. In the final bargaining stage, agreement is reached by hard bargaining and compromise.

Gulliver (1979, pp. 70-71) posited a distinction between negotiation and bargaining that has important implications. He described negotiations as "a process of discovery." Discovery leads to some degree of reorganization and adjustment of understanding, expectations, and

behavior, leading (if successful) eventually to more specific discussion about possible terms of a final agreed outcome." Gulliver gave the widest definition of negotiation, which includes "the whole range of interaction between the two parties in dispute. It embraces everything that occurs, from the initiation and recognition of the dispute proper ... to the final outcome and, perhaps, its proper execution." He defined bargaining as a narrower process that "occurs within that comprehensive frame of negotiation ... and consists of the presentation and exchange of more or less specific proposals for the terms of agreement on particular issues." These issues include not only product-oriented questions but also the location of the negotiation, items to be discussed, procedural arrangements, norms and rules, and similar matters.

Gulliver conceptualized negotiation as an exchange of information between two parties that leads to a joint decision. This exchange facilitates a learning process "by which each party formulates, modifies, and readjusts expectations, preferences, and proposals" (p. 80). The result may be new terms not envisioned originally by either party. Thus, Gulliver views negotiation as interaction involving discovery, learning, invention, and decision making; it thus is more than mere communication.

Gulliver's model (p. 84) of the cyclical nature of negotiation is depicted in Figure II-1.

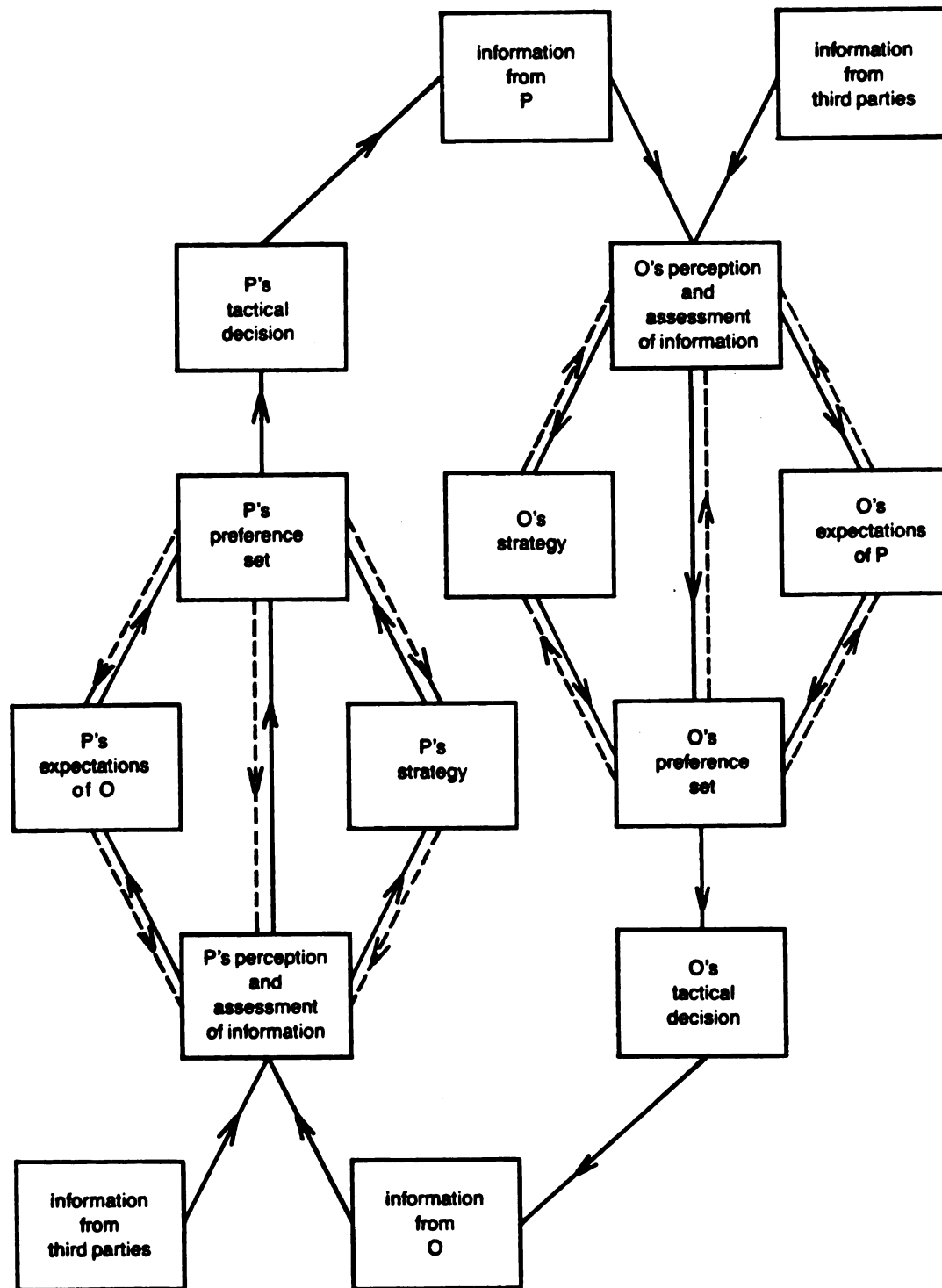


Figure II-1. The cyclical model of negotiation: P, Party; O, Opponent. (Gulliver, 1979, p. 84)

He hypothesized several phases, each one typified by a predominance of antagonism, coordination, or a combination of both. These phases and their attributes are depicted in Figure II-2 (Gulliver 1977, p. 122).

Several models have been proposed to explain, at a detailed level, the process by which negotiated agreements are achieved. A basic concept of several of these is the settlement range. This is illustrated in Figure II-3 (Karrass 1968, p. 44). If the negotiation issue is price, then the settlement range is the difference between the buyer's maximum price and the seller's minimum price. Some of the factors that influence the range are "uncertainty, utility, expectation, perception and information" (Karrass 1968, p. 43). The distance between T_B and T_S has been called the "hard core" of negotiations (Kroeker, as quoted in Karrass 1968, p. 43).

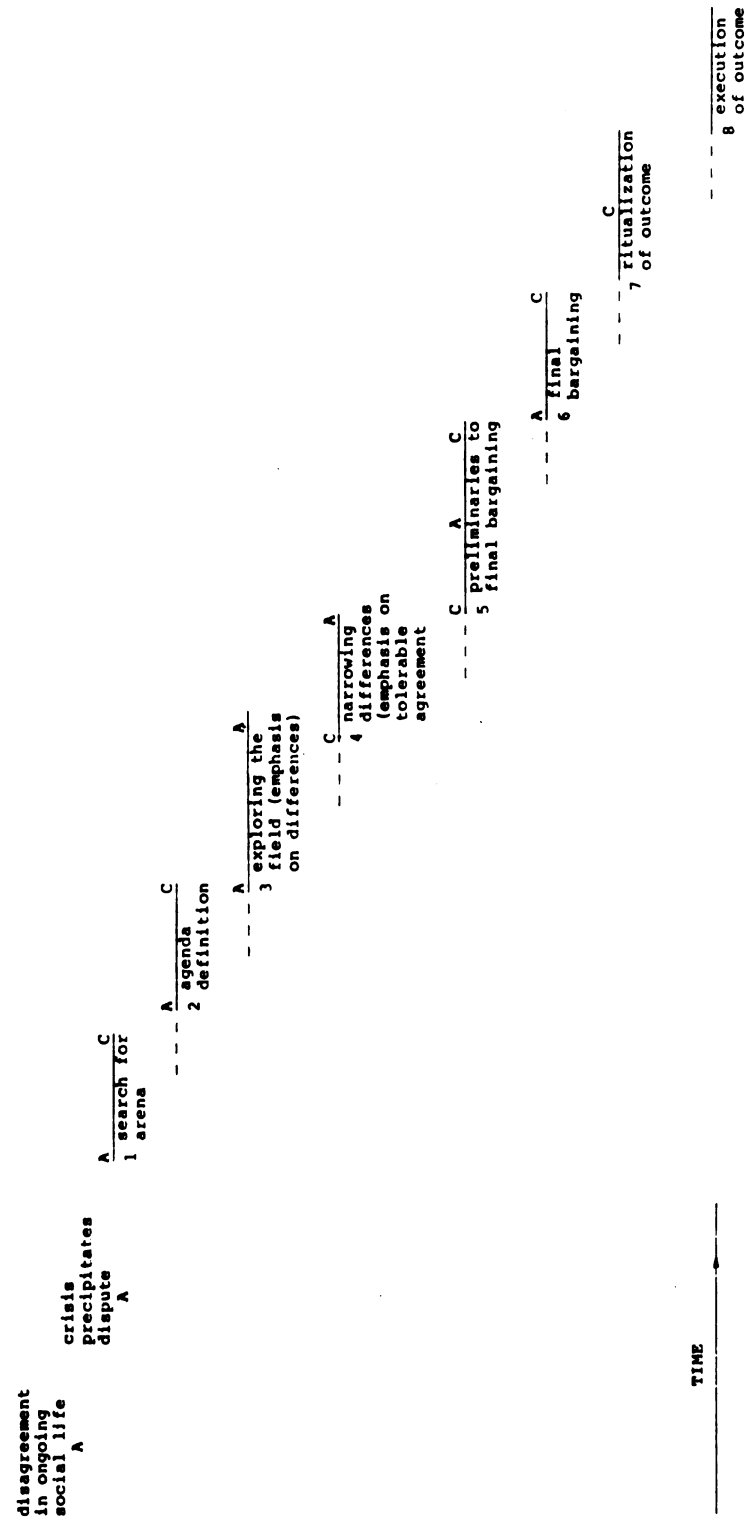
The question that the negotiation process models have to answer is: How do the parties to a negotiation achieve closure? One suggestion is that the parties continuously alter each other's utilities, expectations, and estimates throughout the bargaining process (Karrass 1968, p. 52). These alterations are accomplished, in part, through planning, strategy, tactics, and skill--all of which will be reviewed under the heading "Success Factors."

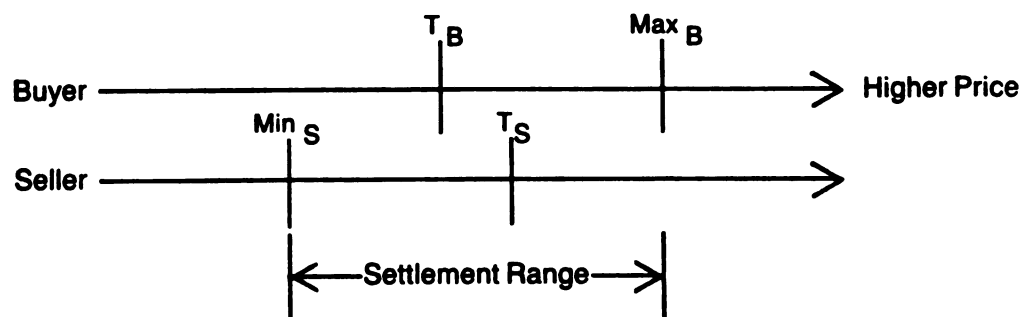
Environment and Situation

A more complex but possibly more realistic perspective from which to research and understand negotiations in

FIGURE II-2

The Developmental Model of Negotiation:
A. Predominance of Antagonism; C. Predominance of Coordination
(Gulliver, 1979, p. 122)





Where:
 Max_B = Maximum Price of Buyer
 T_B = Target of Buyer
 Min_S = Minimum Price of Seller
 T_S = Target Price of Seller

Figure II-3. Conventional model of settlement range.
(Karrass, 1968, p. 44)

marketing is from a situational viewpoint that takes into account the environment of a negotiation. An hypothesized relationship between a negotiation and its environment is depicted in Figure II-4. Both the negotiation and its environment are sources of the variables that affect the outcome. Furthermore, the word situation includes both, that is, the negotiation and its environment.

The word negotiation in this model includes everything that is internal to the negotiation -- both parties, their negotiation objectives, their individual and group traits, relationships, strategies and tactics, issues to be negotiated, and the rules and procedures of the negotiation.

The environmental or external factors constitute the context of a negotiation. These include whether the parties have negotiated before, whether the negotiation event is a one-time event or part of a series, the probability and estimated value of future relationships. The interrelationships of negotiation issues with work in process, choices available to each party if no agreement is reached; the influence of outside groups such as governments, stockholders, and unions, and the physical location and setting of the negotiation.

In his comprehensive review of organizational theory, which is in a state of development similar to negotiation theory, Mintzberg (1979, p. 224) noted that "facts, however many are accumulated, will never compensate for a bleak intellectual landscape such as that evidenced by our

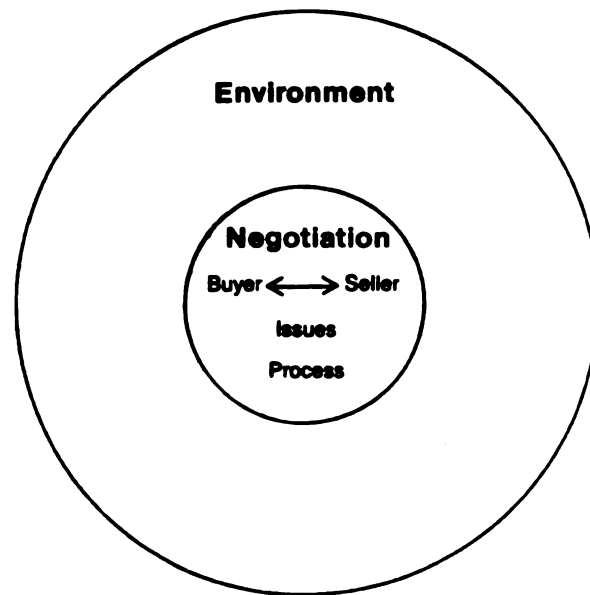
Negotiation Situation:

Figure II-4. Sources of negotiation variables

inadequate conceptualizations of organizational environments." The same may be said of negotiation constructs that ignore negotiation environments. Thus, Bridgman (as quoted by Bagozzi 1980, p. 16) when writing about causal relations, noted that "we do not have a simple event A connected with a simple event B, but the whole background of the system in which the events occur is included in the concept, and is a vital part of it."

Examples of the situational approach can be seen in the fields of medicine and engineering. When a doctor prescribes a treatment to heal a sick person or when an engineer applies physical principles to design a building, each uses certain knowledge and methods of science to accomplish the task. If they are asked how they make their decisions, they probably will give an answer that can be summed up as "it depends" (Raymond 1974, p. xv).

In discussing persuasive ability, a much needed skill in negotiation, Littlejohn (as quoted in Roloff and Miller 1980, p. 9) noted that "the contextual approach emphasizes the necessity of adapting general principles to specific situations." In the field of management, Lorsch observed that effective management behavior and action depend on the specifics of each situation (Lorsch 1979, p. 173). Strauss (1978, p. xi) emphasized the need to develop negotiation conceptualizations that, at the very least, deal with a great variety of negotiation situations and their context or environments. To do this, it would seem necessary to "focus

on specifics, on distinct types of situations, instead of continuous relationships, two variables at a time" (Mintzberg 1979, p. 303).

One name given to theoretical approaches based on situational variables is the contingency approach. Much of the information on this topic is found in the literature on organizational theory and behavior, a subject that, like negotiation, is concerned with human behavior in a variety of environments (For example, see Lorsch (1979) and Mintzberg (1979)).

The contingency approach is concerned with "under what conditions does each theory apply, not which theory is correct" (Mintzberg 1979, p. vi). As Lorsch (1979, p. 173) observed, this approach runs counter to the interpretation that behavioral science knowledge is applicable to all situations. Rather, Lorsch pointed out, the authors of the Hawthorne studies, Mayo, Roethlisberger, and Dickson, concluded long ago that human issues need to be viewed from a situational perspective.

Behavioral scientists who focus on situation theories make two assumptions: (1) the primary knowledge they seek concerns the complex interrelationships that shape the behavior with which all managers must deal, and (2) at this time a grand and general theory of human behavior in organizations is out of the question (Lorsch 1979, p. 174). However, Lorsch noted that situational theories are helpful in understanding the variety and complexity of human

problems at work (p. 174). These theories should provide managers with what Henderson (1970, p. 67) called "walking sticks to help on the way."

Lorsch had no quarrel with universal ideas that seem to hold true generally, although he expressed concern about concepts developed under a specific set of circumstances and not yet tried widely, "but which their advocates argue have universal application" (Lorsch 1979, p. 173). This is a major problem in applying behavioral science knowledge, including negotiation concepts.

Negotiators, especially those holding a management position, are the ultimate users of negotiation theory. The tasks they may face in attempting to apply situational theories of negotiation have been described as follows (Lorsch 1979, p. 175): "The manager has to select the theory that seems most relevant to his or her specific problem, analyze the situation according to it, develop his or her own action alternatives, and choose among them."

Empirical Research Involving Professional Negotiators

Eurich (Zartman and Berman 1982, p. viii) directed attention to the gap between negotiation researchers and practitioners and the need to narrow this gap. Zartman and Berman (p. 5), however, criticized scientific studies that sought knowledge concerning bargaining behavior, noting that:

this work has generally avoided and often disdained historical studies, considering them

discrete, anecdotal, idiosyncratic, and atheoretical. It has led to the construction of a body of theory and a congeries of experimental results that historians and practitioners usually find artificial, irrelevant, contributed, and jargonistic."

One of the major roadblocks to progress in negotiation theory building is the use of non-representative subjects in experiments designed to test hypotheses concerning negotiations in business and other specialized environments (Karrass 1968, p. 8). For example, Bacharach and Lawler's (1981) chapters 3, 5, and 7 are based on experiments with volunteer undergraduate students (pp. 86-87). From these experiments and similar sources the authors develop various constructs, for example, the ways in which bargainers might use bargaining power.

Karrass (1968, pp. 170-71) found significant differences in the performance of professional negotiators and students in an experimental setting. Most laboratory experiments have other serious drawbacks but the issue of subjects is crucial. As Rubin and Brown (1975, p. 297) noted in their exhaustive study of research on negotiation: "We desperately need to conduct more research in which subjects are drawn from something other than a college-age, middle-class, student population. Bargaining research can and should be geared to something more profound than the 'social psychology of the college sophomore.'"

Furthermore, Eurich (Zartman and Berman 1982, pp. xi-xii) found that

scholars who studied negotiations without consulting or at least attempting to take into consideration the real-life experiences of seasoned practitioners risked two things: failure to capture the essence of the process as it is actually practiced and consequent inability to communicate with negotiators because they failed to understand the process as negotiators perceived it.

This section of the literature review identifies some of the research that has been conducted with the aid of professional negotiators. The findings are discussed later under the appropriate success factor headings.

Two features of this research should be noted. First, most of the work involves subjects who are buyers, rather than sellers. Second, most of these studies have been performed by U.S. Air Force researchers.

Karrass's (1968) original research led to further work by him, (for example, his 1970 and 1974 publications) and to similar studies by other researchers. Karrass focused on the vital role of the chief negotiator and on the personality traits that may determine the outcome of negotiations. In this regard, Karrass (1968, p. 122) noted:

Trait theory in negotiation has a long recorded history. Negotiation analysts generally have made observations based upon experience and intuition rather than quantitative determinants. Contributors to a clinical model of the effective bargainer have originated primarily from the fields of diplomacy and commerce. Psychologists have added empirical verification of the importance of some traits through experimentation.

Karrass' (1968) initial study of negotiator traits involved 120 professional negotiators in a brief, laboratory experiment. On average, these negotiators were 42 years old

and had ten years' experience in purchasing or the equivalent (p. 139). Karrass also studied the perceptions of 131 professional negotiators from purchasing disciplines (1968, p. 190). Later, he studied the perceptions of 483 professional negotiators (1970, p. 33). All of this work involved the perceived relative importance of negotiator traits.

Brocius and Erickson (1973) conducted 56 experiments, each involving five experienced Air Force procurement specialists. Their objectives were to ascertain the effects of practice sessions and negotiator traits on negotiation outcomes.

Novak and Whitley (1976) studied the perceptions of 44 Air Force acquisition personnel regarding the importance of negotiator traits to negotiation outcomes. Bearden and Chipman (1977) studied the perceptions of 44 Air Force acquisition personnel concerning negotiator traits. They replicated the Novak and Whitley study with the aid of experienced buyer-negotiators from two Air Force locations not included in the Novak and Whitley study.

Mullen (1978) researched the effects of primary personality traits, as well as practice (simulated negotiations) on negotiation outcomes. Gardiner (1982) studied the perceptions of more than 100 Air Force acquisition personnel regarding the importance, functions, and major problems of Air Force contract negotiations in the United States and four NATO countries. A major portion of

his study focused on the comparison of Air Force and contractor negotiator knowledge and skills.

Marshall and Pratt (1974) investigated the importance of strategies, factors, and tactics in a study of 48 contract negotiators and ten of their managers. Waldron and Rutledge (1975) researched the importance and control of negotiation strategy factors using a sample of 150 contract negotiators from five Air Force locations. Runkle (1980) analyzed more than 250 Air Force contracts, totalling \$2.3 billion in 1979, in an attempt to uncover the reason for the low profitability of defense contracts and other negative trends.

Zartman and Berman (1982) conducted two studies to uncover the determinants of negotiation outcomes. The first involved 33 diplomatic negotiators from the U.S. and other countries. The second, involving a simulated negotiation, included 50 experienced United Nations' ambassadors and high-ranking members of the U.N. Secretariat. The authors did not say how their sample was chosen, nor did they provide any tabulation of responses. They only offered concepts and the response of some of the participants.

Zartman and Berman stated that theirs was the first experiment to involve seasoned negotiators (pp. 7-8). They obviously were unaware of the work performed by Karrass and the various Air Force researchers.

In addition, several field studies were conducted to investigate the concept of power and its effects in either

tacit or explicit negotiations in various marketing channel relationships (for example, see Lusch 1976; Etgar 1976a, 1976b; Hunt and Nevin 1974; and El-Answary and Stern 1972). These works focus on negotiations between marketing organizations but not with the ultimate customer, the focus on this dissertation. Some concepts of power in marketing channel relationships, however, may be applicable to negotiations between sellers and ultimate customers. These concepts are discussed under the subheading "Power" in Chapter III.

CHAPTER III

CLASSES OF SUCCESS FACTORS

Kelley and Lazer (1967, pp. 211-12) posited that "the management of the negotiation process relates to the planning, organizing, and controlling of ...variables to maximize long-range corporate objectives." This section of the literature review identifies and discusses the classes of variables, or factors, that researchers believe have a significant effect on the outcome of negotiations.

Angelmar and Stern (1978, p. 100) found three classes of factors especially worthy of investigation: culture, situational factors, and individual determinants (negotiator characteristics). Our search of the literature revealed information on the following groups of negotiation variables: planning, objective setting, strategies, tactics, negotiator traits, negotiation team, and power. Very little research has been conducted on situational factors or the effect of culture on negotiations (but see Gardiner 1982, pp. 55-71, regarding cultural factors in some overseas negotiations).

Preparation, Including Planning

One factor that is mentioned frequently in negotiation literature is preparation. Planning is included in the

above title because it is the most frequently discussed element of preparation, but there obviously are others such as selecting the right members for a negotiation team.

Rule (1975, p. 45), who had many years of experience in defense contract negotiations, noted that bargainers are only as effective as their preparations, and it is generally agreed that experience is a key determinant of planning skill (Brosius and Erickson 1973, p. 4). Furthermore, it was noted that no amount of negotiating experience and skill can compensate for a lack of preparation (Procurement Associates, Inc. 1973, p. F-8-1).

Brooks and Brooks (1979, p. 19) found that "rarely can the investment of time and effort return as great a profit" as in preparing effectively for negotiations. Preparations must take into account legal considerations (Fuller 1981, p. 18), required expertise of team members (Kuhn and Herman 1981, p. 211), the identification of the decision maker in the purchasing organization (Nierenberg 1971, p. 114), the negotiator's strengths and weaknesses in relation to those of the other party (Lee and Dobler 1977, p. 149), and the necessity of drawing up a negotiating plan (Stotland 1976, p. 69).

The crucial importance of allowing sufficient time to plan and prepare for negotiations has been noted by several researchers (for example, Gardiner 1981, p. 14; Brooks and Brooks 1979, p. 17; and Lee and Dobler 1977, p. 150). Lee and Dobler (1977, p. 152) emphasized this point when they

noted that "proper planning is without question the most important step in successful negotiations." Such planning can have a significant effect on many intervening variables in the negotiation process.

Karrass (1970, pp. 50-51) viewed planning in terms of three dimensions: strategic (long-range goals), administrative (getting people and information to the place where they are needed), and tactical (obtaining the best possible results at the bargaining table through proper use of maneuvers and tactics). He observed, however, that strategic planning is the cornerstone of effective negotiation (1970, p. 169).

Many of the factors discussed in the following paragraphs are logically a part of planning, but they are discussed separately because of their importance and uniqueness and also to separate conceptually the act of planning from its component parts and points of focus.

Objective Setting

Setting objectives may well be the first step in planning for a negotiation (Lee and Dobler 1977, p. 152; Kelley and Lazer 1967, p. 212). Objectives are needed as a basis for other preparatory activities, including practice sessions. Furthermore, in most organizations these objectives are developed "from a series of negotiations between individuals, each of whom contributes not only different talents and responsibilities, but different

aspiration levels, cognitions, and information to the objective-setting environment" (Karrass 1968, p. 207).

"Success" may be thought of as a meta-goal of negotiation, it is not necessarily equivalent to "winning" in a competitive situation. Rather, it can be viewed as "gaining relative to one's own value system" (Schelling 1963, p. 4) or achieving a common understanding and cooperation (Pace 1970, pp. 112-13; Cross 1969, p. ix). Success may be thought of as overall gain on the part of both parties. Nierenberg (1973, p. 21) noted that the goal of negotiation is "not a dead competitor. A negotiator ignores this point at his own peril."

In setting objectives, negotiators must investigate every area of negotiable concern (Lee and Dobler 1977, p. 145). Lee and Dobler (p. 144) cited five objectives they believe are common to all negotiations--from a buyer's viewpoint: fair and reasonable price for the quality specified; on-time performance; control over the manner of performance; maximum cooperation; and sound and continuing relationship with competent suppliers. These goals should be of interest to marketing researchers as well as to practitioners.

The Armed Service Procurement Manual (as quoted by Novak and Whitley 1976, p. 12) defined the objectives of negotiations as procuring "supplies and services from responsible sources at fair and reasonable prices calculated to result in the lowest ultimate cost to the Government."

Frequently, objectives are many and must be ranked in broad categories, such as essential, desirable, and tradeable (Brooks and Brooks 1979, p. 20; Lee and Dobler 1977, p. 159). Of paramount importance to negotiation objective-setting, however, is recognizing the principal issue(s) and understanding what the opposing party views as the central issue(s) (Nierenberg 1973, pp. 73-81).

Runkle sought reason for the low profitability of defense contracts and other undesirable trends (1980, p. iii). He found "that government pre-negotiation profit objectives are significantly more beneficial in predicting the outcome of final negotiated profit rates than are vendor proposed profit rates" (p. 20). He concluded that "the government negotiator is 'driving' final negotiated profit rates in U.S. defense weapons contracts, if it can be assumed that there is a causal relationship between the two characteristics" (p. 20).

Finally, the satisfaction of needs may be considered a correlate of negotiation objectives. Logically, objectives are set with the thought of satisfying certain needs. Nierenberg (1973) believed that need theory is the key to understanding and succeeding in negotiations.

Needs and their satisfaction are the common denominator in negotiation. If people had no unsatisfied needs, they would never negotiate. Negotiation presupposes that both the negotiator and his opposer want something; otherwise they would turn a deaf ear to each other's demands and there would be no bargaining (p. 89).

Strategies

Strategy, as used here, means an overall, practical plan for conducting negotiations in a manner favorable to the strategist in order to provide maximum support of adopted policies and goals. Marshall and Pratt (1974, p. 57) noted that "strategic factors set the boundaries within which the day-to-day contract negotiations are conducted...and determine the tactical factors which may be employed."

Strategies may be grouped in broad classes, such as offensive, defensive, and defensive-offensive. "The defensive-offensive concept implies that the seller, having presented a proposal, which must be assumed to be based upon his best analysis of the situation at the time it was made, rests on his proposal until such time as the buyer can demonstrate that the proposal is not a reasonable one" (Procurement Associates 1977, p. XIV-1).

Alderson (1957, p. 141) and Procurement Associates (1977, p. XVII-3) recommended several offensive strategies, for example, taking the initiative in setting the agenda for negotiations. Karrass (1970, p. 17) found that a high level of aspiration, which includes making high initial demands, is an important negotiation strategy. He also noted that the most effective strategy for neutralizing the influence of the other party is to develop arguments in favor of one's beliefs, reasons against these beliefs, and counter-arguments offsetting those reasons (p. 92).

Both Karrass (1970) and McGinnies (1970) observed the vital importance of intelligence information in making strategic decisions. Karrass (pp. 152-53) emphasized the necessity of adopting security measures to protect key information. McGinnies (pp. 412-19) differentiated between information regarding the capabilities and intentions of the other party: "It is generally easier to guess what an opponent can do than it is to guess what he is going to do."

In their study that included 98 Air Force contract negotiators and managers, Marshall and Pratt (1974, p. 45) found there was not a meaningful agreement between negotiators and their managers concerning the relative importance of selected strategic factors used in negotiation. Furthermore, managers were more concerned with the strategic factors than were the negotiators. Similarly, Waldman and Rutledge (1975) in their study of 150 professional contract negotiators at five Air Force Logistics Centers found very little agreement in the rank ordering of strategy factors (pp. 11,43).

Ammer (1980, pp. 410-11) stressed the overall importance, from a buyer's standpoint, of "creating an environment conducive to voluntary concessions by suppliers. He offered several principles for carrying out this strategy.

The observations of Tedeschi and Rosenfeld (1980, p. 227) concerning the objectives of negotiation communications provide examples of several strategies that may be

implemented through communications: (1) discovering the preferences and values of the other party; (2) disguising the communicator's own preferences and values; (3) influencing the opponent's behavior; and (4) altering such basic relationships as the attractiveness or trust between the bargainers.

A principal responsibility of every negotiator is to find his opponent's settling point (Edwards and White 1977, p. 112). A strategy and supporting tactics can then be developed which take this point into account. This information, together with knowledge of an opponent's resistance point and level of aspiration, can provide a distinct advantage in reaching an agreement (Tedeschi and Rosenfeld 1980, pp. 230-31). Furthermore, if the parties do not gain at least an approximate knowledge of each other's settling point, the negotiation may fail due to what Edwards and White (1977, p. 200) term an "undiscovered area of agreement." Their observation underscores the importance of developing an effective strategy for finding an opponent's settling point.

A negotiation strategy may involve giving up some items in order to obtain others. If a priority list is developed to include each element of the negotiation, it can provide a basis for deciding on concessions and trade-offs (Procurement Associates 1977, p. XII-3&4).

The strategies actually used in a negotiation are determined, in part at least, by the goals of the chief

negotiator, and these are not always apparent. What a negotiator's manager and other constituencies, such as higher management, think may be more important to a negotiator than the outcome of the negotiation (Tedeschi and Rosenfeld 1980, pp. 244-45).

Hanan (1977) found accommodation and compromise are not always desirable strategies. Accommodation, a one-winner strategy, may lead to a sense of lost integrity, while compromise may lead to results not satisfying to either party (pp. 7-8).

One goal of most negotiations is to protect or improve one's negotiating strength and reputation as they relate to further negotiations. Procurement Associates (1977, p. XIX-3) found that these factors depend greatly on what others believe them to be. Current negotiation strategies, therefore, must take into account future negotiations.

Tactics

A tactic may be defined as a maneuver or technique usually based on a strategy and intended to accomplish an objective that is more limited than but supportive of the objective of the strategy. For example, a seller's negotiation strategy may be to establish the superior benefits of his product as a basis for a higher than average price. One tactic might be to establish a negotiation agenda that begins with a presentation of the product's benefits in relation to: (1) the buyers needs, and (2) competing products.

Bacharach and Lawler (1980, p. 142) noted that the literature on bargaining tactics is surprisingly scarce and scattered in the fields of social psychology and collective bargaining. However, numerous tactics are discussed in the negotiation literature, especially in the writings of professional negotiators such as Karrass (1974), Nierenberg (1979), and Rule (1962).

This section identifies two classification methods, discusses an empirical study and examines some of the tactics most frequently mentioned in the negotiation literature.

Brandt (1971, p. 12) postulated that any tactical action serves one of two functions: "It either is an attempt to move an opponent in some desired direction, or it is employed to defend oneself against some action initiated by the opponent." Thus, a tactic may be classified as offensive or defensive in a manner similar to that posited by Procurement Associates concerning strategies.

Walton and McKersie (1965, pp. 59-121) discuss tactics of distributive bargaining under two headings: (1) manipulating utility parameters, and (2) managing commitment. The first area includes ways of assessing opponents' utilities for outcomes and strike costs, modifying opponents' perceptions of the other party's utilities, modifying opponents' perceptions of their own utilities, and manipulating strike costs of one's own and opponents. The second area concerns tactics for managing one's own and the

opponent's degree of commitment to a "final" position. In both areas the authors discuss actual and perceived values, for example, the actual cost of a strike versus the perceived utility of not having a strike.

The basis for Marshall and Pratt's (1974) study of tactics was established, in part, by Karrass (1970). He divided tactics into maneuvers and techniques. He defined a negotiation maneuver as a "move designed to create a situation in which goals can be reached and bargaining positions defended" (p. 172). Once again, a bifurcation of negotiation variables in offensive-defensive terms may be seen. Karrass defined techniques as "the fine-tuning mechanism by which goals are reached" (p. 183). Negotiation maneuvers and techniques that were identified and discussed by Karrass are given in Tables III-1 and III-2.

Marshall and Pratt chose ten of Karrass' tactics, listed in Table III-3, as a basis for the tactics portion of their study. In their research, which included 58 Air Force professional negotiators and managers, they concluded that "there was agreement throughout the management structure of the population of interest with respect to (the relative importance of) the given set of tactical factors" (pp. 58, 60). They also found a higher degree of agreement among negotiators than among upper level managers.

TABLE III-1

Negotiation Manuevers
(Karrass 1970, p. 173)

| Timing | Amount |
|----------------------|-----------------------------|
| Patience | Fair and reasonable |
| Deadline | Bulwarism |
| Speed | Nibbling |
| <u>Fait accompli</u> | Budget bogy |
| Surprise | Blackmail |
| Status quo | Escalation |
| Stretchout | Intersection |
| | Non-negotiable |
| | Chinese Auction |
| | |
| Inspection | Brotherhood |
| Open inspection | Equal brothers |
| Limited inspection | Big brothers |
| Confession | Little brothers |
| Qualified | Long-lost brothers |
| Third party | Brinkmanship |
| No admittance | |
| | |
| Association | Detour |
| Alliances | Decoy |
| Associates | Denial |
| Disassociates | Withdrawal |
| United Nations | Good and bad guys |
| Bribery | False statistics and errors |
| | Scrambled eggs |
| | Low-balling |
| | Scoundrel |
| | |
| Authority | |
| Limited authority | |
| Approval | |
| Escalation approval | |
| Missing man | |
| Arbitration | |

TABLE III-2

Negotiation Techniques
(Karrass 1970, p. 184)

| | |
|------------------|------------------------------|
| 1. Agenda | 14. Secrecy measures |
| 2. Questions | 15. Nonverbal communications |
| 3. Statements | 16. Media choices |
| 4. Concessions | 17. Listening |
| 5. Commitments | 18. Caucus |
| 6. Moves | 19. Formal and informal |
| 7. Threats | memorandum |
| 8. Promises | 20. Informal discussions |
| 9. Recess | 21. Trial balloons and leaks |
| 10. Delays | 22. Hostility relievers |
| 11. Deadlock | 23. Temporary intermediaries |
| 12. Focal points | 24. Location of negotiation |
| 13. Standards | 25. Technique of time |

TABLE III-3

Tactical Factors Studied by
Marshall and Pratt

(adapted from Marshall and Pratt, 1974, p. 100)

Tactics: The art or skill of employing available means to
achieve an objective during a negotiation.

| Tactic | Definition |
|-------------------------|--|
| Hostility Relievers | measures taken to abate bitter disagreement |
| Location of negotiation | site selection |
| Commitments | pledges to a position on some issue |
| Technique of time | use of time to influence negotiation |
| Deadlock | a standstill resulting from the opposition of two unrelenting forces |
| Secrecy measures | actions taken to conceal your negotiation position |
| Questions | the art of answering questions lies in knowing what to answer, and how clearly they should be answered |
| Concessions | something conceded |
| Agenda | rules and procedures established for conducting a negotiation |
| Moves | switching from one subject to another |

Bacharach and Lawler (1980, p. 141) hypothesized that the dependent relationship existing between negotiating parties "should be a prime basis for tactical action in bargaining. It sets the stage for bargaining, generates the underlying issues in conflict, and is the ultimate foundation for tactical action."

Brandt (1971, p. 12) posited that "tactics, to be effective, are launched from a base of information and understanding about the individual or organization personality of the opposition. Tactics must belong in the setting, they must not offend the basic context of the negotiations."

Tedeschi and Rosenfeld (1980, p. 241) noted a multitude of direct influence tactics that may be used in negotiations. However, some are more subtle and less direct than others, including "nonverbal communications, image management, and attempts to change the affective relationships between the parties."

Image management is part of a class of tactics that Tedeschi and Rosenfeld (p. 244) refer to as self-presentation. Others in this class include reputation, firmness, and bluff. Their strength depends principally on how they are perceived by the other party.

The concept of alternating moves includes several tactics concerning concession making and the announcement of a "final" position. (For example, see Walton and McKersie

1965, pp. 88, 92; Schelling 1963, pp. 31, 34; and Procurement Associates 1977, p. XIII-2).

Demand creation, an important persuasive tactic, "consists of building up the value of the commodities being offered in the bargaining process" (Tedeschi and Rosenfeld 1980, p. 238). If an opponent attempts to downplay the value of what is being offered, the tactic is referred to by Emerson (as quoted by Tedeschi and Rosenfeld 1980, p. 238) as motivational withdrawal. The use of these two tactics in marketing negotiations is easily envisioned.

Rule (as quoted by Kolbe 1975, p. 46) stated "there is a time and place for all degrees of normal human behavior" in negotiations. This behavior includes tactics such as extreme courtesy, ingratiation, skepticism, tacit probes (to test the opponent's position), anger (real or feigned), and threats, including threats to call off negotiations. Some of these are labels for a group of tactics. For example, ingratiation includes "flattery, or enhancement of the other, self-enhancing statements, and conformity ingratiation" (Jones as quoted in Tedeschi and Rosenfeld 1980, p. 243).

In summary, the outline of a typology of negotiation tactics may be seen from the above discussion beginning with the offensive, defensive, and defensive-offensive classification and ending with unique techniques and maneuvers.

Negotiator Traits

Negotiator qualities, or traits, long have been a major focus of practitioners and researchers. Almost four centuries ago, Sr. Francis Bacon (1908, pp. 225-27), in his essay on negotiations, discussed negotiator traits in these terms:

In the choice of instruments, it is better to choose men of a plainer sort, that are likely to do that that is committed to them, and to report back again faithfully the success, than those that are cunning to contrive out of other men's business somewhat to grace themselves, and will help the matter in report for satisfaction sake. Use also such persons as effect the business wherein they are employed; for that quickeneth much; and such as are fit for the matter; as bold men for expostulation, fair-spoken men for persuasion, crafty men for business that doth not well bear out itself. Use also such as have been lucky, and prevailed before in things wherein you have employed them; for that breeds confidence, and they will strive to maintain their prescription.

Bettinghaus (1973, p. 63) noted that personality is a dyadic concept. He pointed out, for example, that a person is aggressive only because there are people who are less aggressive. Each negotiation, therefore, poses a potentially different set of comparisons among negotiators.

Procurement Associates (1977, p. II-1) found that the three primary abilities necessary for an effective negotiator are knowledge, attitude, and skills. In his Handbook for Air Force Negotiators, Fuller (1981, p. 3) describes negotiation as demanding "the talent of an artist, the skill of a craftsman, the logic of a scientist, and the knowledge of a technician."

The Defense Acquisition Regulation (DAR), formerly the Armed Services Procurement Regulation (ASPR), establishes the criteria for selecting people within the Department of Defense to be awarded contracting authority, including the power to negotiate. These criteria emphasize experience, training, education, business acumen, judgment, character, reputation, and ethics (Lippencutt 1979, p. 4).

Lee and Dobler (1977, pp. 63-64), who view negotiations from a purchasing perspective, found the following to be characteristics of a successful negotiator:

- . skillful person with broad business experience;
- . good working knowledge of all primary functions of business;
- . knows how to use the tools of management: accounting, human relations, economics, business law and quantitative methods;
- . knows the techniques of negotiation;
- . knowledgeable regarding the products he buys;
- . able to lead conferences and integrate specialists into an effective team;
- . excels in good judgment;
- . develops superior tactical and strategic plans;
- . looks at problems from a total company viewpoint; and
- . enters negotiations with higher goals than the other party.

The traits of negotiators and their effects on outcomes have been the focus of several empirical studies involving professional negotiators. In his research, Karrass analyzed various personal traits defined by Jenkins (1962, pp. 417-22). He divided them into two categories

based on his estimation of their contribution to bargaining ability, as shown in Table III-4. From the list of "positive" traits, other research findings, and his own judgment, Karrass (1968, p. 139) developed a list of 45 personality traits that he believed were important to successful negotiations. He classified these into six "clusters" and later shortened the trait names and ranked them within each cluster according to their importance as determined by his research. (See Table III-5.) He found that a successful negotiator should have a high level of skill in each of the six major trait clusters (p. 131).

Through experiments involving simulated negotiations, Karrass (1968, p. 201) found that bargaining outcome was a direct function of negotiator ability when the power balance between adversaries was approximately equal. He altered the power balance between opposing negotiators by increasing substantially the background information that was favorable to one party and by emphasizing to that party the importance of being obstinate in seeking a favorable dollar settlement (pp. 136-37).

Karrass (p. 202) found that "the more skilled bargainer will negotiate an agreement on organization objectives, expectations, attention rules, and search procedures which more closely resemble his personal value and aspiration system." In addition, he noted that "personal cognitive and motivational factors were found to

TABLE III-4

Positive and Negative Negotiation Traits
(Karrass, 1968, p. 123-24).

| Negative Negotiation Traits | | Positive Negotiation Traits | |
|------------------------------|--------------------------------|------------------------------------|---------------------------------|
| Irritability | Rebelliousness to authority | Face-to-face initiative | General morality |
| Dependent initiative | Dominatingness (excessive) | Practicalness | Persistence |
| Frankness | Submissiveness | Cautiousness (moderate) | Arbitration initiator |
| Personal rectlessness | Impulsiveness | Desirable compulsiveness | Organizing initiator |
| Vindictive | Seclusiveness | Buoyancy | Seriousness about work |
| Hypercritical | Vocational insecurity | Punctuality | Intellectual adequacy |
| Unequal superiority feelings | Talkative gregariousness | Cultural non-conformity (moderate) | Social initiator |
| Indecisive | Extroversional distractibility | Emotional reticence | Gregariousness |
| Status seeking | Spatial disorientation | Social assurance | Dynamism |
| Ruminative | Defensive projection | Persuasiveness | Emotional control |
| Uncouth | Situational anxiety | Novelty loving | Variety loving |
| Depression | Hoarding | Remedial aggressiveness | Forgiveness |
| General anxiety | Intellectual inferiority | Build ego of others | Control of disagreeable feeling |
| Social insecurity | Public shyness | Cooperativeness | Ambitious agreeableness |
| Hypersensitivity | Antisocial rectlessness | Vocational self-sufficiency | Sense of humor |
| Self-comiserator | Anti-disputativeness | Service minded | Self-acceptance |
| Lethargy | Fearfulness | Ambitiousness | Choliness |
| Nervousness | Temporal disorientation | Disputatiousness (Debater) | Introspectiveness |
| Selfishness | Misanthropic | Negative algolagnia | Intuitiveness |
| Unwilling cooperativeness | Anti-intracception | Introversional distractibility | Adrenery |
| Distrustfulness | Primary suggestibility | Conscientiousness | Conservatism (moderate) |
| Need for dependence | Self-deprecatory | | |
| Positive algolagnia | Authoritarianism | | |
| Feeling of inferiority | Emotional spontaneity | | |
| Face-to-face shyness | | | |

TABLE III-5

Negotiator Trait Rank
(adapted from Karrass 1970, pp. 31-33)

(Highest Level Purchasing Executives)

Task-Performance Cluster

Planning
Problem-solving
Goal-striving
Initiative
Product knowledge
Reliability
Stamina

Aggression Cluster

Power exploitation
Competitiveness
Team leadership
Persistence
Risk-taking
Courage
Defensiveness

Socializing Cluster

Personal integrity
Open-minded
Tact
Patience
Personal attractiveness
Appearance
Compromising
Trust

Communication Cluster

Verbal clarity
Listening
Coordinating skill
Warm rapport
Debating
Role-playing
Nonverbal

Self-Worth Cluster

Gain opponent's respect
Self-esteem
Self-control
Ethical standard
Personal dignity
Gain boss's respect
Risk being disliked
Organizational rank

Thought-Process Cluster

Clear thinking under stress
General practical intelligence
Insight
Analytical ability
Decisiveness
Negotiating experience
Broad perspective
Education

affect the validity of estimates, the establishment of aspiration levels, the processing of information and the determination of reasonableness" (p. 203).

Karrass (p. 189) also conducted a study to "determine whether different functional activities in the aerospace industry view the importance of a specific group of negotiator traits in the same way." His sample included 131 professional negotiators from purchasing disciplines (p. 190). There were some differences in the way the various purchasing disciplines ranked the importance of traits within each trait cluster, but the four most important traits, regardless of cluster, as viewed by the average negotiator, were (p. 199): (1) preparation and planning skill; (2) ability to perceive and exploit available power to achieve objectives; (3) integrity; and (4) judgment and general intelligence.

Later, Karrass (1970, p. 33) surveyed 483 professional negotiators regarding their perceptions of the importance of various negotiator traits. The subjects included buying managers, buyers, contract managers, supplier representatives, design engineers, program managers, attorneys, accountants, retail clothing buyers, and real estate salesmen. The seven most important traits were (p. 36):

- . planning skill
- . ability to think clearly under stress
- . general practical intelligence
- . verbal ability

- . product knowledge
- . personal integrity
- . ability to perceive and exploit power

As in his previous study, Karrass limited the respondents to ranking 45 traits only as they compared in importance to others in their own cluster, of which there were six.

Brocius and Erickson (1973) conducted 56 experiments with experienced Air Force procurement specialists at Wright-Patterson Air Force Base and some Air Force continuing education students at the Air Force Institute of Technology (pp. 18-19). They found that "an individual's background may have a significant effect on his ability to react under various situations" (p. 59). The two factors that seemed to be especially important were the individual's age and years of experience in procurement. They found, too, that many background variables, other than those tested, affect a negotiated settlement (p. 61).

Novak and Whitley (1976) studied the perceptions of 44 Air Force acquisition personnel who were chosen because of their expertise in contract negotiations. The traits included in their study were those selected by Karrass, plus a few additional ones. Eight background variables were perceived to be the most important by study participants (p. 63):

- | | |
|------------------------|-----------------|
| 1. self-confidence | 5. verbal skill |
| 2. integrity | 6. experience |
| 3. rational (judgment) | 7. self-control |
| 4. realistic | 8. authority |

Bearden and Chipman (1977) expanded upon the Novak and Whitley research with a sample of 90 experienced buyer-negotiators from two major Air Force procurement groups. The result was a rank ordering of 27 personal characteristics of buyer negotiators which they found in agreement with Novak and Whitley group (p. 21).

Mullen (1978) studied the effects of 16 personality primary source traits as well as practice (simulations) on negotiation outcome. The traits were defined originally by Cattell (1970). Mullen's experiments included 56 experienced negotiators from 22 military and three commercial organizations on the West Coast (p. 43).

Mullen found that the intelligence of buyers correlated reasonably well with the price negotiated regardless of the intelligence of the sellers (p. 77). None of the remaining 15 personality factors correlated significantly with the price negotiated (p. 77). Furthermore, Mullen found that other unknown variables affect the price negotiated more than do the personality traits of the buyer (p. 78).

Gardiner (1982) studied the perceptions of 335 Air Force acquisition personnel who are responsible for negotiating contracts for the development of new weapons systems for the Air Force. He found that Air Force negotiators are perceived as having less experience, training, and negotiating ability than their counterparts in large companies (p. 1). The implication was that these

perceived shortcomings were hindering the Air Force in the achievement of its negotiation objectives. Gardiner also found (p. 1) that high turnover of skilled negotiators, excessively rigid time schedules for negotiations, and corresponding work overload were perceived as having detrimental effects on the Air Force's efforts to achieve its contract negotiation objectives.

Nierenberg (1973, p. 203) posited that the initial stage of every negotiation should involve a comparison of the seller's concept and the buyer's objectives so that they can be brought closer together. He noted that this requires the important preparatory step of 'self-analysis' on the part of the seller--an analysis of exactly what he is selling.

Other researchers expand upon the concept of self-analysis and relate it to the ability to analyze the other party. For example, Procurement Associates (1977, p. IV-1) posited that "each negotiator must recognize that sitting across from him is a complex individual affected not only by the environment at the negotiation table, but affected also by the sum total of his past background and history." The negotiator's background affects the way in which he receives and denies or interprets "facts." Therefore, the successful negotiator must be able to understand himself if he is to understand the other party and negotiate effectively.

One trait receiving increased attention as a result of the current emphasis on international marketing of defense systems and other products is culture. (For example, see

Gardiner 1982, pp. 55-71; Graham and Herberger 1983; and Bennett 1983). Culture may affect virtually all aspects of a negotiation, including goal-setting, strategy, tactics, and the formalization of negotiated agreements. A negotiator, therefore, must be observing, analytical, and knowledgeable concerning cultural characteristics and their effects on negotiations.

It has been widely recognized that a negotiator's beliefs play a vital role in the process (Bartos 1967, p. 495). However, Bartos found that these beliefs do not manifest stability, and hence render a negotiator's behavior predictable, unless they are based on support in the form of group or societal culture. Thus, a negotiator must be able to judge accurately whether his opponent's beliefs are culturally based if he is to be able to make meaningful behavioral predictions.

Many negotiation constructs are communication based (for example, see Karrass 1968, pp. 56, 58; Procurement Associates 1977, p. V-1; Tedeschi and Rosenfeld 1980, p. 225). Negotiation is a process of influence and the convergence of expectations between the negotiators, but without communication, influence does not take place (Karrass 1968, p. 53; Simon 1976, p. 108). Speech is our primary means of communicating, and listening is a close second if only because one party must speak before the other has a chance to listen (Henderson 1970, p. 78). A negotiator must be able to think quickly, express himself

clearly, and "recognize the fine nuances or wording by which both sides convey the exact degree of meaning intended by a statement" (Procurement Associates 1977, XIII-3).

A successful negotiator must possess acting skills, sometimes called self-presentation, or impression management skills. Tedeschi (1981, p. 3) defines impression management as "any behavior by a person that has the purpose of controlling or manipulating the attributions and impressions formed of that person by others."

Tedeschi presents several reasons for people engaging in impression management, all applicable to contract negotiations. These include: (1) social role playing in symbolic interactions; (2) avoiding blame and gaining credit; (3) self-esteem maintenance; (4) strategic self-presentations; (5) power and social influence; and (6) creating connotative impressions.

Connotative impressions may be thought of in terms of two-dimensional conceptual space having good-bad and strong-weak axes (Tedeschi 1981, p. 14). As Tedeschi notes, there sometimes are advantages to having an image that fits one of the four quadrants, for example, bad-strong, to discourage attacks and to encourage beliefs in one's threats.

Impression management helps a negotiator avoid loss of face (for example, humiliation, intimidation) and to maintain face--a vital activity in negotiation (Druckman 1977, p. 31). It also is essential to the cultivation of

images of the essential attributes of trust and firmness in the eyes of others (Tedeschi 1981, pp. 247-56). Those "others" include the members of one's own team as well as the other party (Druckman 1977, p. 31).

Kristol (1982, p. 10) hypothesized that a person's professional background may be a major determinant of his success in negotiations. He provided an analogy involving the position of secretary of state, which requires considerable negotiating:

In general, it isn't a good idea to have an economist or a businessman or a lawyer as secretary of state. Each of these professions, in its own way, creates a deformation professionnelle that is incapacitating for the conduct of foreign policy. Economists have in their heads a model of "rational" human behavior that is irrelevant to the foreign policies of most nations, in which calculations of costs and benefits are murky at best--and, in truth, are often impossible. Businessmen understand competition but not confrontation and conflict, and in any case tend to be risk-averse. Lawyers, for their part, are naturally inclined to believe that a negotiated settlement is always the preferred outcome, and that "winning" is to be measured by adjustments at the margin.

To put it another way: in the degree that international politics is, as it so often is, a zero-sum game, with definitive winners and losers, people who come out of a capitalist environment are handicapped, since capitalism is an economic system in which transactions are supposed to be (if only in the long run) mutually advantageous. Professional football coaches see the world differently. So, oddly enough, do professors. It is surely no accident that the best secretary of state in this century came out of academic life, where duplicity and irreconcilable conflicts are an integral part of everyday life--in large part because tenured professors have nothing to lose by their behavior.

Most relevant to success in negotiations is experience in negotiating and directly related activities. There are at least two bases for this postulate. First, negotiation is an art that requires creativity and technique (Rule 1962, p. 52). Mayer (Ramond 1974, p. xi) noted that the "great truth is that all creativity rests on craft, that imagination will not get you far unless you have the technique to give it substance." Second, negotiation requires sound judgment, for example, in knowing what to do. Drucker (as quoted by Van Horn 1982, p. 24) posited that the critical management function is not to do things right, but to do the right things. Furthermore, Van Horn (p. 24) noted that the source of human judgment is a "mixture of experience and gut feeling." Mintzberg (1975, p. 61) suggested that negotiating and resolving conflicts are important managerial skills, but are not being taught effectively. While he noted that much important material must be assimilated through cognitive learning, he observed that management skills must be learned through practice and feedback. Similarly Pace (1970, p. 113) stated that no amount of knowledge can make up for a lack of negotiating experience. He compared negotiating to swimming: A person may read all the literature available on the subject, but when thrown into the water, he may sink. In any event, he would be no match in a race even with a six-year-old who had swimming experience.

Experience based on brief or infrequent participation in negotiations usually is not sufficient for success in

major negotiations. Some research has shown that, to be successful, a person should adopt negotiation as a vocation (Rule 1962, p. 52; Gardiner 1982, p. 19, 35).

Part of the reason some researchers focus on factors other than experience may stem from a conceptual bias that Mayer (Ramond 1974, p. xi) terms antihistorical. "Their belief that behavior is controlled by experience does not extend to an appreciation of the unscientific idea that the animal learns from experience." Zartman and Berman (1982, p. 8), however, explicated the relationship between experience and education as follows:

One can no more read a book and then win a diplomatic round than one can read a manual and win a tennis match, build a bridge, or paint a masterpiece. Experience is still the best teacher. But in negotiating as in any other field or endeavor, one can prepare, facilitate, and advance the lessons of on-the-job training by analysis of the subject and education on how to handle it. There is nothing that justifies the notion that negotiation is different from any other activity in this respect.

Considering the strategies and tactics that can be implemented by the parties to a negotiation depending on the circumstances, it is apparent that a negotiator must be a competent decision maker. To make sound decisions one usually needs pertinent information on a timely basis. However, the concept of bounded rationality that was postulated by Simon (1976) more than thirty years ago places some limits on the quality of the decisions a negotiator may make, as well as on his overall performance. Simon (p. xxviii) noted that "administrative theory is peculiarly the

theory of intended and bounded rationality--of the behavior of human beings who satisfice because they have not the wits to maximize." Simon (p. 81) theorized further that actual behavior falls short of objective rationality in at least three ways: (1) knowledge of the consequences of possible courses of action is always fragmentary; (2) the value of each consequence can be anticipated only imperfectly; and (3) human beings can think of only a very few of the behavioral choices possible.

Simon's concept of bounded rationality may have a major effect on answers to the question: what negotiator traits are essential to success in negotiations? The answer may have to be stated in terms of what is attainable in a real-world sense instead of what is possible.

Negotiating Team

In most large scale contract negotiations, the chief negotiator is a member of a team. As such, he must be responsive and responsible to his superior, his team members, and others in his organization. These relationships are intervening variables that moderate the effects of negotiator traits on outcomes. These complex relationships were summarized by Druckman (1977, pp. 30-31):

The negotiator as representative fills a role that prescribes his options and makes him responsible for the consequences of his performance. As an agent, the negotiator's posture may range all the way from that of an emissary commissioned to "deliver the position," to a free agent with considerable latitude in his attempts to achieve an agreement. This range of responsiveness, referred to as "decision latitude," covaries with

the extent to which individual characteristics are likely to influence the negotiation process--i.e., the more the latitude, the stronger the effects of "person" variables...One way of characterizing these effects is that such responsiveness legitimizes a pattern of behavior that prevents a negotiator from responding spontaneously to his opposite number. These effects are most pronounced under certain conditions, such as (1) when a negotiator has little latitude in determining either his positions or his posture, (2) when he is held accountable for his performance, (3) when he has sole responsibility for the outcome, (4) when he is obligated to a constituency that is present during the negotiations, and (5) when he is appointed rather than elected. Under these conditions, a negotiator's behavior is constrained by his obligations. The more latitude a negotiator has in formulating his positions, the more dispersed the responsibility for the outcome, the more abstract the constituency (e.g., cultures, ideologies), the less is the impact of his role obligations on negotiating behavior. The "uncommitted" representative is relatively free from constituent or administrative demands; instead, he is free to respond to the demands of his opposite number.

Research indicates that the traits required for successful negotiating are so exacting that management usually must build a negotiation team with members who complement one another (Brooks and Brooks 1979, p. 19; Smith 1979, p. 7). For example, many defense contract negotiations involve teams. Communication relationships at the bargaining table and away from it exist among engineering, financial, quality control, production, and procurement personnel before, during, and after the negotiations (Karrass 1968, p. 58; Procurement Associates 1977, p. II-7).

Rule (as quoted in Kolbe 1975, p. 45) found that at least two conditions are vitally necessary for the effective functioning of a negotiation team. One is backing from

higher management. If possible the company's top management should be immediately available. The other is a quarterback who makes decisions and does the talking.

The coordination of group activities requires that the behavior of each member be adjusted to that of others and that leadership be effected through the exercise of influence over followers (Cartwright and Zander 1968, p. 215). Smith (1979, p. 7) noted that the players on each side of the negotiation table must function as a team, but little systematic study has been directed toward understanding even the structure of multiperson buying groups responsible for major purchase decisions (Spekman and Stern 1979, p. 60), or of marketing groups for that matter.

Brooks and Brooks (1979, p. 20) found that a crucial objective in the management of a negotiation team is commitment. "High targets should not be unilaterally set by the chief executive officer because this may cause resentment in the team and the attitude that 'they're the CEO's goals--not ours'" (Brooks and Brooks 1979, p. 20). Research indicates that negotiation of a defense contract is not an individual process; success depends vitally on integration of the team (Procurement Associates 1977, p. II-7; Smith 1979, p. 7). Furthermore, the effective negotiator must regard himself as the coordinator of a team of experts (Procurement Associates 1977, p. II-3).

Having a team of experts, rather than a lone negotiator, is not without possible hidden costs. For example, Main (1983, p. 144) noted that

the most important part of a negotiation may occur not between parties, but inside each party--and the divided party just might be your own. When he negotiated the Panama Canal treaty, Ellsworth Bunker spent more time working on the State Department, the Pentagon, the Senate, and other U.S. bodies than on the Panamanians.

Top management may be considered among those who, though present at the bargaining table very little or not at all, have a significant effect on the success of negotiations. Brooks and Brooks (1979, p.16) found that top management participation is critical to success. They found, too, that the chief executive officer (CEO) should concentrate on broad strategic issues, and once negotiations begin, he should play a mediative role (pp. 19, 23).

An important issue that the CEO must decide is how much authority to delegate to the negotiation team. A correlate of this issue is whether or not the CEO is involved in negotiation meetings. Brooks and Brooks found that the CEO "rarely will be directly involved in the talks and, in fact, must refrain from trespassing. Interference can cause serious damage to the credibility and sense of authority of the team in the eyes of the other party." The CEO's role in negotiations is complex and demands many executive skills (p. 24).

Power

No examination of the factors affecting the outcome of negotiations can be complete without considering the concept of power. As it is applied to marketing negotiations, power is a complex concept that includes many variables.

French and Raven (1968, p. 259) noted that "the processes of power are pervasive, complex, and often disguised in our society." More recently, Bacharach and Lawler (1981, p. 43) postulated that "bargaining power is the pivotal construct for a general theory of bargaining (and that)...power pervades all aspects of bargaining." They noted, however, in reference to collective bargaining, that few concepts in the labor-management field have been used in as many different ways as bargaining power (p. 36).

Bacharach and Lawler (p. 39) added that the concept of bargaining power is tied to the interdependence of bargainers. In their analysis of power in marketing distribution channels, Bowersox et. al (1980, p. 100) defined it as "the ability of one channel member to influence or alter the decisions of other channel members."

Bacharach and Lawler (1980, p. 26) posited that power must be embedded in a social relationship and that the relationship should be portrayed in terms of dependence. In more specific terms, Lee and Dobler (1977, p. 150) noted that the less a seller needs or wants a contract, the stronger is his bargaining position; if he is the sole

source, he naturally concludes that his chances of obtaining a contract are next to certain.

French and Raven (1968, pp. 262-68) observed that while there are many possible bases of power, five seem "especially common and important:" reward, coercive, legitimate, referent, and expert power.

In his discussion of the sources of power, Karrass (1970, pp. 59-64) stressed the "balance" of power between two parties along several dimensions: rewards, punishment or nonrewards, legitimacy (for example, right to profit), commitment, loyalty, mutual long-range interests, knowledge, uncertainty, courage, time available, patience, and bargaining skill.

Brooks and Brooks (1979, pp. 20, 151) stressed knowledge as a basis of power in negotiations. The examples they cited include knowledge of the party's own position, the other party's position, the marketplace, the product under consideration, and the theory and practice of negotiation.

Alderson (1957, pp. 140-42) conceptualized power as two contrasting phases: initiation (the power to take action, to seize the initiative in negotiation); and waiting power (forcing the other party to take the first step). Another dichotomy was conceptualized by Etgar (1976b, pp. 256-57) in terms of power and countervailing power, that is, the ability to resist the other party's power. For each issue being negotiated, each party would possess a certain

amount of direct power and countervailing power, a situation comparable to a football game in which each team has a certain amount of offensive and defensive capability with respect to running plays, pass plays, and option plays. Moreover, the balance between direct and countervailing power may vary from time to time during the contest, based on the turn of events.

Karrass (1970, p. 64) posited that power, regardless of its source, must be perceived if it is to exist. Perception plays a major role in the creation of bargaining power, and Karrass recognized two essential ingredients: "The bargainer must know or think he has power while his opponent must believe that power exists and accepts its authority" (p. 64).

Karrass (1968, p. 202) found that "the balance of power between adversaries appears to be a more important determinant of negotiation outcome than the relative abilities of the bargainers." In his claims settlements experiments, he operationalized power in two ways: (1) specific instructions to one side that it was very important to obtain a low settlement price, and (2) information provided to the same side that significantly strengthened its position over the other (pp. 136-37).

Dunlop (as quoted in Bacharach and Lawler 1981, p. 46) distinguished between potential and actual power but then argued that the outcome of bargaining is the only empirical indicator. Power as an outcome is essentially tautological,

a concept most closely associated with the work of Dahl (as quoted in Bacharach and Lawler 1981, pp. 44-46). Bacharach and Lawler noted that the "nontautological implications of treating power as a potential have not been fully developed either in the social sciences or bargaining literature."

Bacharach and Lawler (1981, p. 46) focused on the use of power. This concept led to their premise that bargaining is a dynamic interplay between power and tactics (p. 40) in which power determines tactics (p. x). However, Stevens (1963, p. 3) argued that negotiation power "comes from facility and shrewdness in the execution of negotiation tactics."

De Rose (1962, pp. 15-4 - 15-6) identified several factors influencing the power of negotiators:

Factors Influencing the Seller's Position

- . number of seller, their size, location, degree of competition;
- . relative uniqueness of seller offerings;
- . seller's backlog and current utilization of his capacity; and
- . seller's knowledge of the market and the buyer's position.

Factors Influencing the Buyer's Position

- . pressure of schedules or urgency of the requirement;
- . availability of alternatives;
- . general economic conditions; and
- . buyer's knowledge of the seller's position.

Virtually all of the empirical studies of negotiation that have been made by marketing scholars have focused on power in marketing channels, but they do not include end-users of products and services. (For example, see Wilemon 1972; El Ansary and Stern 1972; Hunt and Nevin 1974; Etgar 1976a, 1976b; Lusch 1976; and Dwyer and Walker 1981.)

Wilemon (1972, p. 71) defined power as "the ability of one channel member to induce another channel member to change its behavior in favor of the objectives of the channel member exerting influence." El Ansary and Stern pioneered attempts to measure power relationships empirically within a specific channel of distribution. They found no significant relationship between power and the sources of power nor between power and dependence (1972, pp. 48, 51).

Hunt and Nevin (1974, p. 192) studied the effects of coercive and noncoercive power in the fast food industry. They found that the increased use of noncoercive power and the lessened use of coercive power on the part of franchisors increased the franchisees' satisfaction with the franchise relationship. Etgar (1976b, p. 254) found a strong correlation between the magnitude of the power that insurance companies exert over independent insurance agents and the control that they impose on these agents.

Lusch (1976, p. 388) studied the relationship between coercive and noncoercive sources of power and their effect on intrachannel conflict in the automobile industry. He

found that noncoercive sources tend to reduce intrachannel conflict.

While much has been written about power in negotiations and some empirical studies have been done, probably no other factor has been the subject of as much confusion and criticism. Brandt (1971, p. 13) stated that "there are few words in the language that titillate man's thoughts more than the word 'power.'" He also noted that few words are more ambiguous, despite attempts to explain the nature of power.

Bacharach and Lawler (1980, p. 10) observed that for all the extensive concern about power in both a conceptual and empirical sense, there appears to be little consensus about its meaning or application in concrete social circumstances.

Some of the problems may lie in connotation. Twenty years ago, Schelling (1963, p. 22) noted a possible fallacy of power constructs:

"Bargaining power," "bargaining strength," and "bargaining skill" suggest that the advantage goes to the powerful, the strong, or the skillful. It does, of course, if those qualities are defined to mean only that negotiations are won by those who win. But, if the terms imply that it is an advantage to be more intelligent or more skilled in debate, or to have more ability to withstand losses, than the term does a disservice. These qualities are by no means universal advantages in bargaining situations; they often have a contrary value....The sophisticated negotiator may find it difficult to seem as obstinate as a truly obstinate man.

Procurement Associates (1977, p. XVI-3) expressed the same view and added that "in negotiation, the strongest party

does not always win, and the outcome does not always reflect the relative bargaining position of each side. Many factors affect the outcome of a negotiation."

A major problem of research on negotiation power appears to be an unsystematic approach. Bacharach and Lawler (1980, p. 11) observed that "empirical students of power appear to assume, for the most part, that power is similarly viewed by other researchers, while theoreticians writing about power...confront a different dilemma: They fail to integrate insights of other theorists systematically."

More than twenty-five years ago, Dahl (1957, p. 201) noted that people have an intuitive notion of what power means, "but scientists have not yet formulated a statement of the concept of power that is rigorous enough to be of use in the systematic study of this important social phenomenon." Similarly, Swingle (1976, p. 46) noted that everyone talks about power but few of them agree; "Power is a very complex issue."

Bacharach and Lawler (1981, p. 44) posited that "attempts to conceptualize power are based on the assumption that it can and should be a precise term--a term subject to unambiguous definition and measurement." Instead, they argued, power is inherently a primitive term, that is, one that captures "the complex multidimensionality of phenomena while implying more specific ideas that may be subject to more precise treatment." Goldman (1982) observed that

marketing scholars made no progress in their research on power because they could not contend with all the underlying variables, and the tradition died.

Environment

The environment or context within which a negotiation takes place is defined by several factors. These are thought to affect the outcome as well as the way in which negotiations take place.

Tedeschi and Rosenfeld (1980, p. 227) noted that "the course of bargaining depends to some extent on the structure of the situation." Kelley and Lazer (1967, p. 211) posited that negotiation variables, such as objectives, facts, issues, positions, strategies, and human behavior, must be viewed in the context of the specific procurement situation.

In explicating organizational theory, Mintzberg (1979, p. 267) defined environment as comprising virtually everything outside the organization. Similarly, the environment of a negotiation might be defined as everything outside the two bargaining teams and the issues under discussion.

Strauss (1978, pp. 237-38), however, took a different view, stating that negotiation context refers specifically to the structural properties entering very directly as conditions into the course of a negotiation. His focus was on the interaction of the negotiating parties. He related the many specific kinds of negotiation contexts to permutations of the following contextual properties:

- . the number of negotiators, their relative experience in negotiating, and whom they represent;
- . whether the negotiations are one-shot, repeated, sequential, serial, multiple, or linked;
- . the relative balance of power exhibited by the respective parties;
- . the nature of their respective stakes in the negotiation;
- . the visibility of the transactions to others;
- . the number and complexity of the issues;
- . the clarity of legitimacy boundaries of the issues; and
- . the options to avoiding or discontinuing negotiation.

Riddell (1981, p. 579) introduced a dynamic, time-oriented approach to the study of factors external to negotiations. He noted that in most bargaining situations the payoff to each player will depend not only on the agreement that is reached but also on some external factors, which he termed the state of nature that obtains. He posited that uncertainty about which state will occur plays an important role in negotiations. Riddell's examples include firm-union bargaining wherein there is uncertainty about the future rate of inflation as well as the state of the labor and product markets during the life of the contract.

Riddell (p. 579) observed that as long as bargainers differ in their attitudes toward risk they can reach an agreement that takes into account each party's estimate of future conditions and attitudes toward risk. These

agreements imply gains from trade--as exemplified by the futures markets for commodities, wherein both buyers and sellers anticipate profits from their trades.

Mintzberg (1979, pp. 12-13) noted that the conclusions of research often lack context and, therefore, appear to be "detached from reality, devoid of real substance." Similarly, Wagner (1979, p. 71) argued that in developing bargaining theory, allowance must be made for important differences among types of bargaining situations.

Success Determinants in General

Gulliver (1977, pp. 50-51) mentioned four features of negotiations that have been given relatively little attention by theorists:

- . institutional factors--rules, norms, values, beliefs;
- . power--except for coercive models, assumed to be equally distributed;
- . effects of outside parties--influences, limitations, and pressures brought to bear on negotiators by people who are not directly involved in the negotiation; and
- . multiple issues (a virtual universal) especially those that are interconnected and are evaluated in terms of multiple attributes.

As mentioned previously, Angelmar and Stern (1978, p. 100) proposed three potential determinants of bargaining behavior: (1) culture--cultural contexts; (2) situational factors--time pressure, information, reward, relative power; and (3) individual determinants--individual characteristics.

Critical factors suggested by Brocius and Erickson (1973, p. 62), in addition to the possible value of simulation in preparing for negotiation, are: negotiating environment, relative negotiating power, negotiator attitudes, personal backgrounds, and negotiating ability.

Procurement Associates (1977, pp. XIX-29, 30) identified the following as some of the principal factors affecting the outcome:

- . relative bargaining position of each party;
- . extent of preparation and maneuvers made by the parties prior to, or during, the negotiations;
- . negotiation skills, attitudes, and characteristics of the negotiation parties;
- . past and present relationships between the two parties;
- . strategy and tactics used by both sides;
- . size of the stakes involved;
- . extent to which the interests of the parties are compatible or in conflict;
- . extent of information that both sides have regarding the importance that each side attaches to the various negotiation issues (for example, delivery dates, product quality, or price);
- . general background of the negotiation;
- . format of negotiation, for example, sequential or overall negotiation, and whether the format can be modified;
- . location of the negotiation, for example, buyer's office or seller's plant;
- . extent of confidence that each party has in the good faith of the other; and
- . extent of interest of one or both parties in achieving a settlement.

Mullen (1978, pp. 11-13) provided the following outline of independent variables affecting negotiation effectiveness based on the work of Rubin and Brown (1975):

A. SOCIAL COMPONENTS OF THE NEGOTIATION STRUCTURE

1. The Presence of Audience
2. The Availability of Third Parties
3. The Number of Participants Involved

B. PHYSICAL COMPONENTS OF NEGOTIATION

1. The Location of the Negotiation Site
2. The Physical Arrangements at the Site
3. The Availability and Use of Communication Channels

C. ISSUES

1. Tangible Issues
2. Intangible Issues
3. The Number of Issues
4. The Format of the Issues
5. The Presentation of the Issues
6. The Prominence of the Issues

D. THE NEGOTIATORS

1. Interpersonal Orientation
2. Motivational Orientation
3. The Distribution of Power in the Relationship

E. SOCIAL INFLUENCE STRATEGIES

1. Opening Moves
2. Further Moves
3. Countermoves
4. Appeals

5. Demands
6. Promises
7. Threats

A somewhat different organization, or typology, of variables that may affect one's success in negotiations was developed during the current study. As discussed in Chapter IV, interviews were conducted with 20 negotiators in the firm that participated in the study. Interviewees were asked to identify the factors that are vital to success in marketing negotiations. The resulting factors were organized in accordance with various considerations, such as cognitive, affective, and behavioral qualities of negotiators, as well as structural and environmental concepts. The resulting typology is shown in Table III-6. Examples of success factors associated with most of the categories are contained in the questionnaire in Appendix A. Others are found in Appendix B.

Concluding Observations

Several researchers have expressed concern about the lack of progress in the development of a sound theory of negotiation. Henderson (1970, p. 113) noted that all experimental sciences are but approximations and probabilities, but work on negotiation has provided few, if any, useful approximations and probabilities in terms of descriptive or predictive concepts.

Cyert and March (as quoted in Karrass 1968, p. 18) noted that a theory provides a set of general concepts and

TABLE III-6

A Classification of Negotiation Success Variables

- I. Negotiation Environment**
 - II. Negotiation Process**
 - III. Seller**
 - A. Seller's Knowledge**
 - 1. Knowledge Regarding Negotiation
 - 2. Knowledge Regarding Self and Own Firm
 - 3. Knowledge Concerning the Buyer
 - 4. Knowledge - In General
 - B. Seller's Feelings and Emotions**
 - C. Seller's Skills and Abilities**
 - 1. Concerning Task Performance
 - 2. Concerning Aggression
 - 3. Concerning Socializing
 - 4. Concerning Communication
 - 5. Concerning Thought Processes
 - D. Seller's Strategy**
 - 1. Concerning the Proposal and Contract
 - 2. Concerning the Buyer
 - 3. Concerning the Issues and Their Sequence of Discussion
 - 4. In General
 - E. Seller's Tactics**
 - 1. Concerning Seller's Style of Negotiating
 - 2. Concerning Seller's Team
 - 3. Concerning Facts and Information
 - 4. Concerning Feelings and Emotions
 - 5. Concerning the End of Negotiations
 - 6. In General
 - IV. Seller's Team**
 - V. Buyer and His Team**
-

at the same time is a statement of critical relations among system variables. In this regard, Karrass (p. 18) observed that "although many authors have contributed to an understanding of various variables in negotiation, only a handful have attempted to develop a general theory or have viewed the negotiation process as a decision system."

Rubin and Brown (1975) reviewed approximately 1,000 publications in search of a theory of bargaining or a single organizing conceptual framework (p. 299). They found neither.

Young (1975, p. 408) found a considerable gap between bargaining models and actual negotiations. Although conceding that these models may provide conceptual stimulation (p. 408), he observed that none of them produce good predictions or satisfactory explanations of bargaining in nearly all real world situations.

Young cited several reasons for the lack of usefulness of bargaining models. "Isolated exchange," meaning that the models fail to take into account the setting or environment, is one limitation" (p. 399). A single, well-defined issue is another limitation of current theories (p. 394). As Young noted, real world negotiations often involve several distinct issues at the same time (p. 394). Furthermore, virtually all of the deductive models (and laboratory experiments) treat the players as lone individuals "in contrast to collective or corporate entities" (p. 396) or negotiating teams that are encountered in real life.

Strauss (1978, pp. 8-9) noted that "one difficulty is that the literature on negotiation is primarily topical in focus." For example, it may deal with organizations or social movements. Strauss also observed that "even when writing on particular types of negotiation, social scientists seem not especially to utilize much, if any, of their literature on negotiation" (p. 9).

Peterson (1978, p. 508) pointed out that much of the research has used students as subjects; it has been methodologically sound but has little to offer in terms of descriptive or predictive power regarding real negotiations. Karrass (1968, p. 8) criticized these experiments on the grounds that interpersonal relationships are minimized or avoided entirely. Fifteen years ago, Bartos (1967, p. 495) posited that "it does not seem profitable to conduct simple experiments with subjects who are not professional negotiators and generalize from their behavior to that of professionals, if the most important ingredient, the code (behavior for each negotiator) is missing from the experiment."

Deductive theory building regarding negotiation may be criticized for overreliance on and inappropriate use of logic. Pareto (as quoted in Henderson (1970, p. 100) emphasized the importance of what he called nonlogical actions in nearly all human affairs. Henderson pointed out that while this conclusion of Pareto's is "contrary to the traditional, intellectual interpretation of history and

human affairs," it is "well-grounded in psychology and biology so it seems today hardly open to question." He noted further that "our upbringing and our education predispose to us to overestimate" the importance of science and logic in most things.

In assessing the scientific merits of action research for solving problems of organizations, Susman and Evered (1978, p. 582) concluded that "whatever its shortcomings in method and conception, early research...unlike the most recent organizational research, was at least grounded in the actual problems faced by organizational members and was carried out in close collaboration between researcher and practitioner. Sometimes researcher and practitioner were the same person." Later, a separation of theory and practice took place. Published work was read more by researchers than by practitioners (p. 582). Practitioners rarely have the time or the inclination to write about their work (Henderson 1970, p. 65 in reference to Govenor Morris). In more general terms, the gap between marketing research and practice has been explicated by Myers, Massy, and Greyser (1977, pp. 17-29).

Zartman (1978, pp. 67-68) warned of the necessity to understand and reflect on the true nature of a subject when formulating theories about it. In view of the amount of research on negotiation that has been completed but remains unused, Zartman's advice appears appropriate:

In attempting to develop scientific comprehension of a subject, it is as important to understand

the nature of the subject itself as it is to develop theories to explain how it works. Different theoretical approaches developed independently of the subject can generate counterintuitive insights and original explanations, but such explanations are not applicable unless they relate to its true nature. Such an observation may seem so obvious as to be puzzling, and over time it is self-enforcing. In the long run, theories that misapprehend reality show themselves to be incapable of explanation and prediction and are abandoned (Kuhn 1962). But in the short run they may prove tenacious, as students debate whether the theory is inapplicable or merely in need of further refinement. The theory takes on its own life and attractiveness and its proponents develop an investment in the given approach. It is therefore important to continue to pose the question of correspondence between theory and reality, while still pursuing the debate over the internal development and consistency of current theory. Even an "as if" approach only assumes--but does not establish--that particular correspondence and may in fact be very misleading; "as if" needs to be related to "as is."

CHAPTER IV

METHODOLOGY

The overall goals of this study, as discussed in Chapter I, are to: (1) develop approaches for studying factors that affect the outcome of marketing negotiations, and (2) identify some of the factors that are perceived by professional negotiators to be most important to success in marketing negotiations.

A literature review revealed that many factors were perceived as important to the achievement of negotiation objectives. But the literature also provides evidence of two basic problems. First, empirical studies involving professional negotiators were limited to one class of factors or another, each consisting of pre-selected variables. For example, Karrass (1968) focused on the relative importance of a few negotiator traits within each of several pre-designated "clusters." Second, the number of factors that may have a significant effect on success in negotiations is large, so large as to make research on the subject difficult if not impractical. These problems call for a comprehensive, systematic approach. One method is to establish research priorities.

A key question concerning the establishment of priorities for research, theory-building and improvement in

actual negotiations is: which factors seem the most important and, therefore, warrant further study? A related question is: What are the interrelationships, if any, between these variables? Answers to these basic questions have important implications for scholars and practitioners.

This chapter describes the approach used herein to seek answers to these questions. It presents a discussion of the population, instrument, data collection, and statistical measures.

Population

The defense industry was chosen for a study of marketing negotiations because this industry has extensive experience with such transactions. As noted in Chapter I, approximately 90% of defense industry sales in the U.S. are achieved through face-to-face negotiations. In Fiscal Year 1981, these sales amounted to nearly \$90 billion. In addition, as also mentioned in Chapter I, the market for U.S. defense products in both the U.S. and overseas is growing. Therefore, in terms of both size and growth, the defense industry comprises a significant sector of the economy.

Presumably, sales contract negotiators in major defense firms have considerable negotiation experience. Furthermore, some of them could probably provide answers to the research questions posed in this discussion. A previous study (Gardiner, 1982, p. 23) indicated that contract negotiators in major defense firms were perceived by their

counterparts in the Department of Defense as relatively well-trained, experienced, and skilled in the art of contract negotiations.

It was agreed that the name of the firm participating in this study would remain anonymous. In addition, the firm was considered reasonably typical of major defense concerns in the U.S. The company ranks in the top 50 of the Fortune 500. Its many semi-autonomous defense departments are differentiated along product lines. The defense division central staff contracts office is responsible for both functional coordination of all sales contract negotiations and for actual negotiations of the more significant contracts. Each department also has its own contract negotiators.

More than 200 professional negotiators are located in the central office and in the various product-line departments. Of these, 126 participated in the survey. Negotiators from three of the departments comprised 62% of the participants and 58% of the estimated total number of negotiators.

A general description of the products of each department and the extent of participation in this study is shown in Table IV-1.

TABLE IV-1
Selected Departments

| Department | Product Line | No. of Participants |
|------------|--|---------------------|
| 5 | Support systems and services, logistics management systems, field engineering, electronic repairs, spare parts, technical manuals. | 36 |
| 4 | Airspace management systems, air defense radars, air traffic control, airborne early warning, strategic communications, naval shipboard electronics. | 21 |
| 2 | High technology, multifunction electronic sensor systems for use in airborne, ground mobile, and space applications. | 20 |

Response Problems

It was decided at the outset to conduct a census of the firm's contract negotiators rather than a sample survey. This approach was dictated by the exploratory nature of this study, the relative ease with which a census could be taken, the small population, and the lack of a firm indication that nonresponse error would be less with a sample than a census (Green and Tull, 1978, pp. 207-08).

Survey participants were given written instructions to promote a common frame of reference for evaluating the importance of the negotiation factors.

Definition of Basic Terms

Because there are several possible definitions of terms that are fundamental to all aspects of this study, participants were provided with basic definitions, in writing, regarding the meaning of "negotiations" and "success" in negotiations. A description of the frame of reference to be used in recording their perceptions was also furnished in writing. Both this description and the definitions are contained in the Questionnaire in Appendix A.

Non-Representative Response

Discussion of research questions among participants prior to indicating their perceptions may result in responses that are influenced more by another person's power of persuasion than by perceptions based on the negotiator's personal experience. To minimize this type of response error, participants were instructed not to discuss the research questions until the survey was completed.

Data Collection Instrument

A questionnaire was used to collect data (see Appendix A). The first few pages provide instructions, definitions and other information deemed necessary to familiarize survey participants with the instrument. Questions were grouped under logical headings and sub-headings to better orient participants and to facilitate data analysis.

Items contained in the questionnaire were obtained primarily through face-to-face, one-on-one interviews with

20 of the firm's professional negotiators employed in the defense product departments. Each negotiator was asked: "What factors are vital to successful contract negotiations?" Success was defined as achievement of the negotiator's goals during recent negotiations.

The background of the interviewees varied in organizational level, years of experience as a negotiator, age, education, and department, including product line. In terms of organizational level interviewees included: 2 staff-level executives, 10 managers, 3 supervisors, and 5 non-supervisory negotiators.

The negotiation factors identified by the interviewees were listed and analyzed. Symonymous, or virtually synonymous, terms were combined. Surprisingly, only nine of the factors were mentioned by more than two interviewees. A few factors regarded as very important in the negotiation literature but not mentioned by any interviewees were added to the list, bringing the total number of factors to 200.

The success factors were analyzed and organized by content into major categories and sub-categories. Next, scales were developed for use by participants in indicating their perceptions of the importance of each factor and in providing information concerning their background.

Development of the scale used to measure respondents' evaluations of the importance of negotiation success factors involved two major considerations: the number of response alternatives and response labels. Green and Tull (1978,

p. 176) noted the vast body of literature on rating scales, while according to Cox (1980, p. 407), the debate about the optimal number of response alternatives for a scale virtually spans the history of such instruments. With reference to stimulus-centered scales, such as those required for rating negotiatory factors, Cox (p. 409) found that while the information transmission capacity of a scale is improved by increasing the number of response alternatives, refinement beyond the level necessitated by the stimuli simply encourages response error.

There are at least three major determinants of scale refinement: (1) perceived or actual differences among the stimuli (in this case, factors); if the differences are small, few response alternatives should be provided (Cox 1980, p. 409); (2) the amount of information required by the researcher (p. 409); and (3) the sophistication and commitment of respondents with respect to their scaling task (p. 420). With these considerations in mind a five-point was deemed appropriate for this research.

Labels for response choices must, of course, include numbers if calculations are to be performed based on responses. Descriptive words are frequently associated with some or all of the numerical labels to assist respondents in making their choices. While the use of words in scale labels has some obvious advantages, such as a more specific meaning for each choice, it has disadvantages, too.

Descriptive terminology unfortunately does not mean the same thing to all people.

The scale labels used in this research were built on the work performed by Novak and Whitley (1976) and later by Bearden and Chipman (1977). Novak and Whitley, in their study of the relative importance of various personal characteristics of Air Force contract negotiators, initially proposed the following five-point scale (p. 30-1):

| | | | | |
|------------|---|-----------|---|------------|
| 1 | 2 | 3 | 4 | 5 |
| Low | | | | High |
| Importance | | Desirable | | Importance |

However, a review of this scale by experienced negotiators led to the conclusion that the proposed scale was too narrow, since all the traits and influences listed in the questionnaire were at least "desirable" (p. 32). It was argued that a revised scale, with additional choices above "desirable" would enable the respondents to exercise more discrimination in responding to the questions. Accordingly, the following scale was proposed and later validated (pp. 32-3):

| | | | | | |
|------------|-----------|---|-----------|---|-------|
| 0 | 1 | 2 | 3 | 4 | 5 |
| Low | Desirable | | Important | | Vital |
| Importance | | | | | |

Subsequently, Bearden and Chipman (1977, p. 13) adopted the Novak and Whitley questionnaire, including its scale, because it was based on an extensive literature search,

opinions of two Deputy Directors of Procurement and Manufacturing in the Air Force's Aeronautical Systems Division (ASD), and comments received from various ASD contract negotiators.

In the current study, all of the factors listed in the questionnaire were deemed important by one or more negotiators or researchers. However, the possibility remained that a significant number of respondents might regard some of the factors of lesser importance to one degree or another. Therefore, more than one choice of relative unimportance was considered desirable, while at the same time providing more choices of positive importance within the five-point scale. This reasoning led to the selection of a scale with two measures of unimportance and three of importance, similar to the Novak and Whitley scale. Furthermore, it was judged advisable to use a descriptive term with each of the scale choices. As a result, the following scale was developed:

| | | | | | |
|---------------|-------------|-----------------------|-----------|-------------------|-----------|
| 0 | 1 | 2 | 3 | 4 | 5 |
| Don't Know | Unimportant | Somewhat Important | Important | Very Important | Necessary |

"Necessary" was used instead of Novak and Whitley's "vital" at the high end of the scale. Webster's dictionary equates necessary to absolutely needed. Necessary, therefore, was judged to be an appropriate description of a factor that is of utmost importance to success in negotiations.

The original questionnaire was validated through reviews by the firm's central contracts office. The

contracts manager and others proposed no changes. Some negotiators, however, believed that the list of factors should be shortened. Later, certain changes were agreed upon and are summarized as follows:

Deletions: 70
Combinations: 4
Some minor changes in the instructions

No other changes to the original questionnaire were proposed.

The final questionnaire contained 126 factors. Table IV-2 is an outline of the questionnaire. Instructions placed at the end of major sections and sub-sections encouraged participants to list additional important factors and to comment on those already provided.

An attempt was made to compare the 126 variables used in this study with the historic variables gleaned through experience and logic. A comparison is made with Karrass' set of negotiator traits as his work represents a synthesizing of others' work as well as his own. A comparison is made also with the strategic and tactical classifications developed by Marshall and Pratt and others. It should be recognized that because of differences in word usage the comparison must be purely judgmental. Tables IV-3, IV-4, and IV-5 demonstrate the comparisons. Variable numbers, such as V42, refer to the success factors shown in Appendix F and contained in the questionnaire shown in Appendix A. In total, 44 variables of the 126 listed in the questionnaire were mentioned in prior research.

TABLE IV-2
Questionnaire Outline

PART A. THE NEGOTIATION SITUATION

PART B. WDG's NEGOTIATORS

PART B-1. SELLER'S KNOWLEDGE

PART B-2. SELLER'S FEELINGS AND EMOTIONS

PART B-3. SELLER'S SKILLS AND ABILITIES

Concerning Task Performance

Concerning Aggression

Concerning Interpersonal Relationships

Concerning Communication

Concerning Thought Processes

PART B-4. SELLER'S STRATEGY

Concerning the Proposal and Contract

Concerning the Buyer

Concerning the Issues and Their Sequence
In General

PART B-5. SELLER'S TACTICS

Concerning Seller's Style of Negotiating

Concerning Seller's Team

Concerning the End of Negotiations
In General

PART C. THE SELLER'S TEAM

BACKGROUND INFORMATION

TABLE IV-3
Negotiator Trait Rank: A Comparison

| <u>Task-Performance Cluster</u> | <u>Study Variable</u> | <u>Aggression Cluster</u> | <u>Study Variable</u> |
|---------------------------------|-----------------------|--------------------------------|-----------------------|
| Planning | V42 | Power exploitation | V44 |
| Problem-solving | | Competitiveness | |
| Goal-striving | V39 | Team leadership | V79, V98 |
| Initiative | | Persistence | V93 |
| Product knowledge | | Risk-taking | |
| Reliability | | Courage | |
| Stamina | V43 | Defensiveness | |
| <u>Socializing Cluster</u> | | <u>Communication Cluster</u> | |
| Personal integrity | V110 | Verbal clarity | V53 |
| Open-minded | | Listening | V54 |
| Tact | V107 | Coordinating skill | V119 |
| Patience | V51 | Warm rapport | V71 |
| Personal attractiveness | | Debating | |
| Appearance | | Role-playing | |
| Compromising | V48 | Nonverbal | |
| Trust | | | |
| <u>Self-Worth Cluster</u> | | <u>Thought-Process Cluster</u> | |
| Gain opponent's respect | | Clear thinking under stress | |
| Self-esteem | V30 | General practical intelligence | V57 |
| Self-control | V33 | Insight | V38 |
| Ethical standard | | Analytical ability | V62 |
| Personal dignity | | Decisiveness | |
| Gain boss's respect | | Negotiating experience | V56 |
| Risk being disliked | | Broad perspective | |
| Organizational rank | | Education | |

TABLE IV-4
Strategies: A Comparison

| Strategy | Source | Study Variable |
|--|--|----------------|
| Set the agenda | Alderson 1957, p. 141 | V75, 76 |
| High level of aspiration and initial demands | Karrass 1970, p. 17 | V78 |
| Develop arguments in favor of one's beliefs, reasons against these beliefs, and counter-arguments offsetting those reasons | Karrass 1970, p. 92 | V70 |
| Obtain information about the capabilities and intentions of other party | McGinnies 1970, pp. 412-19 | V68, 73 |
| Protect key information | Karrass 1970, pp. 152-3 | |
| Creating an environment conducive to voluntary concessions | Ammer 1980, pp. 410-11 | V71 |
| Through communication - | Gedeschi and Rosenfeld 1980, p. 227 | |
| Discovering the preferences and values of other party | | V73 |
| Disguising the communicator's own preferences and values | | |
| Influencing other party's behavior | | |
| Altering such basic relationships as attractiveness or trust between the parties | | V84 |
| Developing a priority list of items as basic for concessions and trade-offs | Procurement Associates 1977, pp. XIX-3 & 4 | V90 |
| Accommodation | Hannan 1977, pp. 7-8 | |
| Compromise | Hannan 1977, pp. 7-8 | V92, 113 |
| Protect or improve negotiating strength and reputation as they relate to future negotiations | Procurement Associates 1977, p. XIX-3 | V109 |

TABLE IV-5

Tactics: A Comparison

(adapted from Marshall and Pratt, 1974, p. 100)

| Tactics | Study Variables |
|-------------------------|-------------------|
| Hostility relievers | |
| Location of negotiation | |
| Commitments | |
| Technique of time | V86, 87, 100, 113 |
| Deadlock | V112, 113, 114 |
| Secrecy measures | V94, 92 |
| Questions | V88 |
| Concessions | V90 |
| Agenda | V75, 76 |
| Moves | |

NOTE: Definitions of these tactics may be found in
Table III-3.

Data Collection Procedure

Copies of the questionnaire were distributed by the central contracts office staff to departmental contract managers who then completed the distribution to all other negotiators. Both verbal and written instructions stressed the importance of completing the questionnaires without prior discussion of it with anyone. Because the departments are housed in several separate buildings (one situated several miles from the others) 2 days were allowed for completing the questionnaires. This schedule was met by virtually every study participant.

Research Objectives and Methodology

In this section, the research methodology is related to that of the objectives discussed in Chapter I. The analytical techniques used as an aid in meeting the objectives are also presented.

Objective 1: Factor Rankings

To identify those groups of factors and individual factors perceived as the most important for successful negotiations when no restrictions are placed on the factors under investigation.

Kerlinger (1973, p. 573) noted that the main sources of variance of semantic differential data are the concepts, scales, subjects and, of course, error. Therefore, analyses are made of differences between concepts, scales, and subjects. In this research, the same scale was used for all concepts, or factors. As a result, analyses of differences centered on factors and subjects.

Objective 1 was approached by ranking the average scores (arithmetic means) of the success factors. This is the most obvious analysis of semantic differential data (Kerlinger 1973, p. 574). In addition, standard deviations were analyzed to detect the relative closeness of agreement on the more important factors.

Objective 2: Relationships Among Factors

To identify close relationships between the most important and other factors.

To accomplish this objective a correlation matrix that included all factors was calculated. Subsequently, partial correlation tables for each of the most important factors were prepared and analyzed. These tables contained only highly correlated factors.

Objective 3: Perceptions by Negotiator Rank

To compare and contrast the perceptions of senior- and beginning-level negotiators regarding negotiation success factors.

This objective was met by developing and applying an index number called "rank," that reflects years of negotiatory experience and organizational level achieved. Organizational level was included in the index because of the widespread business practice of promoting persons who prove themselves effective in their specialty. Further, the contracts manager, having many years of experience as a manager and as a negotiator, hypothesized that years of experience and organizational level were the two factors most likely to be considered when evaluating candidates for

a position as senior-level negotiators. Thus, based on these assumptions, a supervisor with 5 years of negotiatory experience would rank higher than a non-supervisory individual with the same years of experience.

A multiplicative relationship between years of negotiatory experience was assumed. This assumption results in a broader range of index scores and few tied scores.

Next, a graph of the standardized rank scores was prepared. This graph revealed two fairly distinct groups in the regions bounded approximately by ± 1.0 and \pm infinity. The number of years of experience and organizational level of the individuals in each group were reviewed to verify that backgrounds were, in fact, as required. No cases of erroneous classification were uncovered.

Factor rankings, based on mean value, were compiled for the senior- and beginning-level groups. The rankings and associated standard deviations for each sub-population were compared and analyzed. In addition, t-Tests were performed.

Objective 4: Perceptions by Product Line

To compare and contrast the perceptions of negotiators based on product line.

This objective was achieved by developing sub-populations based on product line, as defined by the department in which the negotiator worked, and then comparing the factor rankings and standard deviations among the various groups. The three departments with the largest of survey participants were chosen for analyses. The

number of participants for the other departments was judged too small to be meaningful. The departments selected are shown in Table IV-1.

Any conclusions drawn from comparisons among the groups should be questioned because the contracts manager stated that there was considerable movement of personnel among the departments. Consequently, any differing perceptions by personnel may be due more to other variables, for example, personal characteristics, than to the product line with which the negotiator is associated.

Objective 5: Source Variables of Success

To identify underlying source variables, if any, that represent most factors perceived by negotiators as essential to successful negotiation outcomes.

A factor analysis technique, namely, principal-components analysis, was employed to explore the possible existence of any source variables, that could underlie the many factors encountered in this research. In addition to the intellectually appealing possibility of identifying one or a few underlying factors that account for most of the variance in the research data, principal-components analyses offer a means of reducing a large number of factors, as encountered in this research, to a smaller, more readily studied number.

Other Research Results

In addition to those steps discussed previously, a tabulation was prepared of additional factors deemed

important to success in negotiations by survey participants. These factors were suggested by the participants in spaces provided in the questionnaire.

The procedures described in this chapter resulted in the data from which the analyses and findings of this study were developed. A discussion of the analyses and findings follows.

CHAPTER V

RESEARCH FINDINGS

This chapter contains major findings and analyses regarding the purposes and objectives of this investigation. In the first section, the general descriptive findings concerning the research population and subpopulations are presented to provide a frame of reference for the primary findings. A summary of the findings most directly related to the research objectives is given in the second section.

General Descriptive Findings

In this section an overview of the beliefs and qualifications of survey respondents concerning sales contract negotiations is presented. This information consists of frequency distributions, percentages, and other descriptive data. It is divided into two sections. The first deals with all respondents. The second concerns senior- and beginning-level negotiators. The last presents a comparison of the three departments represented most strongly in the study.

All Respondents

All those responsible for sales contract negotiations in the firm's defense products division (DDIV) were

requested to participate in the study. More than 200 belonged to this classification, which was known generally as contracts management. Of these, 126, or approximately 50%, completed the questionnaire. As can be seen in Table V-1, Department #5 had the largest representation (29%), followed by Department #4 (17%) and Department #2 (16%).

Table V-1 also indicates that approximately two-thirds of the respondents held nonsupervisory and nonmanagerial positions, that is, no one reported to them. Approximately one-third were managers or supervisors.

Eighty-seven percent of the respondents indicated that they held college degrees, including 27% with Master's or higher degrees. Business administration (39%) and law (19%) were the most frequently mentioned majors, followed by liberal arts (8%) and engineering (7%).

As shown in Table V-1, the average respondent had approximately 10-1/2 years of contract negotiation experience with the firm and about .5 years with other organizations. Respondents had held their current positions for an average of approximately 4-1/4 years. These figures seem to indicate a relatively stable, experienced workforce.

The average respondent appears to have had little special training in negotiating (3 hours) and relatively more training in contract management (40 hours) based on estimates provided by respondents. On-the-job training appears to be the primary means by which respondents learned to negotiate.

TABLE V-1

Background of Respondents, All Cases
n = 126

| Departments With Which Respondents Were Associated | | | | | | | | |
|--|-----|----|-----|-----|----|-----|-------|-------|
| 1 | 2 | 3 | 4 | 5 | 8 | 9 | Other | Total |
| 10 | 20 | 9 | 21 | 36 | 8 | 13 | 9 | 126 |
| 8% | 16% | 7% | 17% | 29% | 6% | 10% | 7% | 100% |

Type of Position Currently Held

| | | |
|---|----|-----|
| Managerial (second-line supervisor or higher) | 26 | 20% |
| First-Line Supervisor (officially designated) | 7 | 6% |
| First-Line Supervisor (<u>not</u> officially designated) | 10 | 8% |
| Nonsupervisory and Nonmanagerial | 81 | 64% |
| (No Response) | 2 | 2% |

Highest Formal Education Received

| Did Not Complete High School | High School | 1 Year of College | 2-4 Years of College No Degree | |
|------------------------------|-----------------|-------------------|--------------------------------|---------|
| - | 3 | 1 | 12 | |
| - | 2% | 1% | 10% | |
| Bachelor's Degree | Master's Degree | Doctorate | First Professional | Unknown |
| 76 | 14 | 12 | 7 | 1 |
| 60% | 11% | 10% | 6% | 1% |

Major For the Highest Degree Awarded

| Business Administration | Bus. Admin. & Engrg. (2 Degrees) | Engi-neering | Law | Liberal Arts |
|-------------------------|----------------------------------|--------------|-------|--------------|
| 49 | 4 | 9 | 24 | 10 |
| 39% | 3% | 7% | 19% | 8% |
| Economics | Accounting | Finance | Other | No Response |
| 3 | 4 | 2 | 4 | 17 |
| 2% | 3% | 2% | | 14% |

TABLE V-1--Continued
Background of Respondents, All Cases

| Variable | Approximate Median Value |
|---|--------------------------------|
| Contract Negotiation Experience | |
| With This Firm | 10-1/2 yrs. |
| Total | 11 yrs. |
| Special Training | |
| In Negotiating | 3 hrs. |
| In Contract Management | 40 hrs. |
| Time in Current Position | |
| Negotiations During the Last Two Years | |
| No. of Times as Principal Negotiator | 7 |
| Average Value of Contracts Negotiated | \$1.7M |
| Respondent's Age | |
| | |
| | 43 yrs. |

During the previous two years the average respondent participated directly in ten negotiations and was the principal negotiator on seven of these occasions. The average value of the ten negotiated contracts was \$1.7 million.

As Table V-1 shows, the average respondent was 43 years old. This figure and the average contract negotiation experience of 11 years seem to indicate that most respondents had several years' experience outside contract negotiation, perhaps as many as ten. Thus, it may be assumed that the average respondent had more than one area of specialization, coupled with extensive experience in marketing negotiations.

Supplementary Information About All Respondents

Based on an analysis of the presurvey interviews, four general questions were included in the "Background Information" section of the questionnaire. Their purpose was to obtain information that might bear on the success of negotiations or on responses to the main body of the questionnaire. The questions concerned these topics:

In general, what style of negotiating along a scale of aggressive-defensive should a negotiator adopt?

How successful do DDIV's negotiators believe recent negotiations have been?

Do DDIV's negotiators believe that one side in the negotiation succeeds at the expense of the other, or not?

How important is training in negotiations?

Style of Negotiating

Participants were asked: "In general, what approach should a negotiator take?" The distribution of answers is shown in Table V-2.

TABLE V-2

Distribution of All Responses to:
 "In general, what approach should a negotiator take?"
 n = 126

| 1 | 2 | 3 | 4 | 5 |
|------------|-----|---------------------------|----|-----------|
| Aggressive | | Flexible/ Compromising | | Defensive |
| 11% | 48% | 37% | 1% | 2% |

The mean value of these responses is 2.3, that is, slightly closer to "flexible/compromising" than to "aggressive." Several respondents labeled position 2 as "assertive," which perhaps is a good description of the approximate midpoint of the responses.

Success in Negotiating

Participants were asked: "Considering the negotiations in which you participated directly during the past two years, to what extent were DDIV's negotiation objectives usually achieved?" The responses were as shown in Table V-3.

TABLE V-3

Distribution of All Responses to:
 "Considering the negotiations in which you
 participated directly during the past two years,
 to what extent were DDIV's negotiation
 objectives usually achieved?"
 n = 126

| Very Little | | About Half | | Very Much | No Response |
|----------------|----|---------------|-----|--------------|----------------|
| 1% | 2% | 8% | 36% | 49% | 4% |

The responses, with an average (median) value of 4.5, indicate a belief that DDIV recently has been quite successful in achieving its negotiation objectives.

The question was asked: "If one party wins, must the other one lose?" Opinions were expressed as shown in Table V-4.

TABLE V-4

Distribution of All Responses to:
 "If one party wins, must the other one lose?"
 n = 126

| Statement | % of Response |
|--|------------------|
| It is important that both the buyer and the seller achieve their objectives. | 66% |
| One party can gain an objective only through the other party's loss of an objective. | 1% |
| Neither of the above statements is very accurate even in a general sense. | 40% |
| (No response) | 2% |

As Table V-4 indicates, opinions were sharply divided. Obviously, a large percentage of the respondents (42 percent) did not favor either one of the first two answers to this strategic question. The following two write-in comments may help to explain their beliefs:

Objective means different things to different people. The real dollar objective is bound to be less than the "initial" objective. Hopefully, both parties can "win" even if "just barely."

There are always winners and losers. The secret is to make the loser feel like a winner.

Training in Negotiations

During the initial interviews with DDIV's negotiators, the point was made that, with a little training, less experienced negotiators could more than make up the cost of training through higher negotiated profit margins. Since this idea seemed to make sense and since very little formal training in negotiation is offered in colleges, training was selected as one of the topics of special interest for the survey.

The questionnaire contains two similar questions but with slightly different scales concerning training in negotiations. The first appears in the body of the questionnaire, while the second is part of the "Background Information" section. The questions and the responses are as shown in Table V-5 and V-6, respectively.

TABLE V-5

Distribution of All Responses to:
 "How important to success in contract negotiations
 is formal training in negotiating techniques?"
 n = 126

| 0 | 1 | 2 | 3 | 4 | 5 |
|---------------|-------------|-----------------------|-----------|-------------------|-----------|
| Don't Know | Unimportant | Somewhat Important | Important | Very Important | Necessary |
| 3% | 7% | 26% | 39% | 17% | 7% |

TABLE V-6

Distribution of All Responses to:
 "How important is formal training in negotiations
 to the effectiveness of a negotiator?"
 n = 126

| 0 | 1 | 2 | 3 | 4 | 5 |
|---------------|-------------|----|-------------------|-----|-------|
| Don't Know | Unimportant | | Probably Helps | | Vital |
| 7% | 1% | 2% | 49% | 23% | 17% |

As noted above, the first question is one of the 126 factors for which the mean score is 3.5 and the standard deviation is .44. The statistics for answers to this question indicated a relatively low rating, more than one standard deviation below the mean, or approximately in the lowest 16 percent of all factors. In addition, as discussed earlier in this chapter, the amount of special training in negotiation received by the average respondent/appears to be quite low.

Senior- and Beginning- Level Negotiators

As will be discussed later in this chapter, a procedure was developed and applied to identify the most experienced and recognized negotiators, senior-level negotiators, and their opposites, beginning-level negotiators. The perceptions of these two groups were then analyzed.

Senior-Level Negotiators

Information concerning the senior negotiators is shown in Table V-7. The members of this group totaled 25. Slightly more than 4/5, or 84%, of these negotiators held managerial positions. Slightly less than 1/5, or 15%, were first-line supervisors.

Ninety-six percent of the respondents, or 24 out of 25, indicated that they held college degrees. More than one-third, or 36%, reported advanced degrees. Business administration (36%) and law (32%) were the most frequently mentioned majors, followed by engineering (16%).

Table V-7 also shows that the average senior-level negotiator had 20 years of contract negotiation experience with the firm and more than 20 years in all. Furthermore, the group average was 5-1/2 years in the current position. Thus, a low rate of turnover among senior negotiators is implied.

The average senior negotiator received 31 hours of training in negotiation. The corresponding figure for contract management was 77 hours.

TABLE V-7

Background of Senior Group
n = 26

| Departments with Which Respondents Were Associates | | | | | | | |
|--|-----|----|-----|-----|----|-------|-------|
| 1 | 2 | 3 | 4 | 5 | 8 | Other | Total |
| 5 | 5 | 2 | 3 | 6 | 2 | 2 | 25 |
| 20% | 20% | 8% | 12% | 24% | 8% | 8% | 100% |

Type of Position Currently Held

| | | |
|---|----|-----|
| Managerial (second-line Supervisor or higher) | 21 | 84% |
| First-line Supervisor (officially designated) | 4 | 16% |

Highest Formal Education Received

| Did Not Complete High School | High School | 1 Year of College | 2-4 Years of College No Degree |
|------------------------------------|--------------------|----------------------|--------------------------------------|
| - | 1 | - | - |
| - | 4% | - | - |
| Bachelor's Degree | Master's Degree | Doctorate | First Professional |
| 15 | 4 | 4 | 1 |
| 60% | 16% | 16% | 4% |

Major for the Highest Degree Awarded

| Business Administration | Bus. Admin. & Engrg. (2 degrees) | Engineering | Law | No Response |
|----------------------------|--|-------------|-----|----------------|
| 9 | 2 | 4 | 8 | 2 |
| 36% | 8% | 16% | 32% | 8% |

TABLE V-7--Continued
Background of Senior Group

| Variable | Approximate Median Value |
|--|--------------------------------|
| Contract Negotiation Experience | 20 yrs. |
| With This Firm | 20 yrs. |
| Total | more than 20 yrs. |
| Special Training | |
| In Negotiating | 31 yrs. |
| In Contract Management | 77 hrs. |
| Time in Current Position | 5-1/2 yrs. |
| Negotiations During the Last Two Years | 10 |
| No. of Times as Principal Negotiator | 6 |
| Average Value of Contracts Negotiated | \$2M |
| Respondent's Age | 54 yrs. |

During the previous two years, senior-level negotiators had averaged ten negotiations and were the principal negotiator in six. The average value of the ten negotiated contracts was \$2 million.

Beginning-Level Negotiators

Information concerning the beginning-level negotiators is shown in Table V-8. The members of this group totaled 35.

None of the negotiators in the beginning group held a managerial or supervisory position. Negotiating experience with the firm or elsewhere totaled two years. Since the average age in the group was 32, it seemed safe to assume that members had substantially more experience in work other than negotiating.

Table V-8 shows that 83% of the beginning group held college degrees, including 23% with Master's or higher degrees. Business administration (34%), liberal arts (17%), and law (14%) were the most frequently mentioned majors.

The average (median) respondent in this group had no training in negotiating sales contracts. The same was true for training in contract management.

Beginning-level negotiators had participated in nine negotiations, on average, during the last two years and had served as principal negotiator during five of these. The average value of the nine contracts, as calculated from estimates reported by the respondents, was \$688 thousand.

TABLE V-8

Background of Beginning Group
n = 35

Departments With Which Respondents Were Associated

| 2 | 3 | 4 | 5 | 9 | Other | Total |
|----|-----|-----|-----|-----|-------|-------|
| 3 | 4 | 5 | 14 | 6 | 3 | 35 |
| 9% | 11% | 14% | 40% | 17% | 9% | 100% |

Type of Position Currently Held

| | | |
|----------------------------------|----|------|
| Nonsupervisory and nonmanagerial | 35 | 100% |
|----------------------------------|----|------|

Highest Formal Education Received

| Did Not Complete High School | High School | 1 Year of College | 2-4 Years of College No Degree |
|------------------------------------|----------------|----------------------|--------------------------------------|
| - | 1 | - | 5 |
| - | 3% | - | 14% |

| Bachelor's Degree | Master's Degree | Doctorate | First Professional |
|----------------------|--------------------|-----------|-----------------------|
| 21 | 3 | 1 | 4 |
| 60% | 9% | 3% | 11% |

Major for the Highest Degree Awarded

| Business Administration | Engineering | Law | Liberal Arts | Economics |
|----------------------------|-------------|-----|-----------------|-----------|
| 12 | 1 | 5 | 6 | 2 |
| 34% | 3% | 14% | 17% | 6% |

| Accounting | Finance | Other | No Response |
|------------|---------|-------|-------------|
| 1 | 1 | 1 | 6 |
| 3% | 3% | 3% | 17% |

TABLE V-8--Continued
Background of Beginning Group

| Variable | Approximate Median Value |
|--|--------------------------------|
| Contract Negotiation Experience | |
| With This Firm | 2 yrs. |
| Total | 2 yrs. |
| Special Training | |
| In Negotiating | 0 yrs. |
| In Contract Management | 0 yrs. |
| Time in Current Position | 1-3/4 yrs. |
| Negotiations During the Last Two Years | |
| No. of Times as Principal Negotiator | 9 |
| Average Value of Contracts Negotiated | \$688 thos. |
| Respondent's Age | 32 yrs. |

Supplementary Information
About Senior- and Beginning-
Level Negotiators

The views of senior- and beginning-level negotiators regarding styles of negotiating, success achieved in negotiations, the win-lose concept, and the value of formal training in negotiation are discussed in the following paragraphs.

Styles of Negotiating

The question was asked: "In general, what approach should a negotiator take?" The distribution of answers is shown in Table V-9. The median value of senior-group responses was 2.2, the same as for the overall group. The median of beginning group responses was 2.4, slightly less aggressive.

TABLE V-9

Distribution of Responses by Two Groups to:
 "In general, what approach should a negotiator take?"

| 1 | 2 | 3 | 4 | 5 | |
|------------------------|-----|---------------------------|---|-----------|----------------|
| Aggressive | | Flexible/ Compromising | | Defensive | No Response |
| Senior Group n = 25 | | | | | |
| 4 | 11 | 8 | | | 2 |
| 16% | 44% | 32% | | | 8% |
| Beginning Group n = 35 | | | | | |
| 3 | 16 | 15 | | | 1 |
| 9% | 46% | 43% | | | 3% |

Success in Negotiations

The question was asked: "Considering the negotiations in which you participated directly during the past two years, to what extent were DDIV's negotiation objectives usually achieved?" Responses are shown in Table V-10.

The median value, 4.7, of senior group responses was higher than the corresponding figures of 4.1 for the beginning group and 4.5 for all respondents.

TABLE V-10

Distribution of Responses by Two Groups to:
"Considering the negotiations in which you
participated directly during the past two years,
to what extent were DDIV's negotiation
objectives usually achieved?"

| 1 Very Little | 2 | 3 About Half | 4 | 5 Very Much | No Response |
|------------------------|---|--------------------|----|-------------------|----------------|
| Senior Group n = 25 | | | | | |
| | | 1 | 8 | 16 | |
| Beginning Group n = 35 | | | | | |
| 1 | 2 | 6 | 11 | 11 | 4 |

If One Party Wins, Must The Other Lose?

The question was asked: "If one party wins, must the other one lose?" Responses were expressed as shown in Table V-11.

TABLE V-11

Distribution of Responses by Two Groups to:
 "If one party wins, must the other lose?"

| Statement | Senior Group n = 25 | Beginning Group n = 35 |
|--|---------------------------|------------------------------|
| It is important that both the buyer and the seller achieve their objectives. | 15 60% | 22 63% |
| One party can gain an objective only through the other party's loss of an objective. | 0 | 0 |
| Neither of the above statements is very accurate even in a general sense. | 8 32% | 13 37% |
| (No response) | 2 8% | 0 |

Responses of the senior and beginning groups, as well as the overall group, were quite similar. They may be summed up as follows: A little less than 2/3 indicated that a win-win situation is preferred; One-third or more said that win-win and win-lose concepts are not applicable to defense contract negotiations; and virtually no one agreed with the win-lose concept.

Training in Negotiations

Two questions concerning the importance of formal training in negotiations and the responses to these questions are shown in Tables V-12 and V-13. The first question concerns one of the 126 factors listed in the body of the questionnaire, while the second is contained in the Background Information section of the questionnaire.

TABLE V-12

Distribution of Responses by Two Groups to:
 "How important to success to contract negotiations
 is formal training in negotiating techniques?"

| | 1 | 2 | 3 | 4 | 5 |
|------------------------|-------------|-----------------------|-----------|-------------------|-----------|
| Don't Know | Unimportant | Somewhat Important | Important | Very Important | Necessary |
| Senior Group n = 25 | | | | | |
| | 2 8% | 11 44% | 9 36% | 3 12% | |
| Beginning Group n = 35 | | | | | |
| 2 6% | 4 11% | 6 17% | 12 34% | 8 23% | 3 9% |

TABLE V-13

Distribution of Responses by Two Groups to:
 "How important is formal training in negotiations
 to the effectiveness of a negotiator?"

| 1 | 2 | 3 | 4 | 5 | |
|------------------------|---------|-------------------|-----------|----------|----------------|
| Unimportant | | Probably Helps | | Vital | No Response |
| Senior Group n = 25 | | | | | |
| | | 16 64% | 5 20% | 3 12% | 1 4% |
| Beginning Group n = 35 | | | | | |
| 1 3% | 1 3% | 11 31% | 12 34% | 6 17% | 4 11% |

For both of these questions, the senior group ranked training lower than did the overall group. Furthermore, the opinions tended toward more agreement than those in the overall group.

The correlation between the answers to these two questions is a relatively high .51, indicating a good degree of consistency. Since senior negotiators rank formal training in negotiating technique 123rd out of the total of 126 factors, it may be concluded that this group does not believe that such training is important to success in negotiations.

The median response for the 33 people who answered the first question is 3.1, as compared to 2.5 for the senior group. The median response of 3.9 for the second question is higher than the senior group's 3.3. The correlation between the answers to these two questions is 0.60, a relatively high figure for this survey. This indicates that the beginning-level group was fairly consistent in answering these two questions, even more so than members of the senior group, for whom the correlation is 0.51.

The beginning group's response to the first question indicates that the average member believes formal training is more important to success in negotiations than does the average member of the senior group. There is less agreement on importance, however. Answers to the second question also indicate a higher importance attributed by beginners to the value of formal training in contract negotiation. However,

answers to the first question place formal training 105th in the list of 126 negotiation success factors.

Findings Regarding Research Objectives

In this section, research findings are presented and analyzed to provide insights for fulfilling the study objectives summarized in Chapter I and discussed in Chapter IV.

Objective 1: Importance of Factor Groups and Individual Factors

To identify those groups of factors and individual factors perceived as the most important for successful negotiations when no restrictions are placed on the factors under investigation.

Respondents were requested to evaluate the importance of each factor listed in the survey instrument. They also were asked to identify additional factors important to success in negotiations.

Table V-14 shows that the group of factors relating to the seller's team were perceived to be the most important. Next in rank by mean score was the factor group concerning the feelings and emotions of members of the seller's team. The individual factors that comprise each group are shown in the questionnaire in Appendix A.

TABLE V-14
Mean Scores of Factor Groups

| Factor Group | Mean | Standard Error |
|---|------|----------------|
| Seller's Team | 3.87 | .03 |
| Seller's Feelings & Emotions | 3.63 | .04 |
| Seller's Knowledge, Skills, & Abilities | 3.55 | .03 |
| Seller's Strategy | 3.52 | .02 |
| Seller's Tactics | 3.31 | .04 |
| The Negotiation Situation | 3.25 | .03 |

Table V-15 lists the factors with mean scores in the top 10% of all factors shown in the questionnaire. As shown in the table, the most important negotiation success factor, when all responses to the questionnaire were averaged, was "having top management support." In addition, there was a relatively high correlation between this factor and "having one spokesperson/decision-maker." The latter factor ranked third in importance.

Direct assistance from higher management, such as "receiving sound guidance and judgment from higher management," does not seem to be the kind of support that the average respondent was seeking. This factor ranked twenty-eighth and had a relatively low correlation of 0.32 with the top-ranked factor.

TABLE V-15

Success Factors Ranked by Mean Score,
Top 12 Factors, All Respondents
n = 126

| Rank | Factor | Mean Value | Standard Error |
|------|--|------------|----------------|
| 1 | Having top management support | 4.49 | .04 |
| 2 | Listening skill | 4.29 | .04 |
| 3 | Having one spokesperson/ decision-maker | 4.14 | .06 |
| 4 | Having clear understanding of objectives (as a team) | 4.13 | .05 |
| 5 | Making sure the statement of work, specifications, and drawings are correct, consistent, and agreed upon by those responsible | 4.11 | .05 |
| 6 | Persuasiveness; ability to be convincing | 4.10 | .04 |
| 7 | Knowing your objectives and strategy | 4.10 | .05 |
| 8 | Establishing your credibility and authority to negotiate | 4.09 | .06 |
| 9 | Identifying significant risks; deciding which are acceptable, which are not | 4.07 | .05 |
| 10 | Rational; able to apply reason and logic | 4.06 | .05 |
| 11 | Good planner; well prepared; able to anticipate what will happen and be ready | 4.04 | .04 |
| 12 | Honesty; integrity; trust- worthy; ethical | 4.03 | .06 |

The above information, together with several write-in comments, seems to indicate a need for improved support of negotiators by top management in terms of giving them effective negotiation authority and back-up. Such support would include confirming, if possible, the decisions of negotiators whenever buying organizations appeal their decisions.

Table V-15 shows that three of the top four factors concerned the negotiation team as opposed to traits of the individual negotiator:

Having top management support;

Having one spokesperson/decision-maker;

Having clear understanding of objectives--as a team.

Of the other top four factors, "listening skill," ranked second.

Many write-in comments were provided by those who participated in the survey. Although these comments do not have the force of a majority opinion, they can provide some insights into why certain factors are seen as being important to success in negotiations. The following paragraphs present comments that were made concerning the top twelve success factors.

"Having Top Management Support"

On the questionnaire page where this factor appears, one respondent added a note to the effect that negotiators for buying organizations frequently contact higher management in DDIV and obtain a reversal of the position taken by

the DDIV's negotiator. This is said to be damaging to the DDIV's negotiator in terms of both tactical position and morale. Similar opinions were expressed concerning other factors related to negotiating authority. For example, the factor "having a company policy that establishes the negotiator as the spokesperson" was rated 5 by one respondent, with the notation that this was "wishful thinking."

At the other extreme, one respondent rated this factor as unimportant, stating that it "should not be necessary to hide behind a policy to control a team. Also [the firm] should allow flexibility--what tactic will work best."

A similar factor under the heading of team tactics, namely, "having one lead person; others speak only when asked by lead person" was rated 4 by one respondent, with the comment that this tactic "depends on the nature of the negotiation and members of the customer's negotiation team." Another respondent rated this factor 5 but implied that it was an unattainable goal, however desirable it may be.

**"Making Sure The Statement of Work,
Specifications and Drawings Are
Correct, Consistent and Agreed To
By Those Responsible"**

One respondent stated that, ideally, this factor should rate a 5 but that a 3 was as good as could be expected. Although this person did not understand that expectations are not supposed to affect his ratings, his comment does reflect the view that technical baseline documentation is important.

Several commented that the effect of a specific factor on success in negotiation depended on the "circumstances" or "the particular situation." These comments point up a very real consideration in attempts to generalize on a subject as broad as contract negotiations. However, they do not rule out the value of developing general principles that may be adapted to the needs of various circumstances.

In addition, quite a few write-in comments suggested factors that were considered important to success in negotiations. These are listed in Appendix C.

In contrast with the factors that were ranked highest, Table V-16 presents a breakdown of the means and standard errors of the 12 lowest ranked factors. One-half of these factors concerned tactics of the sellers whereas none of the top ranked factors listed in Table V-15 involved tactics. This may indicate that negotiation tactics are not perceived by survey participants to be as important as other types of factors.

A ranked list of all success factors is contained in Appendix F. Appendix E explains the coding information shown in Appendix F and used in processing the completed questionnaires.

Objective 2: Relationships Among Factors

To identify close relationships between the most important and other factors

After the most important factors were identified, correlations among the factors were computed. It was not

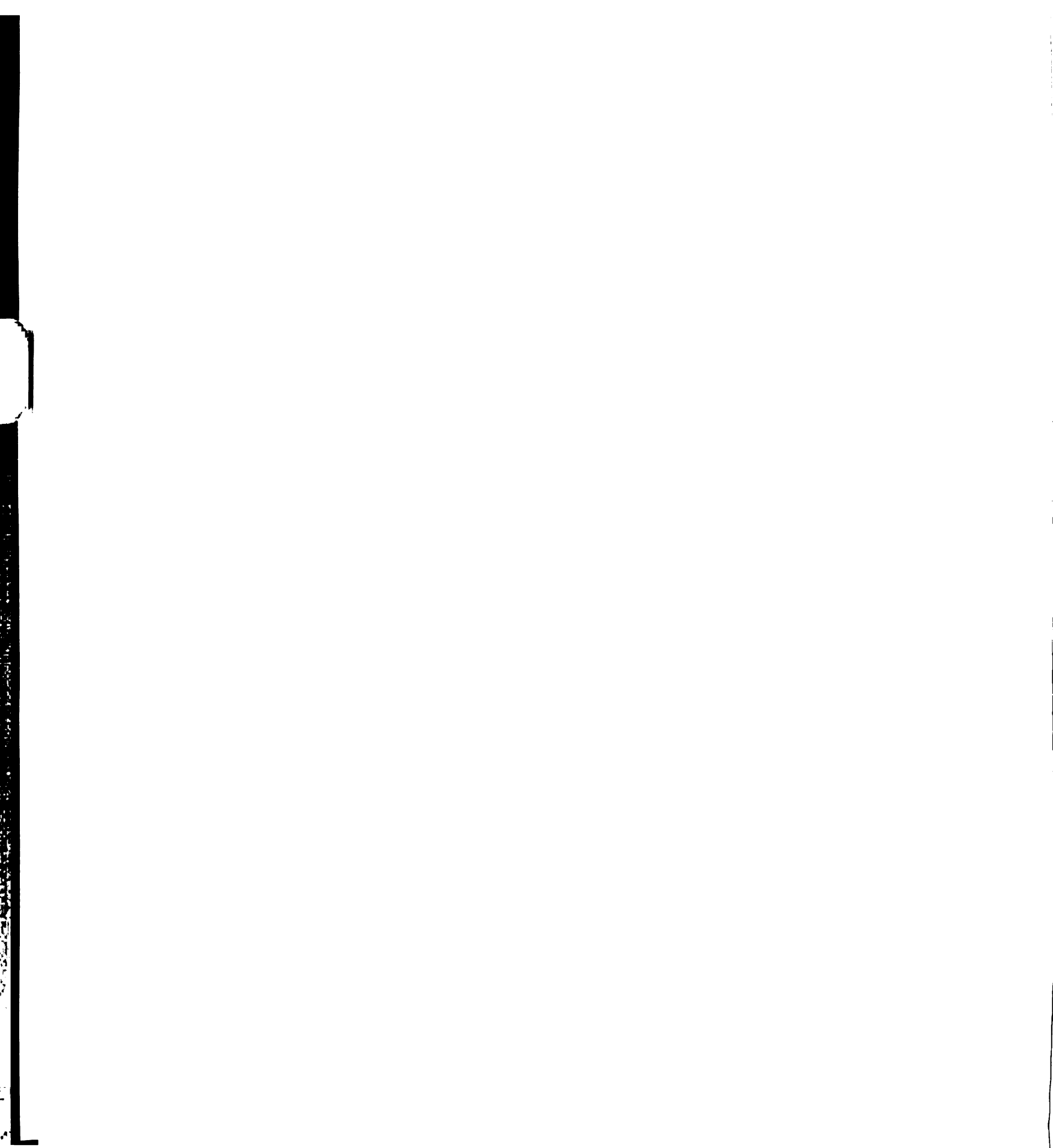


TABLE V-16

Success Factors Ranked by Mean Score,
 Lowest 12 Factors, All Respondents
 n = 126

| Rank | Factor | Mean Value | Standard Error |
|------|--|------------|----------------|
| 115 | Being consistent among buyers | 2.81 | .07 |
| 116 | Status: influence by virtue of rank or position | 2.79 | .06 |
| 117 | Buyer's break options | 2.75 | .06 |
| 118 | If their decision-maker isn't present, stalling until he arrives | 2.75 | .08 |
| 119 | To break a deadlock: walk out | 2.72 | .08 |
| 120 | Buyer's environment | 2.67 | .07 |
| 121 | Dominant, controlling personality | 2.65 | .07 |
| 122 | Not being predictable | 2.63 | .07 |
| 123 | Buyer's experience with other contractors' problems | 2.63 | .06 |
| 124 | To break a deadlock: going over buyer's head | 2.58 | .07 |
| 125 | Persistence; keep talking | 2.40 | .08 |
| 126 | Having team signals, for example, to indicate who talks | 2.33 | .08 |

possible in this study to investigate in detail the meaning of these correlations. However, some tentative concepts may be formulated based on certain assumptions. For example, a high correlation between two similar factors that are both highly ranked may indicate the importance of the overall concept they represent.

The two factors that correlate most highly with the top-ranked factor are noted in Table V-17.

TABLE V-17
Factors That Correlate Most Highly With
"Having Top Management Support"

| Correlated Factors | Correlation Value |
|---|-------------------|
| Having one spokesperson/decision-maker | .50 |
| Seller's team: Having a clear understanding of negotiation objectives | .48 |

As will be discussed later, "having one spokesperson" was mentioned by several respondents as being a problem rather than an existing strength. This opinion tends further to be confirmed by the correlation between the top-rated factor, "having top management support," and the factor "receiving sound guidance and judgment from higher management." The correlation is only .32, relatively low for this study. This figure, together with other information discussed earlier, would seem to indicate that negotiators believe that top management support is important not so much in

terms of guidance as in terms of permitting their decisions to stand.

Correlation tables for all of the top twelve factors may be found in Appendix D.

Objective 3: Perceptions by Negotiator Rank

To compare and contrast the perceptions of senior- and beginning-level negotiators regarding negotiation success factors.

As discussed in Chapter IV, two variables, extent of negotiation experience and organizational level, were used to define the senior- and beginning-level negotiators. The rationale for utilizing these two factors involved the assumptions that (1) negotiation is an art that is learned through experience and (2) negotiators in supervisory and managerial positions have a broad overview of the causes of successes and failures in reaching negotiation objectives.

Standard scores were calculated for each respondent's number of years of contract negotiation experience and organizational level. However, the values for organizational level were reversed so that, for example, the highest level, "managerial," had a value of 4. In addition, a value of 5 was added to each standard score in order to eliminate negative numbers. This change was required as a prelude to the next step.

Next, the experience and organizational level standard scores for each individual were multiplied, and the resulting value was defined as "rank." In the final step, a

standard score for "rank" was calculated (mean = 0, standard deviation = 1).

Figure V-1 summarizes the result of this ranking process. It shows that beginning-level negotiators were defined as respondents having a standardized rank score of approximately -1.0 or less. Senior-level negotiators were defined as those having a score greater than 1.0. The characteristics of members of both groups were described earlier in this Chapter.

A t-Test of independent means was made to test the following hypothesis concerning factor groups:

$$H_0: \mu_1 = \mu_2$$

where 1 = the mean value of
responses of senior-
level negotiators

2 = the mean value of
responses of begin-
ning-level negotiators

The value of α was set at .05 for this test. The test resulted in rejection of the null hypothesis for the Seller's Strategy group of success factors, $.01 > p > .001$. For all other groups the test failed to reject the null hypotheses.

To examine further the relationship of senior- and beginning-level negotiators perceptions a t-Test involving individual success factors was made to test the same hypothesis and using the same α -level for rejection of the null hypothesis stated earlier for factor groups.

Table V-18 shows that the two factors having the least probability of equality of mean scores were "controlling the

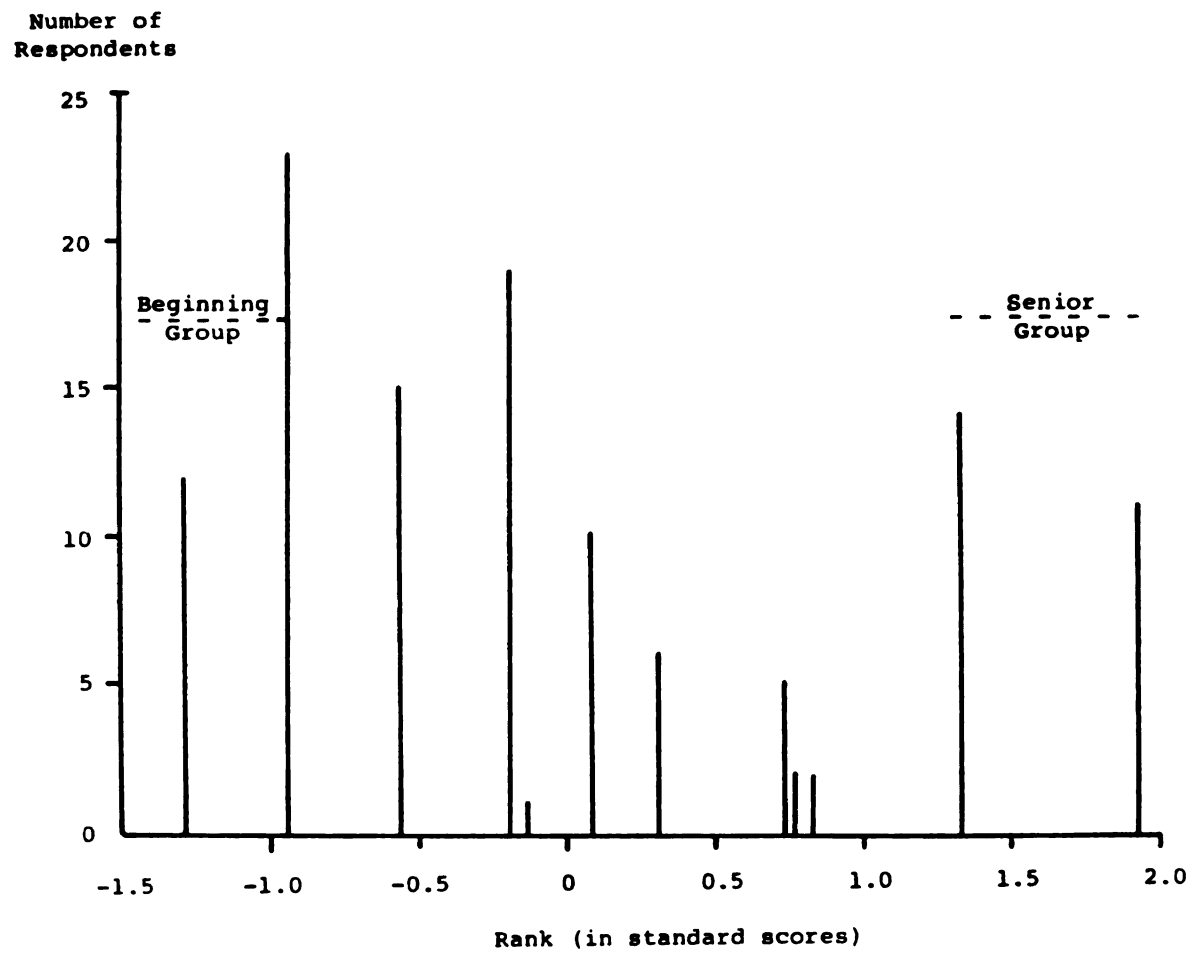


Figure V-1. Distribution of standard scores for negotiator rank

TABLE V-18

Rejection of Null Hypothesis in t-Test of H_0 :
 There is No Difference in the Mean Responses
 of Senior- and Beginning-Level Negotiators
 $\alpha = 0.05$

| Factor Group | Factor | Probability for Rejecting H_0 |
|---|---|------------------------------------|
| Seller's Know- ledge, Skills, and Abilities | Fair-minded; knowing you can't always win every issue. | .02 > p > .01 |
| | Honesty. Integrity; trust- worthy; ethical. | .05 > p > .02 |
| | Sense of timing. Knowing when to: introduce certain issues, strategies, and tactics; press; close discussion | .05 > p > .02 |
| Seller's Strategy | Making sure the statement of work, specifications and drawings are correct, consistent and agreed to by those responsible | .02 > p > .01 |
| | Getting as high a price as possible within reason; not trying for every possible dollar | .02 > p > .01 |
| | Controlling the firm's negotiation efforts at all times | .01 > p > .001 |
| | Being consistent among buyers | .05 > p > .02 |
| | Having a company policy that establishes the negotiator as <u>the</u> spokes- person | .02 > p > .01 |

Table 18--Continued

| Factor Group | Factor | Probability for Rejecting H_0 |
|------------------|---|------------------------------------|
| Seller's Tactics | Making sure buyer knows you are the decision-maker. | $.01 > p > .001$ |
| | Making sure that the final agreement leaves buyer feeling good about himself and the contract | $.05 > p > .02$ |
| | Announcing your "final offer skillfully and at the right time | $.05 > p > .02$ |
| | Influencing his perception of the value of various contract provisions | $.05 > p > .02$ |
| Seller's Team | Not having top management as a member of the actual team | $.05 > p > .02$ |

firm's negotiation efforts at all times" and "making sure buyer knows you are the decision-maker." In both instances, senior-level negotiators placed greater importance on these factors than did beginning-level negotiators.

Further analysis of the differing perceptions of senior- and beginning-level negotiators was made by comparing the top 10 percent of the success factors, by mean score, of both groups. It should be noted that, except for the highest ranked factor, the mean scores are fairly close in value. Consequently, it cannot be concluded with certainty what one is more important than the other, only that they were perceived to be more important than many of the other factors listed in the questionnaire.

Senior Groups

The twelve negotiation success factors that were rated highest by the senior group are listed in Table V-19. The rank given each factor by the beginning group is shown for comparison. In the case of identical mean scores, rankings are averaged. It should be noted that the senior group, as well as the beginning and overall groups, gave "having top management support" the highest rating. Also, all three groups gave "listening skill" a very high rank. In addition, most of the factors listed above concern team considerations, strategies, and tactics. Only two of the factors--"listening skill" and "honesty ..."--relate to what is called "skills and abilities" in the questionnaire. As will

TABLE V-19
 Success Factors Ranked by Mean Score,
 Top 12 Factors, Senior Group
 n = 25

| Rank | Factor | Mean Value | Beginning Group Rank |
|------|--|------------|----------------------|
| 1.0 | Having top management support | 4.68 | 1.0 |
| 2.0 | Having one spokesperson/decision-maker | 4.52 | 39.0 |
| 3.0 | Listening skill | 4.44 | 2.0 |
| 5.0 | Having clear understandings of objectives (as a team) | 4.32 | 11.0 |
| 5.0 | Knowing your objectives and strategy | 4.32 | 18.5 |
| 5.0 | Self-control; control of emotions | 4.32 | 25.5 |
| 7.5 | Making sure that buyer knows that you are the decision-maker | 4.24 | 25.5 |
| 7.5 | Honesty; integrity; trustworthy; ethical | 4.24 | 18.5 |
| 9.5 | Not using questionable tactics | 4.21 | 27.5 |
| 9.5 | Having a company policy that establishes the negotiator as <u>the</u> spokesperson | 4.21 | 41.5 |
| 11.0 | Controlling the company's negotiating efforts at all times | 4.20 | 56.5 |
| 12.0 | Having one lead person; others speak only when asked by lead person | 4.17 | 98.5 |

be seen later, the beginning group placed more emphasis on skill and ability factors.

It should be noted that members of the senior group are practically unanimous in their rating of the importance of "persuasiveness; ability to be convincing." Unlike any of the other 125 factors, this factor did not receive a rating lower than 4 (very important) from any of the senior-group respondents. Persuasiveness ranks fourteenth, with a mean score of 4.16.

The beginning group's average rating and standard deviation for all 126 factors were 3.41 and .44, respectively. These figures are slightly lower than the corresponding senior group's figures but are virtually the same as for the overall group.

Beginning Group

The twelve negotiation success factors that were rated highest by the beginning group are listed in Table V-20. The rank given each factor by the senior group is shown for comparison.

As was the case with the senior group, "having top management support" ranked first in importance. There was close agreement, too, on the value of listening skill. In contrast, however, seven of the factors concern what has been classified in the questionnaire as negotiator skills and abilities. Only two of the top twelve factors on the senior negotiator list dealt with skills and abilities. Furthermore, an analysis of standard deviation figures shows

TABLE V-20

Success Factors Ranked by Mean Score,
Top 12 Factors, Beginning Group
n = 35

| Rank | Factor | Mean Value | Senior Group Rank |
|------|---|------------|-------------------|
| 1.0 | Having top management support | 4.46 | 1.0 |
| 2.0 | Listening skill | 4.17 | 3.0 |
| 3.0 | Realism; objectivity. Ability to know and to face the facts | 4.11 | 24.5 |
| 4.0 | Having a coordinated team; good working relationships established | 4.09 | 20.0 |
| 5.5 | Patience; high tolerance for uncertainty, ambiguity, and aggravation | 4.06 | 30.0 |
| 5.5 | Establishing your credibility and authority to negotiate | 4.06 | 20.0 |
| 8.0 | Good planner; well prepared; able to anticipate what will happen and be ready | 4.03 | 20.0 |
| 8.0 | Rational; able to apply reason and logic | 4.03 | 27.0 |
| 8.0 | Persuasiveness; ability to be convincing | 4.03 | 14.0 |
| 11.0 | Having clear understanding of objectives (as a team | 3.97 | 5.0 |
| 11.0 | Desire to win; motivated | 3.97 | 14.0 |
| 11.0 | Verbal skill | 3.97 | 55.5 |

an unusually close agreement on the rating of the top three factors shown in Table V-20.

Objective 4: Perceptions by Product Line

To compare and contrast the perceptions of negotiators based on product line.

Three departments, #2, #4, and #5, were selected for comparative analyses. More members of these three groups participated in the survey than did members of other departments.

As discussed in Chapter IV, Department #5 markets logistics support products. Department #4 is responsible for sales of radar and communication systems, while Department #2 handles high technology electronics sensors.

Table V-21 shows that the members of the three departments differed somewhat in their perceptions of what is important to success in negotiations, with one exception: All three groups ranked "having top management support" in first place. "Having one spokesperson/decision-maker" and "listening skill" were also ranked highly by all three groups. In addition, there is a marked similarity between the top-ranked factors for Department #5 and the beginning group. This may be due to the fact that approximately 40% of the Department #5 negotiators who responded to the survey were classed as beginning-level negotiators.

Table V-21 shows that there were several notable differences in factor rankings among the three divisions. For example, Department #4 negotiators placed a much lower

TABLE V-21

Rankings Given by Three Departments to the
12 Factors That Were Rated Highest
by All Respondents

| All Respondents (n=126) | | Rankings Given by Selected Departments | | |
|-------------------------|--|---|-------------|-------------|
| Rank | Factor | 5 (n=36) | 4 (n=21) | 2 (n=20) |
| 1 | Having top management support | 1.0 | 1.0 | 1.0 |
| 2 | Listening skill | 2.0 | 4.5 | 6.0 |
| 3 | Having one spokesperson/ decision-maker | 4.5 | 2.0 | 4.0 |
| 4 | Having clear understanding of objectives (as a team | 7.5 | 36.5 | 8.5 |
| 5 | Making sure the statement of work, specifications and drawings are correct, consistent and agreed to by those responsible | 13.5 | 8.0 | 2.5 |
| 6 | Persuasiveness; ability to be convincing | 16.5 | 6.0 | 10.5 |
| 7 | Knowing your objectives and strategy | 10.0 | 12.0 | 6.0 |
| 8 | Establishing your credibility and authority to negotiate | 6.0 | 8.0 | 25.5 |
| 9 | Identifying significant risks; deciding which are acceptable, which are not | 18.0 | 39.5 | 6.0 |
| 10 | Rational. Able to apply reason and logic | 3.0 | 12.0 | 37.0 |
| 11 | Good planner. Well prepared. Able to anticipate what will happen and be ready | 13.5 | 18.5 | 13.5 |
| 12 | Honesty; integrity; trustworthy; ethical | 10.0 | 45.5 | 2.5 |

importance on "having clear understanding of objectives (as a team)" than did the other two groups. Some other apparent differences are: The relatively low rating given by Department #2 negotiators to establishing one's credibility and authority to negotiate; the relatively low ratings given by Department #4 negotiators to understanding objectives as a team, identifying significant risks, and honesty; and the relatively high rating given by Department #5 negotiators to being rational and logical.

The reasons for these differences are not apparent. Some of them may be due to pure chance. Some may be due to the nature of the market and the customers with which the various divisions do business. Others may be due to the background of the negotiators themselves. For example, Department #2 and #4 negotiators who participated in the survey had considerably more experience in contract negotiations than did Department #5 negotiators who participated. They also comprised a larger percentage of managerial and supervisory personnel. Department #4 negotiators who were surveyed included a larger percentage with advanced degrees and a larger percentage of people who had majored in law. In addition, the average age of this group was greater than that of either the Department #2 or #5 negotiators. Table V-22 provides summary figures for these background characteristics.

TABLE V-22

Comparison of Background Characteristics
of Department 2, 4, and 5 Negotiators*

| Background Characteristics | Department | | |
|--|------------|----|----|
| | 5 | 4 | 2 |
| <hr/> | | | |
| Contract Negotiation Experience (median in years) | | | |
| With DDIV | 5 | 10 | 12 |
| Total | 7 | 12 | 17 |
| Time in Current position (in years) | 3 | 7 | 5 |
| Education: | | | |
| Percentage with advanced degrees . (%) | 11 | 43 | 15 |
| Major: | | | |
| Business Administration (%) | 50 | 25 | 40 |
| Law (%) | 6 | 38 | 5 |
| Age (in years) | 37 | 51 | 46 |
| <hr/> | | | |

*Figures are median values or else percentages as indicated.

Objective 5: Source Variables of Success

To identify underlying source variables, if any, that represent most factors perceived by negotiators as essential to successful negotiation outcomes

Table V-23 presents the results of principal components analysis. This analysis was made with respect to the factor groupings, basically as shown in the questionnaire, in order to obtain a more desirable ratio of cases to variables than would result if the factors were analyzed as one group.

In total, 34 principal components are listed. These components had eigenvalues of 1.0 or greater, meaning that each component accounted for at least the amount of the total variance of a single variable. The most important components relative to the various factor groups were:

- . buyer-seller relationships over time, especially in the future;
- . negotiation skills and general, practical intelligence;
- . high confidence and self-esteem;
- . general strategy regarding realistic goals, including price, coupled with control of the firm's negotiation efforts at all times; and
- . communicating your decision-making authority to the buyer.

Table V-24 compares the principal components that were derived from factor analysis with constructs identified through analyses of correlations involving factors that ranked highest based on mean scores. Principal components that accounted for 5.0% or more of the variance of a factor group are contrasted in this table with constructs involving

TABLE V-23
Principle Components

| Factor Group | Principal Component | Variance Explained | |
|--|---|--------------------|-------|
| | | % | cum % |
| Negotiation Situation | Buyer-seller relationship over time, especially in the future | 30.5 | 30.5 |
| No. of variables = 9 | Nature of the negotiation: type and number of issues | 17.2 | 47.7 |
| n = 119 | Time limitations on both sides | 12.0 | 59.7 |
| Seller's Knowledge, Skills and Abilities | Negotiation skills and general, practical intelligence | 21.8 | 21.8 |
| No. of variables = 46 | Status; influence by viture of rank or position | 7.9 | 29.7 |
| n = 89 | Experience with other party's problems | 6.1 | 35.8 |
| | (undefined) | 5.4 | 41.2 |
| | Knowledge of buyer's objectives and constraints | 4.6 | 45.9 |
| | Persuasiveness | 4.4 | 50.3 |
| | Knowing your strengths, weaknesses, objectives and strategies | 3.7 | 54.0 |
| | Knowing the identity of the buyer's decision-maker | 3.5 | 57.5 |
| | Knowing the buyer's long-range plans (e.g., follow-on buys) | 3.3 | 60.9 |
| | Knowing the buyer's environment | 2.9 | 63.8 |

Table V-23--continued

| Factor Group | Principal Component | Variance Explained | |
|------------------------------|---|--------------------|-------|
| | | % | cum % |
| Seller's Feelings & Emotions | High confidence and self-esteem | 43.5 | 43.5 |
| No. of variables = 8 | Proper mental attitude: belief in proposal and prepared to sell | 16.6 | 60.1 |
| n = 123 | | | |
| Seller's Strategy | General strategy: | | |
| No. of variables = 22 | 1. attempting to obtain a high price but not trying for every possible dollar; | | |
| n = 109 | 2. having clearly defined, realistic goals | | |
| | 3. controlling the firm's negotiation efforts at all times | 29.7 | 29.7 |
| | Planning to focus on the major, overall issues | 9.3 | 39.0 |
| | Establishing your authority and credibility to negotiate | 7.7 | 46.8 |
| | Having a good rapport with buyers | 6.0 | 52.7 |
| | Having the most responsive proposal | 5.2 | 57.9 |
| | Exploiting the situation: considering who the buyer is and what his long-range objectives are | 4.9 | 62.8 |

Table V-23--continued

| Factor Group | Principal Component | Variance Explained | |
|---|---|--------------------|-------|
| | | % | cum % |
| Seller's Tactics No. of variables = 34 n = 85 | Communicating your decision-making authority to the buyer | 28.4 | 28.4 |
| | Using a pattern of alternating concessions to reach your objectives | 7.6 | 36.0 |
| | Not questioning buyer's integrity | 6.6 | 42.6 |
| | Paying attention to details | 5.7 | 48.2 |
| | To break a deadlock: walk out | 5.3 | 53.5 |
| | Fighting only the battles you expect to win and are prepared to win | 4.2 | 57.8 |
| | To break a deadlock: continue to negotiate | 3.9 | 61.6 |
| | Be persistent but not predictable | 3.5 | 65.1 |
| | Using questions to make your points | 3.5 | 68.6 |
| | Making sure that the final agreement leaves the buyer feeling good about himself and the contract | 33.3 | 72.0 |
| The Seller's Team No. of variables = 11 n = 111 | (undefined) | 41.8 | 41.8 |
| | Sound guidance & judgement by higher management | 11.5 | 53.3 |
| | Having an appropriate - considering the buyer's team and the proposals contents | 9.8 | 63.1 |

TABLE V-24
 comparison of Constructs Resulting from Principle
 Components and Correlation Analyses

| Factor Group | Construct* | |
|--|---|---|
| | Principal Component | Correlation |
| Negotiation situation | Buyer-seller relationship over time, especially in the future | (None) |
| | Nature of the negotiation: type and number of issues | |
| | Time limitations on both sides | |
| Seller's knowledge, skills and abilities | Negotiation skills and general, practical intelligence | 2. Interpersonal skills |
| | Status; influence by virtue of rank or position | 6. Selling skills |
| | Experience with other party's problems | 7. Having clear objectives and strategies |
| | | 10. Logical, systematic |
| | | 11. Competent planner |

Table V-24—Continued

| Construct | |
|---------------------------------|---|
| Factor Group | Principal Component |
| Seller's Strategy —Continued | Planning to focus on major, overall issues |
| | Establishing your authority and credibility to negotiate |
| | Having a good rapport with buyers |
| | Having the most responsive proposal |
| Seller's Tactics | Communicating your decision-making authority to the buyer |
| | Using a pattern of alternating concessions to reach your objectives |
| | Not questioning buyer's integrity |
| | Paying attention to details |
| | To break a deadlock: walk out |

Construct

Correlation

18. A company policy that establishes the negotiator as the spokesperson

20. Having a defensible, realistic proposal

17. Establishing your authority to negotiate

Table V-24—Continued

| Factor Group | Construct | |
|---|---|---|
| | Principal Component | Correlation |
| Seller's Knowledge, Skills and Abilities —Continued | 12. Honest | |
| | 14. High intelligence and judgment | |
| | 16. Patience | |
| | 19. Sense of timing | |
| Seller's Feelings & Emotions | High confidence and self-esteem | 13. Desire to win |
| | Proper mental attitude: belief in proposal and prepared to sell | 15. Control over one's emotions |
| Seller's Strategy | General strategy: | 5. Accurate assessment of work to be done |
| | 1. attempting to obtain a high price but not trying for every possible dollar; | 8. Having requisite authority |
| | 2. having clearly defined, realistic goals; 3. controlling the firm's negotiation efforts at all times | 9. Clear definition and understanding of the work proposed |

Table V-24—Continued

| Construct | | |
|---------------|--|---|
| Factor Group | Principal Component | Correlation |
| Seller's team | Sound guidance and judgment by higher management | 1. Clear organizational goals and responsibilities |
| | Having an appropriate team considering the buyer's team and the proposals contents | 3. One leader and management recognition or sanction of him |
| | | 4. An organized team effort |
| | | 5. Knowing the nature and value of negotiation goals |
| | | |

* Figures indicate the mean score ranks of variables upon which the correlation analyses were based.

the top 21 factors, which are approximately one standard deviation or more above the mean for all factors.

In comparing the two types of constructs it should be noted that principal components were extracted for each factor group as stated above, whereas the correlation constructs take into account all 126 factors without subdivision or segmentation. One of the differences that is apparent in this table is that there are no correlation constructs in the negotiation situation factor group. Furthermore, there is only one high ranking correlational construct in the seller's tactics factor group. This relationship is confirmed by the relatively low scores of the seller's tactics and negotiation groups in Table V-14. In addition, it may be noted that the factors ranked highest by senior-level negotiators, as indicated in Table V-19, contain no tactical factors.

This chapter has discussed in detail the findings of the study. The next chapter summarizes these findings, highlights some of the research results, and suggests further research.

CHAPTER VI

CONCLUSIONS

This chapter presents major conclusions and implications of the research reported in this dissertation. The first section summarizes the importance and roles of the negotiatory function in marketing. Next, some implications for management of the firm that participated in the study are presented. Finally, further research based on the outcome of this study is proposed.

Importance of Negotiations in Marketing

The importance of the negotiatory function in marketing can be seen in the discussion in Chapter I. In summary, negotiation is the means by which the needs of both buyer and seller are satisfied in numerous marketing transactions. These needs have many dimensions, including various product attributes, quantity, delivery times and places, and other terms and conditions. Although negotiations take place in many consumer markets, such as real estate, they are the rule rather than the exception in organizational markets. For example, in the defense market approximately 92% of expenditures by the U.S. Department of Defense are based on negotiated contracts. In 1983 these purchases amounts to approximately \$200 billion.

In summary, negotiation is a crucial function in marketing a firm's products. Furthermore, the people who specialize in negotiating sales contracts are valuable assets of the firm. Their value increases with each new negotiation experience.

One measure of the importance of an employment task or position is dollar value of transactions or potential gains or losses for which an individual is responsible. Another measure is the amount of training required to be proficient. Within the firm that was the focus of this study, the significance of the negotiatory function may be gauged by two measures: dollar value of contracts per negotiator and years of negotiation experience. The average value of the sales contracts handled by the average negotiator during the previous two years was \$2.7 million. The total value of these contracts was approximately \$12 million per negotiator over a two-year period.

The average negotiator had been conducting sales negotiations for approximately 11 years. The corresponding figure at the senior level was more than 20 years. These figures seem to indicate that negotiation is a career function in which both the individual and the firm have a considerable investment in learning. In this regard, Robertson (1979, p. 110) observed that in the long run contractors become knowledgeable negotiators just by negotiating. "The nuances, skills, and human element cannot

be reduced to textbook formulas. And, since every negotiation is different, even veteran industry contract officials are constantly learning." This on-going experience increases both individual and company investment in the negotiatory function over time, thus increasing its value.

Managerial Implications

This study has several implications for management of the firm that participated in it.

Negotiators' Authority

In the opinion of the negotiators who participated in this study, the factor most important to success in sales contract negotiations was "having top management support." No other factor maintained as consistent a ranking. The ratings of certain related factors, as well as some write-in comments, indicated that increased support of the decision-making authority of negotiators is deemed essential to successful negotiations. Thus, one of the implications of this study is the need for top management to make sure its policies establish clearly the decision-making authority of the leaders of negotiation teams. Such policies should be enforced within the organization as well as in terms of other parties at the negotiation table. Team members should be made aware that the team leader is in charge of negotiation efforts at all times. Organizations with which the firm deals should be convinced that they cannot attain their objectives by going over the head of the firm's chief

negotiator, that is, by taking their case to higher management.

Negotiators' Training

The perceptions of senior- and beginning-level negotiators regarding the factors important to success in negotiations demonstrated a reasonable degree of consensus in each case. Each group revealed its own unique view regarding the factors that are essential to success in negotiations. Senior-level negotiators seemed to place relatively greater emphasis on control of negotiations. Beginning-level negotiators, in contrast, placed a higher value on personal traits, perhaps because they recognize their need to develop various capabilities. This information can be used as a basis for selecting beginning-level negotiators and for training both beginning- and senior-level negotiators. Such training cannot take the place of experience in the development of professional negotiators, but it can shorten the time required to become proficient. It can aid in attaining higher profit margins and in avoiding costly mistakes. In this way, training may pay for itself many times over.

Training programs for beginning-level negotiators, based on the findings of this study, should include listening skills, organization and management of a negotiation team, development of negotiation objectives, and the development and implementation of negotiation strategies and tactics. The training of senior-level negotiators

should address leadership and decision-making authority, as well as selected personal skills that need strengthening. For example, listening skills, ranked highly by senior- as well as beginning-level negotiators, should be considered as a training topic.

Since the study was conducted, it has been reported that the firm has given increased recognition to the importance of formal training for its negotiators, that additional training is being provided, and that it has been well received by negotiation specialists both within and outside the firm.

Implications for Future Research

An overall objective of this study was to develop some approaches for investigating success factors in marketing negotiations. A method for categorizing the most experienced (senior-level) and at least experienced (beginning-level) negotiators was developed and demonstrated. A typology of negotiation success factors and a scale measuring the importance of each was developed and implemented. Both tasks accomplished their respective purposes and the results should prove helpful in future research.

The findings of this study obviously are not generalizable to the population of U.S. defense contractors or to the domain of all firms in organizational markets. Therefore, factor rankings and other findings presented here would have to be tested through additional studies to determine whether they have application to other organizations.

Further studies may replicate the methods used here or may implement improved approaches. These approaches may be applied to other firms in the defense industry and to firms in other organizational markets. Such studies may help confirm some of the findings of this research; they also may indicate which are unique to the firm examined.

Finally, future studies may take into account the various situations under which marketing negotiations occur. These situations might include, for example, ongoing, one-time, and infrequent buyer-seller relationships. After sufficient research has been conducted under varying circumstances, patterns may emerge that identify the factors essential to success in negotiations in a variety of situations.

APPENDICES

APPENDIX A

QUESTIONNAIRE

**CONTRACT
NEGOTIATION
QUESTIONNAIRE**

From DEFENSE-CONTRACTS
Date August 17, 1981
Subject Mr. William Gardiner's Contract
Negotiation Questionnaire

To ALL CONTRACTS MANAGERS AND CONTRACTS MANAGEMENT REPRESENTATIVES

Mr. William Gardiner is currently pursuing a Doctorate Degree at Michigan State University. The subject of his thesis is "The Art of Negotiation." (The company) has agreed to support Mr. Gardiner in the research and data collection phases of his project. Over the past several months, Mr. Gardiner has interviewed several Defense Division Contracts Managers. Based on these interviews and other information, he has prepared a questionnaire designed to provide statistical data that will lead to more successful contract negotiations.

Attached is one copy of the questionnaire. Mr. Gardiner, at the suggestion of his faculty advisors, has requested that in order to maintain the validity of the data, the questionnaire be completed by all contracts personnel on the same day. Accordingly, please complete the questionnaire on Friday, August 21, 1981 and return to your Department Contracts Manager before the end of working hours.

Your cooperation in participating in this endeavor is appreciated. You will be advised of the results of Mr. Gardiner's survey when the information becomes available.

Manager, Contracts, Defense

Attachment

INTRODUCTION

As you may know, a survey is being made within the company's Defense Division (DDIV) to study some of the factors that lead to success in contract negotiations. One possible result of this effort is the discovery of ways in which DDIVs negotiations may be more successful. Your support and cooperation in the survey, therefore, are requested.

For the purposes of this survey, success in negotiations is defined as reaching the goals that the firm's chief negotiator set out to achieve. The specific goals of negotiation vary, of course, from negotiation to negotiation. The exact nature of these goals is outside the scope of this survey.

The attached questionnaire concerns contract negotiations in which DESC is a seller. It pertains to face-to-face negotiations with both actual and potential customers. The purpose of the questionnaire is to determine the level of importance of various factors that may influence success in such negotiations. Negotiations between DESC and its suppliers and subcontractors are not a part of the survey.

In this survey, contract negotiations are viewed as the final, major step leading to a sale of the firm's products. These products include goods and services.

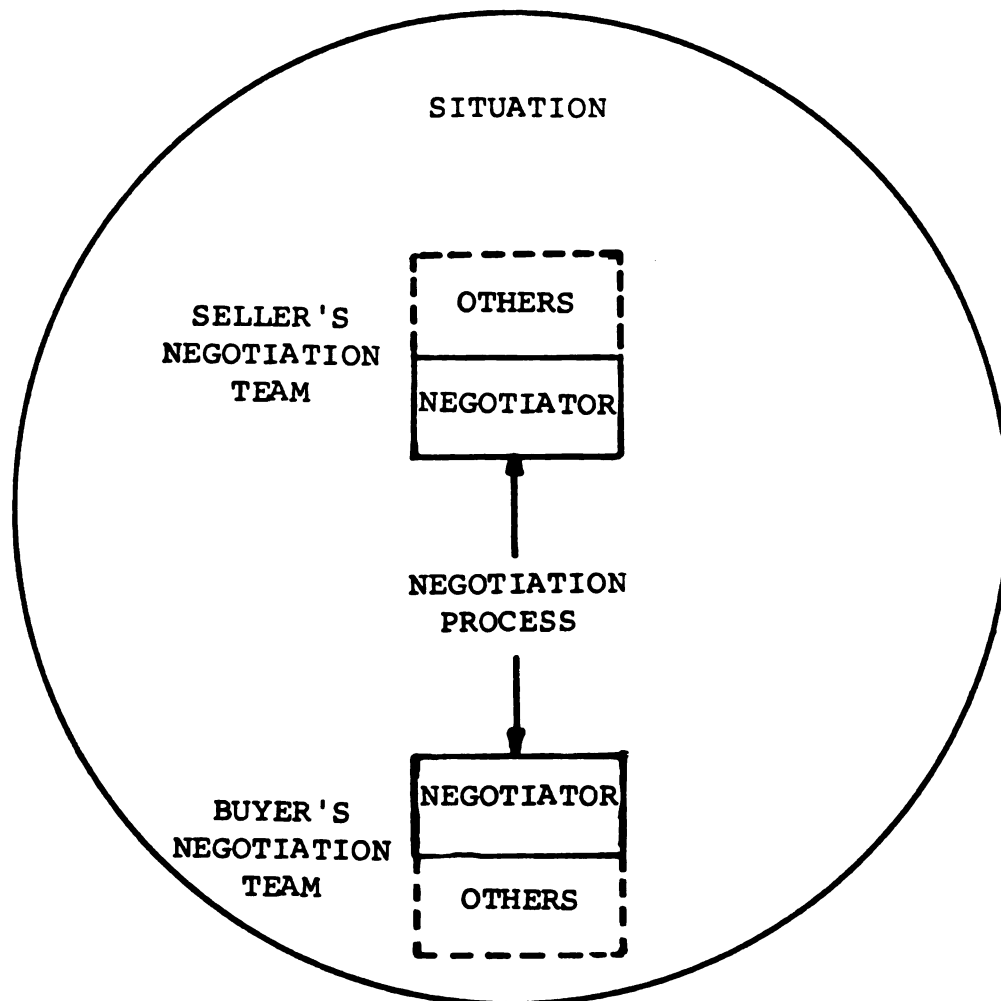
Many factors are potentially important to success in negotiations. These factors may be grouped under major headings as follows:

| <u>Major Heading</u> | <u>Meaning</u> |
|----------------------|---|
| Situation | Overall factors pertaining to a specific negotiation |
| Negotiation Process | The written and unwritten rules, procedures, and customs that govern the negotiation. |

INTRODUCTION, Continued

| <u>Major Heading</u> | <u>Meaning</u> |
|---------------------------|--|
| Seller's Negotiation Team | The company's chief negotiator, his immediate superior, and personnel who are involved directly in the negotiation |
| Buyer's Negotiation Team | The buyer's chief negotiator, his immediate superior, and personnel who are involved directly in the negotiation |

The relationships among the major groupings of negotiation variables are pictured as follows:



CLASSIFICATION AND RELATIONSHIP OF NEGOTIATION VARIABLES

INTRODUCTION, Continued

As a matter of information, the factors that are listed in the attached questionnaire came from two sources. Firstly, many of the factors were identified through interviews held last November and December with a representative sample of negotiation specialists and executives within DDIV. Secondly, other factors were taken from previous similar research.

Individual responses will be kept anonymous by Bill Gardiner, who is conducting the survey. There is no need to sign the questionnaire, therefore, unless you so desire. If you wish to sign your questionnaire, however, for later reference and discussion with Mr. Gardiner, please do so at the top of the cover page.

The questionnaire will take approximately 45 minutes to complete. To maintain the objectivity of this survey, please do not discuss the questions or your answers until after the survey has been completed.

Instructions for completing the questionnaire are contained on the following page. For the sake of brevity, male pronouns are used throughout the questionnaire in reference to all personnel.

Results of the survey will be made available after all answers have been analyzed and a report prepared. Your cooperation in this effort to identify possible improvements in contract negotiations at DDIV will be appreciated.

INSTRUCTIONS

In the attached questionnaire you are asked to identify the importance of various factors concerning contract negotiations with buyers. More specifically, for each question, you should ask yourself, "How important was this factor to success in our contract negotiations with our buyers during the past year or two?" Indicate your answer by circling the appropriate response. For example:

| <u>Factor</u> | <u>Don't know</u> | <u>Unimportant</u> | <u>Somewhat Important</u> | <u>Important</u> | <u>Very Important</u> | <u>Necessary</u> |
|---------------------|-----------------------|--------------------|-------------------------------|------------------|---------------------------|------------------|
| Personal appearance | 0 | 1 | 2 | 3 | 4 | 5 |

If you think that appearance has little, if any importance to success in negotiations, you would circle the number "1."

Be sure to note the section and sub-section headings. These headings provide an important frame of reference for the questions.

Please answer all questions and then return the questionnaire to whomever gave it to you. Your assistance in answering this questionnaire completely and promptly will be appreciated.

PART A

THE NEGOTIATION SITUATION

How important were the following factors to success in contract negotiations?

| <u>Factor</u> | <u>Don't know</u> | <u>Unimportant</u> | <u>Somewhat Important</u> | <u>Important</u> | <u>Very Important</u> | <u>Necessary</u> |
|---|-------------------|--------------------|---------------------------|------------------|-----------------------|------------------|
| <u>Attitude relationships</u> | | | | | | |
| 1. Past and current relationships between the two organizations. | 0 | 1 | 2 | 3 | 4 | 5 |
| 2. Estimated future relationship between the two organizations. | 0 | 1 | 2 | 3 | 4 | 5 |
| 3. The likelihood of follow-on work. | 0 | 1 | 2 | 3 | 4 | 5 |
| 4. Whether or not this negotiation is part of a series of negotiations between you and the buyer. | 0 | 1 | 2 | 3 | 4 | 5 |
| 5. Type of negotiation--one-shot, repeated, sequential, serial, multiple, linked. | 0 | 1 | 2 | 3 | 4 | 5 |
| 6. The number and complexity of the issues. | 0 | 1 | 2 | 3 | 4 | 5 |

NEGOTIATION SITUATION, Continued

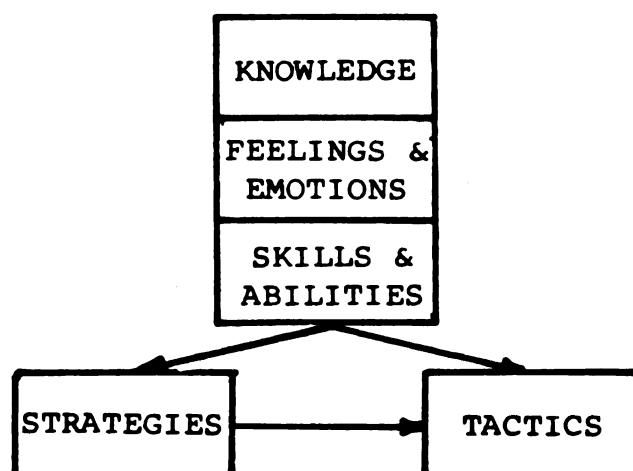
| <u>Factor</u> | <u>Don't Know</u> | <u>Unimportant</u> | <u>Somewhat Important</u> | <u>Important</u> | <u>Very Important</u> | <u>Necessary</u> |
|--|-----------------------|--------------------|-------------------------------|------------------|---------------------------|------------------|
| 7. Seller's options of discontinuing negotiations. | 0 | 1 | 2 | 3 | 4 | 5 |
| 8. Visibility of the negotiation and its outcome to others. | 0 | 1 | 2 | 3 | 4 | 5 |
| 9. Time limitations on both sides. | 0 | 1 | 2 | 3 | 4 | 5 |

If you know of any additional important factors regarding the negotiation situation or if you have any comments to offer concerning the factors listed above, please enter them here.

PART B

DESCs NEGOTIATORS

Much previous research and interest has focused on the individuals engaged in negotiations. As a result, many factors pertaining to individual negotiator characteristics and actions have been identified. To aid understanding of the following questions, negotiation success factors concerning negotiators for the selling organization are divided in five sub-groups: knowledge, feelings and emotions, skills and abilities, strategies, and tactics. These sub-groups are pictured as follows:



RELATIONSHIPS AMONG GROUPS OF NEGOTIATION VARIABLES

This illustration expresses the view that a negotiator's strategies and tactics are based on knowledge, feelings and emotions, and skills and abilities. However, each of these major factors is distinct from the other. For example, it is one thing to have the knowledge required to develop negotiation strategies, but having the ability to actually develop such strategies is a different matter. The following questions are grouped according to these overall considerations.

THE SELLER, Continued

PART B-1
SELLER'S KNOWLEDGE

How important were the following factors to success in contract negotiations?

| <u>Factor</u> | <u>Don't know</u> | <u>Unimportant</u> | <u>Somewhat Important</u> | <u>Important</u> | <u>Very Important</u> | <u>Necessary</u> |
|--|-----------------------|--------------------|-------------------------------|------------------|---------------------------|------------------|
| <u>Knowledge Regarding You and Your Firm as Sellers</u> | | | | | | |
| 10. Your objectives and strategy. | 0 | 1 | 2 | 3 | 4 | 5 |
| 11. Your negotiation limits. | 0 | 1 | 2 | 3 | 4 | 5 |
| 12. Your strengths; your weaknesses. | 0 | 1 | 2 | 3 | 4 | 5 |
| 13. Whether or not your position is possible or realistic. | 0 | 1 | 2 | 3 | 4 | 5 |
| 14. The frequency with which your firm will be contracting with the buyer again. | 0 | 1 | 2 | 3 | 4 | 5 |
| 15. Buyer's environment. | 0 | 1 | 2 | 3 | 4 | 5 |
| 16. Buyer's acquisition process, customs and beliefs. | 0 | 1 | 2 | 3 | 4 | 5 |

SELLER'S KNOWLEDGE, Continued

| <u>Factor</u> | <u>Don't Know</u> | <u>Unimportant</u> | <u>Somewhat Important</u> | <u>Important</u> | <u>Very Important</u> | <u>Necessary</u> |
|---|-----------------------|--------------------|-------------------------------|------------------|---------------------------|------------------|
| 17. How much buyer has to spend. | 0 | 1 | 2 | 3 | 4 | 5 |
| 18. Buyer's long-range plans (e.g., follow-on buys). | 0 | 1 | 2 | 3 | 4 | 5 |
| 19. Buyer's negotiation objectives. | 0 | 1 | 2 | 3 | 4 | 5 |
| 20. Buyer's constraints. | 0 | 1 | 2 | 3 | 4 | 5 |
| 21. Buyer's negotiation strategies, tactics, style, and skills. | 0 | 1 | 2 | 3 | 4 | 5 |
| 22. How qualified are alternative contractors (if any). | 0 | 1 | 2 | 3 | 4 | 5 |
| 23. Time pressure on buyer to negotiate. | 0 | 1 | 2 | 3 | 4 | 5 |
| 24. Buyer's chain of command and how buyer uses his chain of command. | 0 | 1 | 2 | 3 | 4 | 5 |
| 25. Identity of buyer's decision-maker. | 0 | 1 | 2 | 3 | 4 | 5 |
| 26. Buyer's break options. | 0 | 1 | 2 | 3 | 4 | 5 |
| 27. (If you are a subcontractor) Has buyer negotiated his prime contract? | 0 | 1 | 2 | 3 | 4 | 5 |

SELLER'S KNOWLEDGE, Continued

| <u>Factor</u> | <u>Don't know</u> | <u>Unimportant</u> | <u>Somewhat Important</u> | <u>Important</u> | <u>Very Important</u> | <u>Necessary</u> |
|--|-----------------------|--------------------|-------------------------------|------------------|---------------------------|------------------|
| 28. Buyer's experience with other contractors' problems. | 0 | 1 | 2 | 3 | 4 | 5 |

If you know of any additional important factors or if you have any comments to offer regarding the factors listed above, please enter them here.

PART B-2
SELLER'S FEELINGS AND EMOTIONS

How important were the following factors to success in contract negotiations?

| <u>Factor</u> | <u>Don't know</u> | <u>Unimportant</u> | <u>Somewhat Important</u> | <u>Important</u> | <u>Very Important</u> | <u>Necessary</u> |
|--|-----------------------|--------------------|-------------------------------|------------------|---------------------------|------------------|
| 29. High self-confidence. | 0 | 1 | 2 | 3 | 4 | 5 |
| 30. High self-esteem. | 0 | 1 | 2 | 3 | 4 | 5 |
| 31. High expectations, high goals and expectations of reaching them. | 0 | 1 | 2 | 3 | 4 | 5 |
| 32. Desire to win. Motivated. | 0 | 1 | 2 | 3 | 4 | 5 |
| 33. Self-control, control of emotions. | 0 | 1 | 2 | 3 | 4 | 5 |
| 34. Belief in the proposal. | 0 | 1 | 2 | 3 | 4 | 5 |
| 35. Dominant, controlling personality. | 0 | 1 | 2 | 3 | 4 | 5 |
| 36. Mental attitude: prepared to sell. | 0 | 1 | 2 | 3 | 4 | 5 |

SELLER'S FEELINGS AND EMOTIONS, Continued

If you know of any additional important factors or if you have any comments to offer regarding the factors listed above, please enter them here.

PART B-3
SELLER'S SKILLS AND ABILITIES

How important were the following factors to success in contract negotiations?

| <u>Factor</u> | <u>Don't Know</u> | <u>Unimportant</u> | <u>Somewhat Important</u> | <u>Important</u> | <u>Very Important</u> | <u>Necessary</u> |
|--|-------------------|--------------------|---------------------------|------------------|-----------------------|------------------|
| <u>Concerning Task Performance</u> | | | | | | |
| 37. Development and use of your own negotiating style. | 0 | 1 | 2 | 3 | 4 | 5 |
| 38. Intuitiveness. Knowing what to do without rational thought or inference. | 0 | 1 | 2 | 3 | 4 | 5 |
| 39. Task orientation. Dedication to achieving negotiation objectives. | 0 | 1 | 2 | 3 | 4 | 5 |
| 40. Realism; objectivity. Ability to know and to face the facts. | 0 | 1 | 2 | 3 | 4 | 5 |
| 41. Contracting authority. Able to make/change contractual agreements. | 0 | 1 | 2 | 3 | 4 | 5 |

SELLER'S SKILLS AND ABILITIES, Continued

| <u>Factor</u> | <u>Don't know</u> | <u>Unimportant</u> | <u>Somewhat Important</u> | <u>Important</u> | <u>Very Important</u> | <u>Necessary</u> |
|--|-----------------------|--------------------|-------------------------------|------------------|---------------------------|------------------|
| 42. Good planner. Well prepared. Able to anticipate what will happen and be ready. | 0 | 1 | 2 | 3 | 4 | 5 |
| <u>Concerning Aggression</u> | | | | | | |
| 43. Perserverance. Stamina. | 0 | 1 | 2 | 3 | 4 | 5 |
| 44. Ability to perceive and exploit power. (Power = relative balance between buyer and seller to give rewards and punishment. Also, relative balance of commitment, know- ledge, courage, preparation and bargaining skill. | 0 | 1 | 2 | 3 | 4 | 5 |
| 45. Status. Influence by virtue of rank or position. | 0 | 1 | 2 | 3 | 4 | 5 |
| <u>Concerning Interpersonal Relationships</u> | | | | | | |
| 46. Fair-mindedness. Know you can't always win every- thing wanted. | 0 | 1 | 2 | 3 | 4 | 5 |
| 47. Reputation. Considered fair and competent. | 0 | 1 | 2 | 3 | 4 | 5 |

SELLER'S SKILLS AND ABILITIES, Continued

| <u>Factor</u> | <u>Don't know</u> | <u>Unimportant</u> | <u>Somewhat Important</u> | <u>Important</u> | <u>Very Important</u> | <u>Necessary</u> |
|--|-----------------------|--------------------|-------------------------------|------------------|---------------------------|------------------|
| 48. Adaptability. Flexibility, ability to adapt to changing circumstances. | 0 | 1 | 2 | 3 | 4 | 5 |
| 49. Empathy. Really knowing the other party's feelings, ideas, thinking process. | 0 | 1 | 2 | 3 | 4 | 5 |
| 50. Honesty. Integrity; trustworthy; ethical. | 0 | 1 | 2 | 3 | 4 | 5 |
| 51. Patience. High tolerance for uncertainty, ambiguity, aggravation. | 0 | 1 | 2 | 3 | 4 | 5 |
| <u>Concerning Communication</u> | | | | | | |
| 52. Persuasiveness. Ability to be convincing. | 0 | 1 | 2 | 3 | 4 | 5 |
| 53. Verbal skill. | 0 | 1 | 2 | 3 | 4 | 5 |
| 54. Listening skill. | 0 | 1 | 2 | 3 | 4 | 5 |

SELLER'S SKILLS AND ABILITIES, Continued

| <u>Factor</u> | <u>Don't know</u> | <u>Unimportant</u> | <u>Somewhat Important</u> | <u>Important</u> | <u>Very Important</u> | <u>Necessary</u> |
|---|-----------------------|--------------------|-------------------------------|------------------|---------------------------|------------------|
| <u>Concerning Thought Processes</u> | | | | | | |
| 55. Good business sense. Strong intuition concerning what leads to long-range profits. | 0 | 1 | 2 | 3 | 4 | 5 |
| 56. Skill in negotiations. In practice; experienced. | 0 | 1 | 2 | 3 | 4 | 5 |
| 57. General practical intelligence. | 0 | 1 | 2 | 3 | 4 | 5 |
| 58. Formal training in negotiating techniques. | 0 | 1 | 2 | 3 | 4 | 5 |
| 59. Sound judgment. Ability to make estimates and decisions that are accurate, thorough, valid. | 0 | 1 | 2 | 3 | 4 | 5 |
| 60. Skepticism. Suspended judgment, systematic doubt, looking for the real truth. | 0 | 1 | 2 | 3 | 4 | 5 |

SELLER'S SKILLS AND ABILITIES, Continued

| <u>Factor</u> | <u>Don't Know</u> | <u>Unimportant</u> | <u>Somewhat Important</u> | <u>Important</u> | <u>Very Important</u> | <u>Necessary</u> |
|---|-----------------------|--------------------|-------------------------------|------------------|---------------------------|------------------|
| 61. Sense of timing. Know when to: introduce certain issues, strategies, and tactics; press; close discussion. | 0 | 1 | 2 | 3 | 4 | 5 |
| 62. Rational. Able to apply reason and logic. | 0 | 1 | 2 | 3 | 4 | 5 |

If you know of any additional important factors or if you have any comments to offer regarding the factors listed above, please enter them here.

PART B-4
SELLER'S STRATEGY

How important were the following factors to success in contract negotiations?

| <u>Factor</u> | <u>Don't Know</u> | <u>Unimportant</u> | <u>Somewhat Important</u> | <u>Important</u> | <u>Very Important</u> | <u>Necessary</u> |
|--|-------------------|--------------------|---------------------------|------------------|-----------------------|------------------|
| <u>Concerning the Proposal and Contract</u> | | | | | | |
| 63. Having the best proposal; valid; realistic. | 0 | 1 | 2 | 3 | 4 | 5 |
| 64. Fitting your objectives into buyer's frame of reference, circumstances, style of negotiating. | 0 | 1 | 2 | 3 | 4 | 5 |
| 65. Making sure the statement of work, specifications and drawings are correct, consistent and agreed to by those responsible. | 0 | 1 | 2 | 3 | 4 | 5 |
| 66. Identifying significant risks; deciding which are acceptable, which are not. | 0 | 1 | 2 | 3 | 4 | 5 |
| 67. Having good back-up information in the proposal. | 0 | 1 | 2 | 3 | 4 | 5 |

SELLER'S STRATEGY, Continued

| <u>Factor</u> | <u>Don't Know</u> | <u>Unimportant</u> | <u>Somewhat Important</u> | <u>Important</u> | <u>Very Important</u> | <u>Necessary</u> |
|--|-----------------------|--------------------|-------------------------------|------------------|---------------------------|------------------|
| <u>Concerning the Buyer</u> | | | | | | |
| 68. Knowing/analyzing the buyer; knowing what type of specialists are on his team. | 0 | 1 | 2 | 3 | 4 | 5 |
| 69. Planning to settle with the same person you start with, unless he doesn't have buying authority. | 0 | 1 | 2 | 3 | 4 | 5 |
| 70. Developing strong defenses against buyer's key arguments and persuasiveness. | 0 | 1 | 2 | 3 | 4 | 5 |
| 71. Having good rapport between you and buyer's negotiator. | 0 | 1 | 2 | 3 | 4 | 5 |
| 72. Exploiting the circumstances. Considering who the buyer is and what his long-range objectives are. | 0 | 1 | 2 | 3 | 4 | 5 |

SELLER'S STRATEGY, Continued

| <u>Factor</u> | <u>Don't Know</u> | <u>Unimportant</u> | <u>Somewhat Important</u> | <u>Important</u> | <u>Very Important</u> | <u>Necessary</u> |
|--|-----------------------|--------------------|-------------------------------|------------------|---------------------------|------------------|
| <u>Concerning the Issues and Their Sequence</u> | | | | | | |
| 73. Knowing what issues the buyer will want to discuss, then getting assistance as needed. | 0 | 1 | 2 | 3 | 4 | 5 |
| 74. Negotiating the overall package, not element by element. | 0 | 1 | 2 | 3 | 4 | 5 |
| 75. Planning to focus on the major, overall issues. | 0 | 1 | 2 | 3 | 4 | 5 |
| 76. Having an agenda, depending on issues and buyer. | 0 | 1 | 2 | 3 | 4 | 5 |
| <u>In General</u> | | | | | | |
| 77. Having clearly-defined, realistic goals. | 0 | 1 | 2 | 3 | 4 | 5 |
| 78. Getting as high a price as possible within reason; not trying for every possible dollar. | 0 | 1 | 2 | 3 | 4 | 5 |
| 79. Controlling the company's negotiation efforts at all times. | 0 | 1 | 2 | 3 | 4 | 5 |

SELLER'S STRATEGY, Continued

| <u>Factor</u> | <u>Don't know</u> | <u>Unimportant</u> | <u>Somewhat Important</u> | <u>Important</u> | <u>Very Important</u> | <u>Necessary</u> |
|---|-----------------------|--------------------|-------------------------------|------------------|---------------------------|------------------|
| 80. Being consistent among buyers. | 0 | 1 | 2 | 3 | 4 | 5 |
| 81. Striving to minimize risk through use of proper type of contract, e.g., cost-plus. | 0 | 1 | 2 | 3 | 4 | 5 |
| 82. Having a company policy that establishes the negotiator as <u>the</u> spokesperson. | 0 | 1 | 2 | 3 | 4 | 5 |
| 83. Establishing your credibility and authority to negotiate. | 0 | 1 | 2 | 3 | 4 | 5 |
| 84. Working to tilt the balance of bargaining strength/power in your favor. | 0 | 1 | 2 | 3 | 4 | 5 |

If you know of any additional important factors or if you have any comments to offer regarding the factors listed above, please enter them here.

PART B-5
SELLER'S TACTICS

How important were the following factors to success in contract negotiations?

| <u>Factor</u> | <u>Don't Know</u> | <u>Unimportant</u> | <u>Somewhat Important</u> | <u>Important</u> | <u>Very Important</u> | <u>Necessary</u> |
|---|-----------------------|--------------------|-------------------------------|------------------|---------------------------|------------------|
| <u>Concerning Seller's Style of Negotiating</u> | | | | | | |
| 85. Starting on a positive note. Being sincerely complimentary, polite, friendly. | 0 | 1 | 2 | 3 | 4 | 5 |
| 86. If their decision-maker isn't present, stalling until he arrives. | 0 | 1 | 2 | 3 | 4 | 5 |
| 87. Allocating your time where it will do the most good. | 0 | 1 | 2 | 3 | 4 | 5 |
| 88. Using questions to make your point. | 0 | 1 | 2 | 3 | 4 | 5 |
| 89. Fighting only the battles you expect to win; having the needed back-up information. | 0 | 1 | 2 | 3 | 4 | 5 |
| 90. Using a pattern of alternating concessions to reach your objectives. | 0 | 1 | 2 | 3 | 4 | 5 |

SELLER'S TACTICS, Continued

| <u>Factor</u> | <u>Don't know</u> | <u>Unimportant</u> | <u>Somewhat Important</u> | <u>Important</u> | <u>Very Important</u> | <u>Necessary</u> |
|---|-----------------------|--------------------|-------------------------------|------------------|---------------------------|------------------|
| 91. If necessary, taking an adversary role. | 0 | 1 | 2 | 3 | 4 | 5 |
| 92. Trading off issues. | 0 | 1 | 2 | 3 | 4 | 5 |
| 93. Persistence. Keep talking. | 0 | 1 | 2 | 3 | 4 | 5 |
| 94. Not being predictable. | 0 | 1 | 2 | 3 | 4 | 5 |
| <u>Concerning Seller's Team</u> | | | | | | |
| 95. Having one lead person. Others speak only when asked by lead person. | 0 | 1 | 2 | 3 | 4 | 5 |
| 96. Having team signals to indi- cate, for example, who talks next. | 0 | 1 | 2 | 3 | 4 | 5 |
| 97. Not letting buyer go over your head, that is, to your higher management. | 0 | 1 | 2 | 3 | 4 | 5 |
| 98. Making sure buyer knows that you are the decision-maker. | 0 | 1 | 2 | 3 | 4 | 5 |

SELLER'S TACTICS, Continued

| <u>Factor</u> | <u>Don't Know</u> | <u>Unimportant</u> | <u>Somewhat Important</u> | <u>Important</u> | <u>Very Important</u> | <u>Necessary</u> |
|---|-----------------------|--------------------|-------------------------------|------------------|---------------------------|------------------|
| 99. Showing that you can commit the firm's resources needed to meet buyer's needs. | 0 | 1 | 2 | 3 | 4 | 5 |
| <u>Concerning the End of Negotiations</u> | | | | | | |
| 100. Not allowing "stalling-until-deadline" before beginning serious discussions. | 0 | 1 | 2 | 3 | 4 | 5 |
| 101. Making sure that the final agreement leaves buyer feeling good about himself and the contract. | 0 | 1 | 2 | 3 | 4 | 5 |
| 102. Announcing your "final offer" skillfully and at the right time. | 0 | 1 | 2 | 3 | 4 | 5 |
| 103. Not letting buyer know you've won. | 0 | 1 | 2 | 3 | 4 | 5 |
| <u>In General</u> | | | | | | |
| 104. Following your strategic plan. | 0 | 1 | 2 | 3 | 4 | 5 |
| 105. Paying attention to details. | 0 | 1 | 2 | 3 | 4 | 5 |

SELLER'S TACTICS, Continued

| <u>Factor</u> | <u>Don't Know</u> | <u>Unimportant</u> | <u>Somewhat Important</u> | <u>Important</u> | <u>Very Important</u> | <u>Necessary</u> |
|--|-----------------------|--------------------|-------------------------------|------------------|---------------------------|------------------|
| 106. Analyzing the buyer: his perceptions, pattern of negotiation. | 0 | 1 | 2 | 3 | 4 | 5 |
| 107. Not questioning buyer's integrity. | 0 | 1 | 2 | 3 | 4 | 5 |
| 108. If you've made a threat, making obvious preparations to carry it out. | 0 | 1 | 2 | 3 | 4 | 5 |
| 109. Creating the impression of possible future relationships. | 0 | 1 | 2 | 3 | 4 | 5 |
| 110. Not using questionable tactics. | 0 | 1 | 2 | 3 | 4 | 5 |
| 111. Influencing his perception of the value of various contract provisions. | 0 | 1 | 2 | 3 | 4 | 5 |
| 112. To break a deadlock, | | | | | | |
| walking out | 0 | 1 | 2 | 3 | 4 | 5 |
| continuing to negotiate | 0 | 1 | 2 | 3 | 4 | 5 |
| going over buyer's head. | 0 | 1 | 2 | 3 | 4 | 5 |

SELLER'S TACTICS, Continued

| <u>Factor</u> | <u>Don't Know</u> | <u>Unimportant</u> | <u>Somewhat Important</u> | <u>Important</u> | <u>Very Important</u> | <u>Necessary</u> |
|--|-----------------------|--------------------|-------------------------------|------------------|---------------------------|------------------|
| 113. Providing a maturation period, a break in negotiations. Allowing both sides to adjust to/accept reality; to see emerging patterns--goals, tactics, acceptance. | 0 | 1 | 2 | 3 | 4 | 5 |

If you know of any additional important factors or if you have any comments to offer regarding the factors listed above, please enter them here.

PART C

THE SELLER'S TEAM

How important were the following factors to success in contract negotiations?

| <u>Factor</u> | <u>Don't Know</u> | <u>Unimportant</u> | <u>Somewhat Important</u> | <u>Important</u> | <u>Very Important</u> | <u>Necessary</u> |
|---|-----------------------|--------------------|-------------------------------|------------------|---------------------------|------------------|
| 114. Having an appropriate team in view of proposal contents. | 0 | 1 | 2 | 3 | 4 | 5 |
| 115. Having an appropriate team in view of buyer's team. | 0 | 1 | 2 | 3 | 4 | 5 |
| 116. Having a coordinated team. Good working relationships established. | 0 | 1 | 2 | 3 | 4 | 5 |
| 117. Having clear understandings of: | | | | | | |
| -objectives | 0 | 1 | 2 | 3 | 4 | 5 |
| -importance of the potential contract | 0 | 1 | 2 | 3 | 4 | 5 |
| 118. Having one spokesman/decision-maker. | 0 | 1 | 2 | 3 | 4 | 5 |

THE SELLER'S TEAM, Continued

| <u>Factor</u> | <u>Don't know</u> | <u>Unimportant</u> | <u>Somewhat Important</u> | <u>Important</u> | <u>Very Important</u> | <u>Necessary</u> |
|---|-----------------------|--------------------|-------------------------------|------------------|---------------------------|------------------|
| 119. During negotiations--maintaining good communication with all interested parties. | 0 | 1 | 2 | 3 | 4 | 5 |
| 120. Calling in specialized assistance when needed. | 0 | 1 | 2 | 3 | 4 | 5 |
| 121. Having top management support. | 0 | 1 | 2 | 3 | 4 | 5 |
| 122. Not having top management as a member of the actual team. | 0 | 1 | 2 | 3 | 4 | 5 |
| 123. Receiving sound guidance and judgment from higher management. | 0 | 1 | 2 | 3 | 4 | 5 |

If you know of any additional important factors or if you have any comments to offer regarding the factors listed above, please enter them here.

BACKGROUND INFORMATION

1. With which department are you associated?

| | | | | | |
|---|---|---|----|----|---|
| 1 | 2 | 3 | 4 | 5 | 6 |
| 7 | 8 | 9 | 10 | 11 | |

Other
(please specify)

2. Approximately how many years have you been engaged in defense contract negotiations for (the firm) and other employers?

| | <u>Less than 1 year</u> | <u>1 - 5 years</u> | <u>6 - 10 years</u> | <u>11 - 20 years</u> | <u>More than 20 years</u> |
|-------------------------------|-----------------------------|------------------------|-------------------------|--------------------------|-------------------------------|
| (the firm) | 1 | 2 | 3 | 4 | 5 |
| Other defense contractors: | 1 | 2 | 3 | 4 | 5 |
| U.S. Dept. of Defense: | 1 | 2 | 3 | 4 | 5 |

3. How much special training have you received in the following subjects:

Contract management: _____ hours

Negotiation--as a
specialized course: _____ hours

BACKGROUND INFORMATION, Continued

4. What educational level have you attained?

| | | | | |
|------------------------------------|----------------|----------------------|--------------------------------------|----------------------|
| 1 | 2 | 3 | 4 | 5 |
| Did Not Complete High School | High School | 1 Year of College | 2-4 Years of College No Degree | Bachelor's Degree |
| | | | | |
| 6 | 7 | 8 | | |
| Master's Degree | Doctorate | First Professional | | |

5. What was your major for the highest degree that you were awarded?

| | | | | |
|----------------------------|-------------|-----|-----------------|-----------|
| 1 | 2 | 3 | 4 | 5 |
| Business Administration | Engineering | Law | Liberal Arts | Economics |

Other (please specify)

6. In general, what approach should a negotiator take?

| | | | | |
|------------|---|--------------------------|---|-----------|
| 1 | 2 | 3 | 4 | 5 |
| Aggressive | | Flexible Compromising | | Defensive |

7. Considering the negotiations in which you participated directly during the past two years, to what extent were DDIV negotiation objectives usually achieved?

| | | | | |
|----------------|---|---------------|---|--------------|
| 1 | 2 | 3 | 4 | 5 |
| Very Little | | About Half | | Very Much |

8. In general, which one of the following statements concerning defense contract negotiations do you think is the most accurate?

BACKGROUND INFORMATION, Continued

1. It is important that both the buyer and the seller achieve their objectives.
 2. One party can gain an objective only through the other party's loss of an objective.
 3. Neither of the above statements is very accurate even in a general sense.
9. How important is formal training in negotiations to the effectiveness of a negotiator?
- | | | | | | |
|------------|-------------|---|----------------|---|-------|
| 0 | 1 | 2 | 3 | 4 | 5 |
| Don't Know | Unimportant | | Probably Helps | | Vital |
10. What type of position do you now hold?
1. Managerial(second-line supervisor or higher)
 2. First-Line Supervisor (officially designated)
 3. First-Line Supervisor (not officially designated)
 4. Nonsupervisory and nonmanagerial
11. Approximately how long have you held your current position?
- | | | | | |
|--------------------|--------------------|--------------|---------------|--------------------|
| 1 | 2 | 3 | 4 | 5 |
| less than 6 months | 6 months to 1 year | 2 to 5 years | 6 to 10 years | more than 10 years |
12. How many negotiations did you participate in directly during the past two years?
- | | | | | | |
|------|-----|------|-------|-------|---------|
| 0 | 1 | 2 | 3 | 4 | 5 |
| None | 1-5 | 6-10 | 11-20 | 21-40 | Over 40 |

BACKGROUND INFORMATION, Continued

13. During the past two years, in how many contract negotiations were you the principal negotiator for DDIV?

| | | | | | |
|------|-----|------|-------|-------|---------|
| 0 | 1 | 2 | 3 | 4 | 5 |
| None | 1-5 | 6-10 | 11-20 | 21-40 | Over 40 |

14. What is the average dollar amount of the contracts that you negotiated or helped to negotiate during the past two years?

| | | | | | |
|--------|-----------|-----------|-----------|-------|-------|
| 0 | 1 | 2 | 3 | 4 | 5 |
| \$0 | Under | \$100,000 | \$500,000 | \$2M- | \$5M- |
| | \$100,000 | -499,999 | -1.9M | 4.9M | 9.9M |
| 6 | 7 | | | | |
| \$10M- | Over | | | | |
| 100M | \$100M | | | | |

15. Approximately how old are you?

| | | | | |
|---------|---------|---------|---------|---------|
| 1 | 2 | 3 | 4 | 5 |
| 20 - 29 | 30 - 39 | 40 - 49 | 50 - 59 | 60 - 69 |

APPENDIX B

**EXAMPLES OF SUCCESS FACTORS FOR CATEGORIES AND
SUBCATEGORIES NOT INCLUDED IN THE QUESTIONNAIRE**

APPENDIX B

Examples of Success Factors for Categories and
Subcategories Not Included in the Questionnaire

| Category and Subcategories | Success Factor |
|----------------------------------|---|
| Negotiation Process | <p>Rules, regulations, and procedures that apply to the specific negotiation</p> <p>Customs that are relevant to the specific negotiation</p> |
| Seller | |
| Seller's Knowledge | |
| Knowledge Regarding Negotiations | <p>Principles of successful negotiating</p> <p>Intracacies of team negotiating</p> |
| Knowledge--In General | <p>Practical knowledge of human nature</p> <p>Impact of changes proposed or made during negotiation</p> <p>If negotiating a contract change, knowing the basic contract</p> <p>Appropriate college degree and major</p> |

Appendix B--Continued

| Category and Subcategories | Success Factor |
|----------------------------------|--|
| Tactics | |
| Concerning Facts and Information | <p>Showing that your product meets buyer's needs</p> <p>Not becoming associated with false information</p> <p>Not attempting to answer questions you cannot answer</p> <p>Keeping secret your real objectives and values</p> |
| Concerning Feelings and Emotions | <p>Using controlled emotionalism</p> <p>Avoiding emotional arguments if they bother you</p> <p>Not attacking buyer personally</p> <p>Leaving buyer a way out; not putting buyer in a corner</p> |
| Buyer | (See Note) |
| Buyer's Team | <p>Buyer's chief negotiator must have competent assistants</p> <p>Buyer's chief negotiator and his superior must be in agreement on negotiation goals</p> <p>(See Note)</p> |

Note: Conceivably, all of the subcategories and entries under the major categories, Seller and Seller's Team, could be reflected under Buyer and Buyer's Team, respectively.

APPENDIX C

ADDITIONAL SUCCESS FACTORS SUGGESTED BY RESPONDENTS

APPENDIX C

Additional Success Factors Suggested by Respondents

The following success factors, which do not appear in the questionnaire, were suggested by survey respondents as being important to success in negotiations:

Under the Heading - "Negotiation Situation"

- . Buyer's confidence in seller's personnel and product line.
- . Don't agree to unreasonable demands regarding the work that is on contract; this hampers future negotiations.
- . Location of negotiation (ability to obtain additional resources or support).
- . Past and current relationships between the two negotiators themselves.
- . Buyer's background and experience.
- . Buyer's needs.
- . Buyer's authority.
- . Language problems when dealing with foreign customers.
- . Is the procurement sole source or competitive?
- . Perception affects the importance of success factors:
 - . Recognize the importance of the factors to you.
 - . Don't disclose your beliefs (importance of the factors) to your counterpart; develop a strategy to mislead your counterpart.
 - . Recognize the importance of the factors as perceived by your counterpart.
- . Experience of both buyer and seller directly involved.

- . Know whether or not the buyer has adequate funds to make the procurement.
- . Make sure that the requirements are clearly understood by both parties.

Under the Heading - "Seller's Skills and Abilities"

- . Pay close attention to the buyer's reactions.
- . Ability to be flexible; fast on your feet.
- . Skill in acting and role-playing.
- . Be able to recognize and counter tactics used by the opposition.

Under the Heading - "Seller's Feelings and Emotions"

- . Believe strongly enough in your position that you cannot be shaken.
- . Be a fully-informed member of the overall program team (leads to true conviction, courage, and perseverance).
- . Belief that your superiors will back you up in decisions made (that is, you have authority during negotiations).
- . Belief that the rest of your team has confidence in you and recognizes you as lead negotiator (with authority to commit the company).
- . Confidence in team members.

Under the Heading - "Seller's Knowledge"

- . Have good understanding (not just a "layman's" knowledge) of the system, hardware, ILS, and "Management Volume."
- . Know instinctively when to use which tactic.

Under the Heading - "Seller's Strategy"

- . Base negotiation strategy on circumstances and facts, not concepts, such as "be consistent."

Under the Heading - "Seller's Tactic"

- . Company policies regarding negotiations should be flexible to permit use of the tactic that will work best.
- . Plan to make certain concessions in order to gain others.
- . Fight the battles that are worth fighting.
- . Silence is sometimes a good tactic.

Under the Heading - "Seller's Team"

- . Team planning, preparation.
-

APPENDIX D

**CORRELATION TABLES FOR TOP TWELVE NEGOTIATION
SUCCESS FACTORS, ALL CASES**

APPENDIX D

Correlation Tables for Top Twelve Negotiation
Success Factors, All Cases

The following tables list the factors that have a correlation equal to or greater than 0.45 with the twelve top-rated negotiation success factors. The numbers in parentheses following each factor denote its rank, mean value, and standard error, respectively.

Rank: No. 1. Having Top Management Support.

Mean = 4.49 Standard error (se) = 0.04

| <u>Correlated Factors</u> | <u>Correlation</u> |
|---|--------------------|
| Having one spokesperson/decision-maker (3, 4.14, 0.03) | .50 |
| Having a clear understanding of negotiation objectives (as a team) (4, 4.13, 0.03) | .48 |

Rank: No. 2. Listening Skill.

Mean = 4.29 se = 0.04

| <u>Correlated Factors</u> | <u>Correlation</u> |
|---|--------------------|
| Flexible (26.5, 3.89, 0.03) | .49 |
| Persuasiveness. Ability to be convincing (6, 4.10, 0.03) | .46 |

Rank: No. 3. Having One Spokesperson/Decision-maker.

Mean = 4.14 se = 0.06)

| <u>Correlated Factors</u> | <u>Correlation</u> |
|--|--------------------|
| Having one lead person. Others speak only when asked by lead person. (Seller's Team Tactic) (55, 3.61, 0.07) | .66 |
| Having a company policy that establishes the negotiator as <u>the</u> spokesperson (18, 3.99, 0.07) | .54 |

Rank No. 3.--CONT.

| <u>Correlated Factors</u> | <u>Correlation</u> |
|---------------------------|--------------------|
|---------------------------|--------------------|

| | |
|---|-----|
| Controlling the company's negotiation efforts at all times (24, 3.92, 0.06) | .54 |
|---|-----|

| | |
|---|-----|
| Having top management support (1, 4.29, 0.04) | .50 |
|---|-----|

Rank: No. 4. Having Clear Understanding of Objectives
(as a Team).

Mean = 4.13 se = 0.05)

| <u>Correlated Factors</u> | <u>Correlation</u> |
|---------------------------|--------------------|
|---------------------------|--------------------|

| | |
|---|-----|
| As a team, having clear understandings of the importance of the potential contract (21, 3.94, 0.05) | .71 |
|---|-----|

| | |
|--|-----|
| Having a coordinated team. Good working relationships established (26.5, 3.90, 0.05) | .54 |
|--|-----|

| | |
|--|-----|
| Having clearly defined, realistic goals (33, 3.81, 0.05) | .53 |
|--|-----|

| | |
|---|-----|
| Identifying significant risks; deciding which are acceptable, which are not (9, 4.07, 0.05) | .52 |
|---|-----|

| | |
|--|-----|
| Following your strategic plan (87.5, 3.26, 0.06) | .49 |
|--|-----|

| | |
|---|-----|
| Having top management support (1, 4.49, 0.04) | .48 |
|---|-----|

| | |
|---|-----|
| Controlling the company's negotiation efforts at all times (24, 3.92, 0.06) | .48 |
|---|-----|

| | |
|--|-----|
| During negotiations--maintaining good communication with all interested parties (42, 3.74, 0.06) | .48 |
|--|-----|

| | |
|--|-----|
| Paying attention to details (43, 3.71,) | .46 |
|--|-----|

Rank: No. 5. Making Sure the Statement of Work,
Specifications and Drawings are Correct,
Consistent and Agreed to by Those Responsible
Mean = 4.11 se = 0.05)

| <u>Correlated Factors</u> | <u>Correlation</u> |
|--|--------------------|
| Identifying significant risks; deciding which are acceptable, which are not (9, 4.07, 0.05) | .57 |

Rank: No. 6. Persuasiveness. Ability to Be Convincing.
Mean = 4.10 se = 0.04)

| <u>Correlated Factors</u> | <u>Correlation</u> |
|---|--------------------|
| Mental attitude: prepared to sell (39, 3.76, 0.05) | .60 |
| Verbal skill (31, 3.86, 0.05) | .56 |
| Good planner. Well prepared. Able to anticipate what will happen and be ready (11, 4.04, 0.04) | .53 |

Rank: No. 7. Knowing Your Objectives and Strategy.
Mean = 4.10 se = 0.05)

| <u>Correlated Factors</u> | <u>Correlation</u> |
|---------------------------|--------------------|
| (None) | |

Rank: No. 8. Establishing Your Credibility and Authority
to Negotiate.
Mean = 4.09 se = 0.06)

| <u>Correlated Factors</u> | <u>Correlation</u> |
|--|--------------------|
| Having a company policy that establishes the negotiator as <u>the</u> spokesperson (18, 3.99, 0.07) | .70 |
| Making sure buyer knows that you are the decision-maker (17, 3.99, 0.06) | .58 |
| Working to tilt the balance of bargaining strength/power in your power (53.5, 3.62, 0.05) | .54 |

Rank No. 8.--CONT.

| Correlated Factors | Correlation |
|--------------------|-------------|
|--------------------|-------------|

| | |
|--|-----|
| Rational. Able to apply reason and logic (10, 4.06, 0.05) | .53 |
|--|-----|

| | |
|---|-----|
| Controlling the company's negotiation efforts at all times (24, 3.92, 0.06) | .45 |
|---|-----|

Rank: No. 9. Identifying Significant Risks; Deciding Which Are Acceptable, Which Are Not.
Mean = 4.07 se = 0.05)

| Correlated Factors | Correlation |
|--------------------|-------------|
|--------------------|-------------|

| | |
|---|-----|
| Making sure the statement of work, specifications and drawings are correct, consistent and agreed to by those responsible (5, 4.11, 0.05) | .57 |
|---|-----|

| | |
|---|-----|
| Having clear understandings of objectives (as a team) (4, 4.13, 0.05) | .52 |
|---|-----|

| | |
|--|-----|
| Having clear understandings of the importance of the potential contract (as a team) (21, 3.94, 0.05) | .45 |
|--|-----|

Rank: No. 10. Rational. Able to Apply Reason and Logic.
Mean = 4.06 se = 0.05

| Correlated Factors | Correlation |
|--------------------|-------------|
|--------------------|-------------|

| | |
|---|-----|
| Sound judgment. Ability to make estimates and decisions that are accurate, thorough, valid (14, 4.02, 0.05) | .57 |
|---|-----|

| | |
|--|-----|
| Making sure buyer knows that you are the decision-maker (17, 3.99, 0.06) | .54 |
|--|-----|

| | |
|--|-----|
| Establishing your credibility and authority to negotiate (8, 4.09, 0.06) | .53 |
|--|-----|

| | |
|---|-----|
| Controlling the company's negotiation efforts at all times (24, 3.92, 0.06) | .49 |
|---|-----|

| | |
|---|-----|
| General practical intelligence (34, 3.80, 0.05) | .48 |
|---|-----|

| | |
|--|-----|
| Mental attitude: prepared to sell (39, 3.76, 0.05) | .46 |
|--|-----|

Rank: No. 11. Good Planner. Well Prepared. Able to
Anticipate What Will Happen and Be Ready.
Mean = 4.04 se = 0.04)

| <u>Correlated Factors</u> | <u>Correlation</u> |
|---|--------------------|
| Persuasiveness. Ability to be convincing (6, 4.10, 0.04) | .53 |

Rank: No. 12. Honesty. Integrity; Trustworthy; Ethical.
Mean = 4.03 se = 0.06)

| <u>Correlated Factors</u> | <u>Correlation</u> |
|---------------------------|--------------------|
| (None) | |

APPENDIX E

CODING SYSTEM

APPENDIX E

Coding System

| <u>Ques No.</u> | <u>Card No.</u> | <u>Col No.</u> | <u>Var No.</u> | <u>Variable Name</u> | <u>Variable Label</u> |
|---|---------------------|--------------------|--------------------|--------------------------|---|
| | 1 | 1-3 | | casenum | case number |
| | 1 | 4 | | cardnum | card number |
| 1 | 1 | 5 | 1 | pacrel | past and current relationships between the two organizations |
| <p><u>Value Labels:</u> 0 = don't know 1 = unimportant 2 = somewhat important 3 = important 4 = very important 5 = necessary</p> <p>NOTE: These values are the same for all variables thru V126</p> | | | | | |
| 2 | 1 | 6 | 2 | futrrel | estimated future relationship between the two organizations |
| 3 | 1 | 7 | 3 | fllnwork | the likelihood of follow-on work |
| 4 | 1 | 8 | 4 | ngseries | whether or not this negotiation is part of a series of negotiations |
| 5 | 1 | 9 | 5 | negtype | type of negotiation - one-shot, repeated, sequential, etc. |
| 6 | 1 | 10 | 6 | issues | the number and complexity of the issues |
| 7 | 1 | 11 | 7 | optdiscn | seller's options of discontin- uing negotiations |
| 8 | 1 | 12 | 8 | visothrs | visibility of the negotiation and its outcome to others |

-2-
Coding System

| <u>Ques No.</u> | <u>Card No.</u> | <u>Col No.</u> | <u>Var No.</u> | <u>Variable Name</u> | <u>Variable Label</u> |
|---------------------|---------------------|--------------------|--------------------|--------------------------|---|
| 9 | 1 | 13 | 9 | timelim | time limitations on both sides |
| 10 | 1 | 14 | 10 | urobastr | your objectives and strategy |
| 11 | 1 | 15 | 11 | urneglim | your negotiation limits |
| 12 | 1 | 16 | 12 | urstrawk | your strengths and weaknesses |
| 13 | 1 | 17 | 13 | urpositn | whether or not your position is possible or realistic |
| 14 | 1 | 18 | 14 | futrbus | the frequency with which your firm will be contracting with buyer again |
| 15 | 1 | 19 | 15 | hisenvr | buyer's environment |
| 16 | 1 | 20 | 16 | hisproc | buyer's acquisition process, customs and beliefs |
| 17 | 1 | 21 | 17 | hisbudgt | how much buyer has to spend |
| 18 | 1 | 22 | 18 | hisplans | buyer's long-range plans, e.g., follon-buys |
| 19 | 1 | 23 | 19 | hisobjjs | buyer's negotiation objectives |
| 20 | 1 | 24 | 20 | hisconsr | buyer's constraints |
| 21 | 1 | 25 | 21 | hisstyle | buyer's negotiation strategies, tactics, style, and skills |
| 22 | 1 | 26 | 22 | hisalts | how qualified are alternative contractors, if any |
| 23 | 1 | 27 | 23 | hstimlim | time pressure on buyer to negotiate |

-3-
Coding System

| <u>Ques No.</u> | <u>Card No.</u> | <u>Col No.</u> | <u>Var No.</u> | <u>Variable Name</u> | <u>Variable Label</u> |
|---------------------|---------------------|--------------------|--------------------|--------------------------|---|
| 24 | 1 | 28 | 24 | hiscocmd | buyer's chain of command and how buyer uses his chain of command |
| 25 | 1 | 29 | 25 | hsdecmk | identity of buyer's decision- maker |
| 26 | 1 | 30 | 26 | hsbrkopt | buyer's break options |
| 27 | 1 | 31 | 27 | hisprime | if you are a subcontractor, has buyer negotiated his prime contract? |
| 28 | 1 | 32 | 28 | hisexper | buyer's experience with other contractors' problems |
| 29 | 1 | 33 | 29 | selfconf | high self-confidence |
| 30 | 1 | 34 | 30 | selfestm | high self-esteem |
| 31 | 1 | 35 | 31 | highgoal | high expectations, high goals and expectations of reaching them |
| 32 | 1 | 36 | 32 | destowin | desire to win. motivated. |
| 33 | 1 | 37 | 33 | selfcont | self-control, control of emotions |
| 34 | 1 | 38 | 34 | belfprop | belief in the proposal |
| 35 | 1 | 39 | 35 | dominant | dominant, controlling personality |
| 36 | 1 | 40 | 36 | mentlatt | mental attitude; prepared to sell |
| 37 | 1 | 41 | 37 | urstyle | development and use of your own negotiating style |
| 38 | 1 | 42 | 38 | intuitiv | intuitiveness; knowing what to do without rational thought or inference |
| 39 | 1 | 43 | 39 | taskortn | task orientation; dedication to achieving negotiation objectives |

-4-
Coding System

| <u>Ques No.</u> | <u>Card No.</u> | <u>Col No.</u> | <u>Var No.</u> | <u>Variable Name</u> | <u>Variable Label</u> |
|---------------------|---------------------|--------------------|--------------------|--------------------------|---|
| 40 | 1 | 44 | 40 | realism | realism; objectivity; ability to know and to face the facts |
| 41 | 1 | 45 | 41 | authorty | contracting authority; able to make/change contractual agreements |
| 42 | 1 | 46 | 42 | planner | good planner; well prepared; able to anticipate what will happen and be ready |
| 43 | 1 | 47 | 43 | stamina | perseverance; stamina |
| 44 | 1 | 48 | 44 | power | ability to perceive and exploit power |
| 45 | 1 | 49 | 45 | status | status; influence by virtue of rank or position |
| 46 | 1 | 50 | 46 | fair | fair-mindedness; knowing that you can't always win everything that you want |
| 47 | 1 | 51 | 47 | reputatn | reputation; considered fair and competent |
| 48 | 1 | 52 | 48 | flexible | adaptability; flexibility; ability to adapt to changing circumstances |
| 49 | 1 | 53 | 49 | empathy | empathy; really knowing the other party's feelings; ideas, thinking process |
| 50 | 1 | 54 | 50 | honesty | honesty; integrity; trustworthy; ethical |
| 51 | 1 | 55 | 51 | patience | patience; high tolerance for uncertainty, ambiguity, aggravation |
| 52 | 1 | 56 | 52 | convincg | persuasiveness; ability to be convincing |
| 53 | 1 | 57 | 53 | verbskil | verbal skill |

-5-
Coding System

| <u>Ques No.</u> | <u>Card No.</u> | <u>Col No.</u> | <u>Var No.</u> | <u>Variable Name</u> | <u>Variable Label</u> |
|---------------------|---------------------|--------------------|--------------------|--------------------------|---|
| 54 | 1 | 58 | 54 | lisnskil | listening skill |
| 55 | 1 | 59 | 55 | goodsens | good business sense: strong intuition concerning what leads to long-range profits |
| 56 | 1 | 60 | 56 | negsskil | skill in negotiations; in practice; experienced |
| 57 | 1 | 61 | 57 | intellig | general practical intelligence |
| 58 | 1 | 62 | 58 | negotrng | formal training in negotiating techniques |
| 59 | 1 | 63 | 59 | judgment | sound judgment; ability to make estimates and decisions that are accurate. thorough, and valid |
| 60 | 1 | 64 | 60 | skepticm | skepticism; suspended judgment; systematic doubt; looking for the real truth |
| 61 | 1 | 65 | 61 | timing | sense of timing; knowing when to introduce certain issues, strategies and tactics; when to press and close discussion |
| 62 | 1 | 66 | 62 | rational | rational; able to apply reason and logic |
| 63 | 1 | 67 | 63 | bestprop | having the best proposal; valid and realistic |
| 64 | 1 | 68 | 64 | hisworld | fitting your objectives into buyer's frame of reference, circumstances, style of negotiating |
| 65 | 1 | 69 | 65 | baseline | a statement of work, specifications and drawings that are correct, consistent and approved |

-6-
Coding System

| <u>Ques No.</u> | <u>Card No.</u> | <u>Col No.</u> | <u>Var No.</u> | <u>Variable Name</u> | <u>Variable Label</u> |
|---------------------|---------------------|--------------------|--------------------|--------------------------|---|
| 66 | 1 | 70 | 66 | riskeval | identifying significant risks; deciding which are acceptable, which are not |
| 67 | 1 | 71 | 67 | backprop | having good back-up information in the proposal |
| 68 | 1 | 72 | 68 | knowbuyr | knowing and analyzing the buyer; knowing what type of specialists are on his team |
| 69 | 1 | 73 | 69 | sameprsn | planning to settle with the same person you start with, unless he doesn't have buying authority |
| 70 | 1 | 74 | 70 | defenses | developing strong defenses against buyer's key argu- ments and persuasiveness |
| 71 | 1 | 75 | 71 | rapport | having good rapport between you and buyer's negotiator |
| 72 | 1 | 76 | 72 | exploit | exploiting the circumstances; con- sidering who the buyer is and what his long-range objectives are |
| | 2 | 1-3 | | casenum | case number |
| | 2 | 4 | | cardnum | card number |
| 73 | 2 | 5 | 73 | getasist | knowing what issues the buyer will want to discuss, then get- ting assistance as needed |
| 74 | 2 | 6 | 74 | totlpack | negotiating the overall package, not element by element |
| 75 | 2 | 7 | 75 | majrissu | planning to focus on the major, overall issues |

-7-
Coding System

| <u>Ques No.</u> | <u>Card No.</u> | <u>Col No.</u> | <u>Var No.</u> | <u>Variable Name</u> | <u>Variable Label</u> |
|---------------------|---------------------|--------------------|--------------------|--------------------------|--|
| 76 | 2 | 8 | 76 | agenda | depending on the issues and buyer, having an agenda |
| 77 | 2 | 9 | 77 | goals | having clearly-defined, realistic goals |
| 78 | 2 | 10 | 78 | hiprice | getting as high a price as possible but not trying to get every possible dollar |
| 79 | 2 | 11 | 79 | control | controlling the company's negotiation efforts at all times |
| 80 | 2 | 12 | 80 | consisnt | being consistent among buyers |
| 81 | 2 | 13 | 81 | minrisk | striving to minimize risk through proper type of contract |
| 82 | 2 | 14 | 82 | spokrpri | having a company policy that establishes the negotiator as <u>the</u> spokesperson |
| 83 | 2 | 15 | 83 | urauthty | establishing your credibility and authority to negotiate |
| 84 | 2 | 16 | 84 | balofpow | working to tilt the balance of bargaining strength/power in your favor |
| 85 | 2 | 17 | 85 | posnote | starting on a positive note |
| 86 | 2 | 18 | 86 | hsauthty | if their decision-maker isn't present, stalling until he arrives |
| 87 | 2 | 19 | 87 | aloctime | allocating your time where it will do the most good |
| 88 | 2 | 20 | 88 | usequest | using questions to make your point |
| 89 | 2 | 21 | 89 | picbatts | fighting only the battles you expect to win |

-8-
Coding System

| <u>Ques No.</u> | <u>Card No.</u> | <u>Col No.</u> | <u>Var No.</u> | <u>Variable Name</u> | <u>Variable Label</u> |
|---------------------|---------------------|--------------------|--------------------|--------------------------|---|
| 90 | 2 | 22 | 90 | altconcs | using a pattern of alternating concessions to reach your objectives |
| 91 | 2 | 23 | 91 | advrrole | if necessary, taking an adversary role |
| 92 | 2 | 24 | 92 | tradissu | trading off issues |
| 93 | 2 | 25 | 93 | persist | persistence; keep talking |
| 94 | 2 | 26 | 94 | beunpred | not being predictable |
| 95 | 2 | 27 | 95 | onespkr | having one lead person; others speak only when asked |
| 96 | 2 | 28 | 96 | teamsigs | having team signals to indicate, for example, who talks |
| 97 | 2 | 29 | 97 | nohgrmgi | not letting buyer go to higher management |
| 98 | 2 | 30 | 98 | urdecmk | making sure buyer knows that you are the decision-maker |
| 99 | 2 | 31 | 99 | urpower | showing that you can commit the firm's resources as needed |
| 100 | 2 | 32 | 100 | nostall | not allowing "stalling-until deadline" before beginning serious discussion |
| 101 | 2 | 33 | 101 | goodend | making sure that the final agreement leaves buyer feeling good about himself and the contract |
| 102 | 2 | 34 | 102 | finoffer | announcing your "final offer" skillfully and at the right time |
| 103 | 2 | 35 | 103 | whowon? | not letting buyer know you've won |
| 104 | 2 | 36 | 104 | folplan | following your strategic plan |
| 105 | 2 | 37 | 105 | details | paying attention to details |
| 106 | 2 | 38 | 106 | wachbuyr | analyzing the buyer - his perceptions, pattern of negotiation |

-9-
Coding System

| <u>Ques No.</u> | <u>Card No.</u> | <u>Col No.</u> | <u>Var No.</u> | <u>Variable Name</u> | <u>Variable Label</u> |
|---------------------|---------------------|--------------------|--------------------|--------------------------|---|
| 107 | 2 | 39 | 107 | heisok | not questioning buyer's integrity |
| 108 | 2 | 40 | 108 | threat | if you've made a threat, making obvious preparations to carry it out |
| 109 | 2 | 41 | 109 | future | creating the impression of possible future relationships |
| 110 | 2 | 42 | 110 | noshady | not using questionable tactics |
| 111 | 2 | 43 | 111 | inpercep | influencing his perception of the value of various contract provisions |
| 112 | 2 | 44 | 112 | walkout | to break a deadlock: walking out |
| 112 | 2 | 45 | 113 | continue | to break a deadlock: continuing to negotiate |
| 112 | 2 | 46 | 114 | overhead | to break a deadlock: going over buyer's head |
| 113 | 2 | 47 | 115 | break | providing a maturation period: a break in negotiations |
| 114 | 2 | 48 | 116 | riteteam | having an appropriate team in view of proposal contents |
| 115 | 2 | 49 | 117 | machteam | having an appropriate team in view of buyer's team |
| 116 | 2 | 50 | 118 | coorteam | having a coordinated team; good working relationships |
| 117 | 2 | 51 | 119 | knowobjs | having clear understandings of objectives |
| 117 | 2 | 52 | 120 | knowpotl | having clear understandings of importance of the potential contract |
| 118 | 2 | 53 | 121 | onespeak | having one spokesman/decision-maker |

-10-
Coding System

| <u>Ques</u> <u>No.</u> | <u>Card</u> <u>No.</u> | <u>Col</u> <u>No.</u> | <u>Var</u> <u>No.</u> | <u>Variable</u> <u>Name</u> | <u>Variable Label</u> |
|---------------------------|---------------------------|--------------------------|--------------------------|--------------------------------|--|
| 119 | 2 | 54 | 122 | goodcomm | during negotiations - maintaining good communication with all interested parties |
| 120 | 2 | 55 | 123 | callhelp | calling in specialized assistance when needed |
| 121 | 2 | 56 | 124 | mgthelp1 | having top management support |
| 122 | 2 | 57 | 125 | freehand | not having top management as a member of the actual team |
| 123 | 2 | 58 | 126 | mgthelp2 | receiving sound guidance and judgment from higher management |
| 201 | 2 | 59 -60 | 201 | division | company division with which respondents are associated |

01 = defense
02 = aerospace
03 = sdd
04 = ccd
05 = ilsd
06 = marine
07 = aed
08 = oceanic
09 = instrumentation dept
10 = international
11 = pasd
12 = esd/id
13 = tcom

APPENDIX F

VARIABLES RANKED BY MEAN SCORE

APPENDIX F

Variables Ranked By Mean Score

All Respondents

| Rank | Variable | n | Range | | Mean | S.D.* |
|------|---------------|-----|--------|--------|--------|--------|
| | | | Min. | Max. | | |
| 1 | 124.MGTHELPL | 126 | 2.0000 | 5.0000 | 4.4921 | .71270 |
| 2 | 54.LISNSKIL | 126 | 3.0000 | 5.0000 | 4.2857 | .73601 |
| 3 | 121.ONESPEAK | 125 | 1.0000 | 5.0000 | 4.1440 | .98949 |
| 4 | 119.KNOWORJS | 125 | 2.0000 | 5.0000 | 4.1280 | .81296 |
| 5 | 65.BASELINE | 124 | 2.0000 | 5.0000 | 4.1129 | .83821 |
| 6 | 52.CONVINCG | 126 | 2.0000 | 5.0000 | 4.1032 | .70233 |
| 7 | 10.UROBASTR | 126 | 1.0000 | 5.0000 | 4.0952 | .88026 |
| 8 | 83.URAUTHTY | 126 | 1.0000 | 5.0000 | 4.0873 | .99615 |
| 9 | 66.RISKEVAL | 125 | 2.0000 | 5.0000 | 4.0720 | .88149 |
| 10 | 62.RATIONAL | 126 | 1.0000 | 5.0000 | 4.0556 | .80305 |
| 11 | 42.PLANNER | 126 | 2.0000 | 5.0000 | 4.0397 | .74190 |
| 12 | 50.HONESTY | 126 | 1.0000 | 5.0000 | 4.0317 | .97928 |
| 13 | 32.DESTOWIN | 126 | 1.0000 | 5.0000 | 4.0238 | .91620 |
| 14 | 59.JUDGMENT | 126 | 2.0000 | 5.0000 | 4.0159 | .78978 |
| 15 | 33.SELFCONT | 126 | 1.0000 | 5.0000 | 3.9921 | .87174 |
| 16 | 51.PATIENCE | 126 | 1.0000 | 5.0000 | 3.9921 | .91648 |
| 17 | 98.URDECMKR | 125 | 1.0000 | 5.0000 | 3.9920 | .95458 |
| 18 | 82.SPOKRPRL | 123 | 1.0000 | 5.0000 | 3.9919 | 1.1639 |
| 19 | 61.TIMING | 126 | 1.0000 | 5.0000 | 3.9762 | .79462 |
| 20 | 67.BACKPROP | 125 | 1.0000 | 5.0000 | 3.9600 | .83666 |
| 21 | 120.KNOWPOTL | 124 | 2.0000 | 5.0000 | 3.9435 | .89536 |
| 22 | 40.REALISM | 126 | 1.0000 | 5.0000 | 3.9365 | .90991 |
| 23 | 11.URNEGLIM | 126 | 1.0000 | 5.0000 | 3.9206 | 1.0088 |
| 24 | 79.CONTROL | 124 | 1.0000 | 5.0000 | 3.9194 | 1.0008 |
| 25 | 116.RITETEAM | 125 | 2.0000 | 5.0000 | 3.9120 | .86151 |
| 26 | 48.FLEXIBLE | 126 | 2.0000 | 5.0000 | 3.8889 | .80222 |
| 27 | 118.COCTRTEAM | 126 | 2.0000 | 5.0000 | 3.8889 | .80222 |
| 28 | 126.MGTHELP2 | 124 | 1.0000 | 5.0000 | 3.8790 | .99260 |
| 29 | 43.STAMINA | 126 | 1.0000 | 5.0000 | 3.8730 | .89429 |
| 30 | 123.CALLHELP | 126 | 2.0000 | 5.0000 | 3.8651 | .82320 |
| 31 | 53.VERBSKIL | 126 | 2.0000 | 5.0000 | 3.8571 | .82670 |
| 32 | 29.SELFCONF | 126 | 1.0000 | 5.0000 | 3.8175 | .84286 |
| 33 | 77.GOALS | 125 | 1.0000 | 5.0000 | 3.8080 | .88624 |
| 34 | 57.INTELLIG | 126 | 2.0000 | 5.0000 | 3.8016 | .87654 |
| 35 | 110.NOSHADY | 123 | 1.0000 | 5.0000 | 3.7967 | 1.0632 |
| 36 | 56.NEGSSKIL | 126 | 1.0000 | 5.0000 | 3.7937 | .84207 |
| 37 | 102.FINOFFER | 123 | 1.0000 | 5.0000 | 3.7642 | .93284 |
| 38 | 13.URPOSITN | 125 | 1.0000 | 5.0000 | 3.7600 | .98701 |
| 39 | 36.MENTLATT | 124 | 1.0000 | 5.0000 | 3.7581 | .90501 |
| 40 | 47.REPUTATN | 125 | 1.0000 | 5.0000 | 3.7520 | .91278 |
| 41 | 70.DEFENSES | 126 | 1.0000 | 5.0000 | 3.7381 | .89602 |
| 42 | 122.GOODCOMM | 125 | 1.0000 | 5.0000 | 3.7360 | .94309 |
| 43 | 105.DETAILS | 125 | 2.0000 | 5.0000 | 3.7120 | .90532 |
| 44 | 41.AUTHORITY | 125 | 1.0000 | 5.0000 | 3.7040 | 1.0082 |
| 45 | 17.MISBUDGT | 126 | 1.0000 | 5.0000 | 3.6746 | .94513 |
| 46 | 39.TASKORTN | 126 | 1.0000 | 5.0000 | 3.6746 | .90181 |
| 47 | 55.GOODSENS | 126 | 1.0000 | 5.0000 | 3.6667 | .97160 |
| 48 | 73.GETASIST | 126 | 2.0000 | 5.0000 | 3.6508 | .76229 |
| 49 | 108.THREAT | 123 | 1.0000 | 5.0000 | 3.6504 | 1.0863 |
| 50 | 107.MEISOK | 122 | 1.0000 | 5.0000 | 3.6475 | 1.0903 |
| 51 | 12.URSTRAWK | 124 | 1.0000 | 5.0000 | 3.6452 | .78806 |
| 52 | 103.WHOMON | 124 | 1.0000 | 5.0000 | 3.6452 | 1.1276 |
| 53 | 31.HIGHGOAL | 126 | 1.0000 | 5.0000 | 3.6190 | .97042 |
| 54 | 84.BALOFFPOW | 126 | 1.0000 | 5.0000 | 3.6190 | .91963 |
| 55 | 95.ONESPKR | 123 | 1.0000 | 5.0000 | 3.6098 | 1.1639 |
| 56 | 87.ALOCYTIME | 126 | 1.0000 | 5.0000 | 3.5873 | .94038 |
| 57 | 44.POWER | 125 | 1.0000 | 5.0000 | 3.5840 | .90860 |
| 58 | 30.SELFESTM | 126 | 1.0000 | 5.0000 | 3.5794 | 1.0458 |
| 59 | 46.FAIR | 126 | 1.0000 | 5.0000 | 3.5794 | 1.0759 |
| 60 | 34.BELFPROP | 126 | 1.0000 | 5.0000 | 3.5794 | 1.1053 |

All Respondents—Continued

| Rank | Variable | n | Range | | Mean | S.D.* |
|------|--------------|-----|--------|--------|--------|--------|
| | | | Min. | Max. | | |
| 61 | 78.HIPRICE | 123 | 1.0000 | 5.0000 | 3.5691 | .95884 |
| 62 | 63.BESTPROP | 125 | 1.0000 | 5.0000 | 3.5600 | .91051 |
| 63 | 113.CONTINUE | 120 | 1.0000 | 5.0000 | 3.5500 | .98604 |
| 64 | 99.URPOWER | 124 | 1.0000 | 5.0000 | 3.5323 | 1.1578 |
| 65 | 37.URSTYLE | 125 | 2.0000 | 5.0000 | 3.5200 | .91228 |
| 66 | 81.MINRISK | 122 | 1.0000 | 6.0000 | 3.5164 | 1.0463 |
| 67 | 71.RAPPORT | 126 | 1.0000 | 5.0000 | 3.5159 | .98097 |
| 68 | 1.PACREL | 126 | 1.0000 | 5.0000 | 3.5000 | .74565 |
| 69 | 115.BREAK | 123 | 1.0000 | 5.0000 | 3.4878 | .92653 |
| 70 | 27.HISPRIME | 115 | 1.0000 | 5.0000 | 3.4783 | .98540 |
| 71 | 101.GOODEND | 125 | 1.0000 | 5.0000 | 3.4720 | 1.2219 |
| 72 | 3.FLLNWORK | 125 | 1.0000 | 5.0000 | 3.4480 | .83720 |
| 73 | 117.MACHTEAM | 123 | 1.0000 | 5.0000 | 3.4309 | 1.0487 |
| 74 | 64.HISWORLD | 124 | 1.0000 | 5.0000 | 3.4274 | .86648 |
| 75 | 38.INTUITIV | 124 | 1.0000 | 5.0000 | 3.4274 | 1.0135 |
| 76 | 106.WACHBUYR | 125 | 1.0000 | 5.0000 | 3.4240 | .90931 |
| 77 | 111.INPERCEP | 124 | 1.0000 | 5.0000 | 3.4194 | .89349 |
| 78 | 20.HISCONSR | 125 | 1.0000 | 5.0000 | 3.4080 | .91666 |
| 79 | 68.KNOWBUYR | 126 | 1.0000 | 5.0000 | 3.4048 | .88705 |
| 80 | 6.ISSUES | 126 | 1.0000 | 5.0000 | 3.4048 | 1.0521 |
| 81 | 19.HISOBJS | 125 | 1.0000 | 5.0000 | 3.3760 | .82954 |
| 82 | 2.FUTRREL | 126 | 1.0000 | 5.0000 | 3.3571 | .92489 |
| 83 | 92.TRADISSU | 123 | 1.0000 | 5.0000 | 3.3089 | .95067 |
| 84 | 109.FUTURE | 126 | 1.0000 | 5.0000 | 3.3016 | 1.0974 |
| 85 | 49.EMPATHY | 126 | 1.0000 | 5.0000 | 3.2937 | .95555 |
| 86 | 23.HSTIMLIM | 125 | 1.0000 | 5.0000 | 3.2720 | 1.0347 |
| 87 | 75.HAJRISU | 125 | 1.0000 | 5.0000 | 3.2560 | .92374 |
| 88 | 104.FOLLPLAN | 125 | 1.0000 | 5.0000 | 3.2560 | .94957 |
| 89 | 85.POSNOTE | 124 | 1.0000 | 5.0000 | 3.2339 | 1.0828 |
| 90 | 9.TIMELIM | 126 | 1.0000 | 5.0000 | 3.2302 | .91357 |
| 91 | 25.HSDECMKR | 125 | 1.0000 | 5.0000 | 3.2240 | 1.1420 |
| 92 | 18.HISPLANS | 126 | 1.0000 | 5.0000 | 3.2222 | .87534 |
| 93 | 100.NOSTALL | 123 | 1.0000 | 5.0000 | 3.2114 | 1.0578 |
| 94 | 16.HISPROC | 126 | 1.0000 | 5.0000 | 3.2063 | .95764 |
| 95 | 21.HISSTYLE | 126 | 1.0000 | 5.0000 | 3.1825 | .94149 |
| 96 | 4.HGSERIES | 126 | 1.0000 | 5.0000 | 3.1667 | .99398 |
| 97 | 22.HISALTS | 125 | 1.0000 | 5.0000 | 3.1520 | 1.1434 |
| 98 | 97.NOMGRNGT | 121 | 1.0000 | 5.0000 | 3.1486 | 1.2292 |
| 99 | 60.SKEPTICM | 123 | 1.0000 | 5.0000 | 3.1463 | 1.0764 |
| 100 | 8.VISOTHR | 125 | 1.0000 | 5.0000 | 3.1120 | .96900 |
| 101 | 72.EXPLOIT | 123 | 1.0000 | 5.0000 | 3.0976 | .86285 |
| 102 | 14.FUTRBUS | 126 | 1.0000 | 5.0000 | 3.0952 | .88930 |
| 103 | 125.FREEHAND | 120 | 1.0000 | 5.0000 | 3.0917 | 1.5174 |
| 104 | 74.TOTLPACK | 121 | 1.0000 | 5.0000 | 3.0909 | 1.2111 |
| 105 | 91.ADVRRLE | 121 | 1.0000 | 5.0000 | 3.0579 | 1.0901 |
| 106 | 89.PICBATT | 115 | 1.0000 | 5.0000 | 3.0435 | 1.2095 |
| 107 | 5.NEGTYPE | 124 | 1.0000 | 5.0000 | 3.0403 | 1.0873 |
| 108 | 69.SAMEPRSN | 120 | 1.0000 | 5.0000 | 3.0333 | 1.1877 |
| 109 | 24.HISCOCMD | 126 | 1.0000 | 5.0000 | 3.0317 | .92032 |
| 110 | 88.USEQUEST | 121 | 1.0000 | 5.0000 | 3.0248 | 1.0914 |
| 111 | 7.OPTDISCN | 122 | 1.0000 | 5.0000 | 3.0164 | 1.2196 |
| 112 | 58.NEGOTRNG | 122 | 1.0000 | 5.0000 | 2.9098 | 1.0205 |
| 113 | 90.ALTCONCS | 122 | 1.0000 | 5.0000 | 2.8361 | 1.1308 |
| 114 | 76.AGENDA | 123 | 1.0000 | 5.0000 | 2.8211 | 1.0561 |
| 115 | 80.CONSISNT | 123 | 1.0000 | 5.0000 | 2.8130 | 1.1477 |
| 116 | 45.STATUS | 125 | 1.0000 | 5.0000 | 2.7920 | 1.0262 |
| 117 | 26.HSHRKOPT | 105 | 1.0000 | 5.0000 | 2.7524 | .88558 |
| 118 | 86.HSAUTHTY | 117 | 1.0000 | 5.0000 | 2.7521 | 1.2724 |
| 119 | 112.WALKOUT | 114 | 1.0000 | 5.0000 | 2.7193 | 1.2657 |
| 120 | 15.HISENVR | 123 | 1.0000 | 5.0000 | 2.6748 | 1.0441 |
| 121 | 35.DOMINANT | 124 | 1.0000 | 5.0000 | 2.6532 | 1.0748 |
| 122 | 94.BEUNPRED | 121 | 1.0000 | 5.0000 | 2.6281 | 1.1912 |
| 123 | 28.HISEXPER | 123 | 1.0000 | 4.0000 | 2.6260 | .93562 |
| 124 | 114.OVERHEAD | 113 | 1.0000 | 5.0000 | 2.5752 | 1.1863 |
| 125 | 93.PERSIST | 122 | 1.0000 | 5.0000 | 2.4016 | 1.2106 |
| 126 | 96.TEAMSIGS | 121 | 1.0000 | 5.0000 | 2.3386 | 1.2274 |

*Note: Standard error = 0.063 x S.D.

BIBLIOGRAPHY

BIBLIOGRAPHY

- "A&P Negotiates For Acquisition of Buffalo Chain." The Wall Street Journal, 4-9-81, p. 2.
- "Aerospace Industry Sales Seen Hitting \$66B in '82" Electronic News, January 4, 1982, p. 43.
- Alderson, Wroe. Marketing behavior and executive action: a functionalist approach to marketing theory. Homewood, IL., Richard D. Irwin, Inc., 1957.
- Ammer, Dean S. Materials management and purchasing. Homewood, IL., Richard D. Irwin, Inc., 1980.
- Anderson, Lane K. "An Update on the CASB." CPA, v. 49, no. 2, February 1979, pp. 29, pp. 32-35.
- Angelmar, Reinhard and Louis W. Stern. "Development of a Content Analytic System for Analysis of Bargaining Communication in Marketing," Journal of Marketing Research, XV, February 1978, pp. 93-102.
- Aristotle. Ethics. Translated by J.A.K. Thompson. Baltimore, Penguin, 1953.
- "Arming for the '80s: The trillion-dollar questions: What kind of defense to buy?" Time, 7-27-81, pp. 6-21.
- Auer, Joseph and Chales Edison Harris. Computer Contract Negotiations. Wheaton, IL., Hitchcock Publishing Company, 1982.
- Bacharach, Samuel B. and Edward J. Lawler. Power and politics in organizations. San Francisco, Jossey-Bass Publishers, 1980.
- _____ and Edward J. Lawler, Bargaining: power, tactics, and outcomes. San Francisco, Jossey-Bass Publishers, 1981.
- Bacon, Sir Francis, The essays of Francis Bacon, "Of Negociating." Mary Augusta Scott, ed. New York, Charles Scribners' Sons, 1908, pp. 225-27.

- Bagozzi, Richard. "Marketing as Exchange" Journal of Marketing, v. 39, no. 4, October 1975, pp. 32-39.
- _____. Causal Models in Marketing. New York, John Wiley & Sons, 1980.
- Baldwin, William L. The structure of the defense market, 1955-1964. Durham, N.C., Duke University Press, 1967.
- Bartos, O.J. "How Predictable Are Negotiations." Journal of Conflict Resolution, 1967, v. 11, pp. 481-96.
- _____. Process and outcome of negotiations. New York, Columbia University Press, 1974.
- Baxa, John B. and Paul Hicks, "Inquiry into the Contribution of Contracting Parameters to Contract Disputes." Wright-Patterson Air Force Base, Ohio, School of Systems and Logistics, Air Force Institute of Technology, June 1976.
- Bearden, James G. and John C. Chipman, "Personal Characteristics of Air Force Contract Negotiators." Master's thesis, Wright-Patterson Air Force Base, Ohio, School of Systems and Logistics, Air Force Institute of Technology, June 1977.
- Bell, Coral. Negotiation from strength: a study in the politics of power. 1st American ed. New York, Alfred A. Knopf, 1963.
- Bennett, Amanda. "Four Years of Tortuous Negotiations Led to AMC Jeep Venture With China" The Wall Street Journal, May 6, 1983, 24.
- Bettinghsus, Erwin P. Persuasive communication. New York. Holt, Rinehart and Winston, Inc., 1973.
- Bird, Monroe M. and Edward R. Clayton. "Sales Negotiation Cost Planning for Corporate Level Sales." Journal of Marketing, v. 37, no. 2, April 1973, pp. 7-14.
- Bloom, Harold. "Principles and Techniques of Negotiation," Guide to Purchasing. National Association of Purchasing Agents, ed. New York, National Association of Purchasing Agent, 1966.
- Bowersox, Donald J., M. Bixby Cooper, Douglas M. Lambert, and Donald A. Taylor, Management in marketing channels, New York, McGraw-Hill Book Company, 1980.

- Boyett, J.E. and D.E. Strayer "Analysis of Cost and Non-Cost Negotiated Profit Factors in Department of Defense Contracting." Wright-Patterson Air Force Base, Ohio, Air Force Business Research Management Center, June 1976.
- Brandt, Floyd S. The process of negotiation: strategies and tactics in industrial relations. London, Industrial and Commercial Techniques, Ltd., 1971.
- "Brazil's Venture on Supersonic Plane Illustrates Growing Role in Arms Trade." The Wall Street Journal, 3-19-81, p. 31.
- Breyer, R.F. The Marketing Institution. New York, McGraw-Hill Book Company, Inc., 1934.
- Brooks, Jeb and Earl Brooks, "The Role of Top Management in Negotiations," MSU Business Topics, v. 27, no. 3, Summer 1979, p. 16-24.
- Brosius, Robert C. and Steven R. Erickson, "An Analysis of the Effect of Simulated Negotiation on Final Negotiated Results." Master's thesis, Wright-Patterson Air Force Base, Ohio, School of Systems and Logistics, Air Force Institute of Technology, March 1973.
- Brown, James K. and George S. Stothoff. "The Defense Industry: Some Perspectives From the Financial Community." New York, Conference Board Report No. 693, 1976.
- Brown, Louis Morris. How to negotiate a successful contract. Englewood Cliffs, N.J., Prentice-Hall, Inc., 1955.
- Byrne, D. "Attitudes and attraction." Advances in Experimental Social Psychology. L. Berkowitz, ed. New York, Academic Press, 1969.
- Carnevale, Peter J.D., Dean G. Pruitt, and Steven D. Seilheimer. "Looking and Competing: Accountability and Visual Access in Integrative Bargaining." Journal of Personality and Social Psychology, v. 40, no. 1, 1981, pp. 111-20.
- Cartwright, Dorwin and Alvin Zander. Group dynamics: research and theory. Third edition. New York, Harper & Row, Publishers, 1968.
- Chamberlain, N.W. and J.W. Kuhn. Collective bargaining. Second edition. New York, McGraw-Hill, 1965.

- Chance, Susan. "Japan Trying Hard to Take the Lead From U.S. in 'Intelligent' Computers." Wall Street Journal, April 4, 1983, p. 13.
- Coffin, Royce C. The negotiator. New York, American Management Association, Inc., 1973.
- Commons, John R. Legal foundations of capitalism. Madison, WI, The University of Wisconsin Press, 1959.
- Corey, Raymond E. Industrial Marketing: Cases and Concepts. Englewood Cliffs, N.J. Prentice-Hall, Inc., 1976.
- Corey E. Raymond. Procurement management: strategy, organization, and decision-making. Boston, CBI Publishing Co., 1978.
- Cote, John L. "You and Your Lawyer." The Detroit News, February 28, 1983, p. 1C.
- Cox, Edward and C.E. Jarrett. "Historical Development of Procurement Methods." Washington, D.C., Office of the Assistant Secretary of Defense, Installations and Logistics, 1969.
- Cross, John G. The economics of bargaining. New York, Basic Books, 1969.
- Cyert, Richard M. and James G. March. A behavioral theory of the firm. Englewood Cliffs, New Jersey, Prentice Hall, Inc., 1963.
- Cummings, L.L. and D.L. Harnett. "Bargaining behavior in a symmetric bargaining triad." Review of economic studies, v. 36, 1969, pp. 485-501.
- Cummins, Michael J. "Incentive contracting for national defense - a problem of optimal risk sharing," Bell Journal of Economics, v. 8, no. 1, Spring 1977, pp. 168-85.
- Dahl, Robert A. "The Concept of Power." Behavioral Science, 2, July 1957, p. 203.
- De Rose, Louis J. Negotiated purchasing: the key to more profitable buying. Boston, Materials Management Institute, 1962.
- "DOD Budget Expected To Reach \$21.3B by FY'83." Electronic News, 1-16-81, p. 73.
- "DOD Production Programs FY81 - FY82." Electronic News, 2-2-81, p. 66.

"DOD Qtr. Cost Report Cites \$321M Cost Overrun Hike." Electronic News, November 21, 1983, p. 57.

Druckman, D., Kathleen Zechmeister, and Daniel Solomon. "Determinants of bargaining behavior in a bilateral monopoly situation: opponent's concession rate and relative defensibility." Behavioral Science, 17, November 1972, 514-31.

Druckman, Daniel, ed. Negotiations; social-psychological perspectives. Beverly Hills, CA, Sage Publications, 1977.

Druckman, Daniel, "Social-psychological Approaches to the Study of Negotiation," Motivations: social-psychological perspectives. Daniel Druckman, ed. Beverly Hills, CA, Sage Publications, 1977.

Dunlop, J.T. Wage determination under trade unions. New York, A.M. Kelley, 1950.

Dwyer, R. Robert and Orville C. Walker, Jr. "Bargaining in an Asymmetrical Power Structure." Journal of Marketing, 45, Winter 1981, pp. 104-15.

Edwards, Harry T. and James J. White. The lawyer as a negotiator. St. Paul, MN, West Publishing Co., 1977.

"Eight-year Study Finds U.S. Tops in Arms Sales Contracts." Aviation Week and Space Technology, v. 118, no. 18, May 2, 1983, p. 90.

El-Ansary, Adel and Louis W. Stern. "Power Measurement in the Distribution Channel." Journal of Marketing Research, v. 9, February 1972, pp. 47-52.

Emerson, Richard M. "Power-Dependence Relations," American Sociological Review, 27, February, 1962, pp. 31-41.

Etgar, Michael. "The Effect of Administrative Control on Efficiency of Vertical Marketing Systems." Journal of Marketing Research, February 1976a, pp. 12-24.

_____. "Channel Domination and Countervailing Power in Distribute Channels." Journal of Marketing Research, August 1976b, pp. 254-262.

Executive Office of the President. The United States Budget in Brief: Fiscal Year 1984. Washington, D.C., Superintendent of Documents, U.S. Government Printing Office, 1983.

"Exxon Unit Gets a \$1 Billion Job From Indonesia." The Wall Street Journal, 9-17-81, p. 29.

- Fischer, John R. "Negotiation Guide for Air Force Contract Negotiators and Managers." Maxwell Air Force Base, Alabama, Air Command and Staff College, Air University, April 1977.
- Fisher, Irving. "Scientific Management Made Clear." Classics in Scientific Management: A Book of Readings. Donald Del Mar and Rodger D. Collons, eds. University, Alabama, The University of Alabama Press, 1976.
- Fisher, Roger and William Ury. Getting to yes: negotiating agreements without giving in. Boston, Houghton Mifflin Company, 1981.
- Fox, Ronald J., Arming America. Cambridge, Harvard University Press, 1974.
- "France, Honeywell, ITT Due To Discuss Nationalization." Electronic News, 7-31-81, p. 1.
- French, John R.P., Jr. and Bertram Raven. "The Bases of Social Power." Group dynamics: research and theory, Third edition. Dorwin Cartwright and Alvin Zander, eds. New York, Harper & Row, Publishers, 1968.
- _____, Jr. and B. Raven. "The Bases of Social Power." Studies in social power. D. Cartwright, ed. Ann Arbor, Institute for Social Research, 1959.
- Friedman, Milton, Essays in positive economics. Chicago, The University of Chicago Press, 1953.
- Fuller, Rex L., III, Major USAF. Handbook for Air Force negotiators. Adapted from Air Command and Staff College Research Report No. 0950-81. Maxwell AFB, Alabama, Air Command and Staff College, Air University, 1981.
- Gallagher, Andrew K. The law of federal negotiated contract formation. Rockville, MD, GCA Publications, 1981.
- Gansler, Jacques S., "Let's Change the Way the Pentagon Does Business." Harvard Business Review, May-June 1977, pp. 109-18.
- _____. The defense industry. Cambridge, MA, MIT Press, 1980.
- Gardiner, William G. "Air Force Contract Negotiations: Importance, Roles, and Major Problems in the United States and Four NATO Countries." A report prepared for the U.S. Air Force Systems Command. Defense Technical Information Center, Accessions No. A121642. East Lansing, MI, William Gardiner Associates, Inc., 1982.

- Girard, Fred. "Toughest bridge foe? It's a \$350 computer." The Detroit News, 12-18-83, p. 1A.
- Goldman, Arie. Lecture on the power tradition in marketing. Marketing and Transportation Administration Course 905. East Lansing, Michigan State University, October 15, 1982.
- Goodhoe, Lowell H. "Fair Profits from Defense Business." Hard Business Review, v. 50, no. 2, March-April 1972, p. 97.
- Gordon, George N. Persuasion: the theory and practice of manipulative communication. New York, Hastings House, Publishers, 1971.
- Gragg, Charles I., "Marketing and the Defense Program." Journal of Marketing, v. 4, April, 1941, p. 423-30.
- Graham, John L. and Roy A. Herberger, Jr. "Negotiators Abroad-Don't Shoot From the Hip." Harvard Business Review, July-August 1983, pp. 160-68.
- Green, Paul E., Irwin Gross, and Patrick J. Robinson. "Behavioral Experiment in Two-Person Bargaining." Journal of Marketing, v. 4, November 1967. 374-79.
- _____. and Donald S. Tull. Research for Marketing Decisions. Fourth edition. Englewood Cliffs, N.J., Prentice-Hall, Inc., 1978.
- Gulliver, P.H. Disputes and negotiations. New York, Academic Press, 1979.
- Hall, Edward T. The silent language. New York, Fawcett World Library, 1959.
- _____. and William Foote Whyte. "Intercultural Communication: A Guide to Men of Action." Human Organization, v. 19, no. 1, Spring 1960. Excerpted in The lawyer as a negotiator, Harry T. Edwards and James J. White, eds. St. Paul, MN, West Publishing Co., 1977, pp. 320-29.
- Hamilton, Walter A. The negotiating society. Distinguished Lecturers Series No. 3. Austin, Texas, Bureau of Business Research, The University of Texas, 1973.
- Hamner, W. Clay and Gary A. Yukl, "The Effectiveness of Different Offer Strategies in Bargaining," Negotiations: social-psychological perspectives, Daniel Druckman, ed. Beverly Hills, CA, Sage Publications, 1977.

- Hanan, Mack, James Cribbin, and Howard Berrian. Sales negotiation strategies. New York, AMACOM, American Management Association, 1977.
- Harari, Haim. "The Structure of Quarks and Leptons." Scientific American, April 1983, pp. 56-58.
- Heinritz, Stuart F. and Paul V. Farrell. Purchasing: principles and applications. Englewood Cliffs, N.J., Prentice-Hall, Inc., 1981.
- Henderson, L.J. On the social system. Chicago, The University of Chicago Press, 1970.
- Herman, E. Edward and Alfred Kuhn. Collective bargaining and labor relations. Englewood Cliffs, Prentice-Hall, Inc., 1981.
- Herman, Margaret C. and Nathan Kogan. "Effects of Negotiators' Personalities on Negotiating Behavior." in Negotiations: social-psychological perspectives. Daniel Druckman, ed., Beverly Hills, CA, Sage Publications, 1977.
- Hermann, Phillip J. Better settlements through leverage. Rochester, N.Y., The Lawyers Co-operative Publishing Co., 1965. Excerpted in The lawyer as a negotiator. Harry T. Edwards and James J. White, eds. St. Paul, MN, West Publishing Co., 1977, pp. 175-78.
- Hermone, Ronald H. "How to Negotiate ... and Come Out the Winner." Management Review, v. 63, no. 11, November, 1974, pp. 19-25.
- "How the Bargain Was Struck." Time, February 2, 1981, pp. 37-38.
- Hunt, Shelby D. Marketing Theory: Conceptual foundations of research in marketing. Madison, University of Wisconsin, 1976.
- _____ and John R. Nevin. "Power in a Channel of Distribution: Sources and Consequences." Journal of Marketing Research, v. XI, May 1974, pp. 186-93.
- Hynes, Cecil V. "Taking a Look at the Request for Proposal." Defense Management Journal, v. 13, no. 4, October 1977, pp. 26-31.
- Ikle, F. How nations negotiate. New York, Harper & Row Publishers, 1964.
- Ilich, John. The art and skill of successful negotiation. Englewood Cliffs, N.J., Prentice-Hall, 1971.

"Japanese 'Miracle' Credited to Gov't Business Co-op."
Electronic News, April 12, 1982, p. D.

Jenkins, Thomas N. "Measurement of Personality Traits."
Journal of Psychology, v. LIV, October 1962, pp.
417-42.

Johnston, Wesley J. "Industrial Buying Behavior: A State of
the Art Review," Review of Marketing 1981. Eds. Ben M.
Enis and Kenneth J. Roering. Chicago, American
Marketing Association, 1981, pp. 75-88.

_____ and Thomas Bonoma. "The Buying Center: Structure
and Interaction Patterns." Journal of Marketing, v.
45, no. 3, Summer 1981, pp. 143-56.

Jones, E.D. Ingratiation: a social psychological analysis.
New York, Appleton-Century-Crofts, 1964.

Karrass, Chester L. "A Study of the Relationship of
Negotiator Skill and Power as Determinants of
Negotiation Outcome." Doctoral Dissertation. Los
Angeles, University of Southern California, 1968.

_____. The negotiating game. New York, Thomas Y.
Crowell Company, 1970.

_____. Give & take: the complete guide to negotiating
strategies and tactics. New York, Thomas Y. Crowell
Company, 1974.

Kelley, Eugene J. and William Lazer. Managerial marketing:
perspectives and viewpoints. Homewood, Illinois,
Richard D. Irwin, Inc., 1967.

Kerlinger, Fred N. Foundations of behavioral research.
Second edition. New York, Holt, Rinehart and Winston,
Inc., 1973.

Kinnucan, Paul. "Artificial Intelligence: Making Computers
Smarter." High Technology, v. 2, no. 6, Nov/Dec, 1982,
pp. 60-70.

_____. "Computers that think like experts." High
Technology, January 1984, pp. 30-42.

Kolbe, Robert A. "Wanted: Top Negotiators; Only Skeptics
Need Apply." Purchasing, v. 79, no. 10, November 18,
1975, pp. 45-46.

Kotler, Philip. Marketing management: analysis, planning,
and control. Fourth edition. Englewood Cliffs, N.J.,
Prentice-Hall, Inc., 1980.

- Kristol, Irvin. "The Question of George Shultz." The Wall Street Journal, July 23, 1982, p. 10.
- Kroeker, Herbert R. Negotiation techniques in contract pricing. A report for the Ohio State Research Foundation, Columbus, Ohio: Ohio State Research Foundation, 1960.
- Kuhn, Alfred. The logic of social systems. San Francisco, Jossey-Bass Publishers, 1974.
- Kuhn, Alfred and E. Edward Herman. Collective bargaining and labor relations. Englewood Cliffs, N.J., Prentice-Hall, 1981.
- Kuhn, Harold W. "Game Theory and Models of Negotiations." Journal of Conflict Resolution, v. 6, no. 1, March 1962, pp. 1-4.
- Laitin, Howard, "Data Sources and their Evaluation." Chapter nine in Richard M. Greene, Jr., Business intelligence and espionage, Homewood, Illinois, Dow Jones-Irwin, Inc., 1966, pg. 312.
- Lall, Arthur, Modern international negotiation: principles and practice. New York, Columbia University Press, 1966.
- Lee, David. "Free the Defense Contractor." The Wall Street Journal. October 10, 1983, pg. 20.
- Lee, Lamar, Jr., and Donald W. Dobler. Purchasing and materials management. New York, McGraw-Hill Book Company, 1965.
- _____ and Donald W. Dobler. Purchasing and materials management. Third edition. New York, McGraw-Hill Book Company, 1977.
- Letzkus, William C. "Foreign Accounting Practices and Defense Contract Costs." Government Accountants Journal, v. 26, no. 1, Spring 1977, pp. 52-57.
- Levitt, Theodore. "Marketing Myopia." Harvard Business Review. July-August, 1960, pp. 45-56.
- Lindskold, S. "Trust Development, the GRIT Proposal, and the Effects of Conciliatory Costs on Conflict and Cooperation." Psychological Bulletin, v. 85, 1978, pp. 772-93.

- Lindskold, S. and J.T. Tedeschi. "Self-esteem and Sex as Factors Affecting Influenceability." British Journal of Social and Clinical Psychology. 10, 1971, pp. 114-22.
- Lippencutt, Barry L. "A Comparison of the Qualifications of Department of the Army Negotiators and Industrial Negotiators." Fort Lee, Virginia, U.S. Army Logistics Management Center, Florida Institute of Technology, June 1979.
- Lipsky, Seth. "The U.S. and Global Negotiations." The Wall Street Journal. December 16, 1981, p. 26.
- Littlejohn, S., Theories in human communication. Columbus, Charles Merrill, 1978.
- Lockhart, Charles. Bargaining in international conflicts. New York, Columbia University Press, 1979.
- Lorsch, Jay W. "Making Behavioral Science More Useful." Harvard Business Review, March-April, 1979, pp. 171-79.
- _____ and John J. Morse. Organizations and their members: a contingency approach. New York, Harper & Row, 1974.
- Lusch, Robert F. "Sources of Power: Their Impact on Intrachannel Conflict." Journal of Marketing Research, November 1976, pp. 382-90.
- Main, Jeremy. "How to be a better negotiator." Fortune, September 19, 1983, pp. 141-46.
- Marsh, P.D.V. Contract Negotiation Handbook. Epping, Essex, Great Britain, Gower Press Limited, 1974.
- Marshall, Harvey A. and Robert J. Pratt, "An Analysis of Strategy and Tactics Employed in Contract Negotiations." Master's thesis, Wright-Patterson Air Force Base, Ohio, School of Systems and Logistics, Air Force Institute of Technology, August 1974.
- Martin, W. The Negotiated Order of the School. Canada, Macmillan of Canada, MacLean-Hunter Press, 1976.
- Massy, William F. "Model Building in Marketing: An Overview." Handbook of Marketing Research, Robert Ferber, ed. New York, McGraw-Hill Book Company, 1974.

- McConnell, Thomas J. and Margaret A. Martinez. "Development of Improved Criteria for Determining the Need for Pricing Staff Action." Wright-Patterson Air Force Base, Ohio, School of Systems and Logistics, Air Force Institute of Technology, September 1979.
- McFillen, James M. and Ross R. Reck. "The effects of contingent and noncontingent rewards on bargaining behavior and outcomes," Proceedings, Eleventh Annual Meeting American Institute for Decision Sciences, Nov. 19-21, 1979. p. 324.
- _____ and Ross R. Reck, and W.C. Benton. "An Experiment in Purchasing Negotiations." Journal of Purchasing and Materials Management, Summer 1983, pg. 2-8.
- McGinnies, Elliott. Social behavior: a functional analysis. Boston, Houghton Mifflin Co., 1970.
- Miller, Michael J. "Weapon System Source Selection: Is Four-Step the Answer?" Master's thesis, Wright-Patterson Air Force Base, Ohio, School of Systems and Logistics, Air Force Institute of Technology, December 1978.
- Mintzberg, Henry. "The manager's job: folklore and fact." Harvard Business Review. July-August 1975, pp. 49-61.
- _____. The structuring of organizations. Englewood Cliffs, Prentice-Hall, Inc., 1979.
- Monroe, Glenn E. Government contract Law manual. Charlottesville, VA, Michie Co., 1979.
- Moore, William F. "More Effective Cost-Incentive Contracts Through Risk Reduction." Defense Management Journal, v. 14, no. 4, July 1978. pp. 12-17.
- Mossberg, Walter S. and Gerald F. Seib. "Pentagon Budget Calls for 14.2% Increase In Spending for Fiscal 1984 to \$238.6 Billion." The Wall Street Journal, January 31, 1983, p. 3.
- Mullen, John D. "The Effects of Personality and Simulated Negotiation on Negotiation Effectiveness." Monterey, California, Naval Postgraduate School, December 1978.
- Muzio, David L. "Is There Compliance With Public Law 87-653?" Maxwell Air Force Base, Alabama, Air Command and Staff College, Air University, May 1975.
- Myers, John G., Stephen A. Greyser, and William F. Massy. "The Effectiveness of Marketing's 'R&D' for Marketing Management: An Assessment." Journal of Marketing, January 1979, pp. 17-29.

- Narver, J.C. and R. Savitt. The marketing economy. New York, Holt, Rinehart and Winston, 1971.
- Nash, J.F., Jr. "The Bargaining Problem." Econometrica, 1950, 18, pp. 155-62.
- Neuman, Frederick. "Current Trends in Financial Management." Government Accountants Journal, v. 27, no. 3, Fall 1978, pp. 5-9.
- _____. "How DCAA Uses Risk Analysis in Planning and Programming Audits." Internal Auditor, v. 36, no. 3, June 1979, pp. 32-39.
- Newcomb, J.M. The acquaintance process. New York, Holt, Rinehart & Winston, 1961.
- Newman, Paul E. "An Analysis of Appealed Air Force Contract Disputes." Wright-Patterson Air Force Base, Ohio, Air Force Business Research Management Center, November 1975.
- Nierenberg, Gerard I. Creative business negotiating. New York, Hawthorne Books Inc., 1971.
- _____. Fundamentals of negotiating, New York, Hawthorne Books, Inc., 1973.
- _____. The art of negotiating. Unabridged reprint. New York, Cornerstone Library, 1979.
- Nisbet, Paul H. "Defense or Offense? Politics Plays a Major Role in Contract-Letting." Barron's, v. 58, no. 40, October 2, 1978, pp. 9, 25-26.
- Novak, Theodore J. and Russell V. Whitley, "Identification of Personal Characteristics of Air Force Contract Negotiators." Master's thesis, Wright-Patterson Air Force Base, Ohio, School of Systems and Logistics, Air Force Institute of Technology, September 1976.
- Onsi, Mohamad. "Cost-Accounting Standards and Cost Estimation for Defense Contracts." Federal Accountant. v. 22, no. 1, March, 1973, pp. 30-40.
- Osgood, C.D. An alternative to war or surrender. Urbana, University of Illinois Press, 1962.
- Pace, Dean Francis. Negotiation and management of defense contracts. New York, Wiley-Interscience, 1970.
- Patchen, M. "Models of Cooperation and Conflict: a Critical Review." Journal of Conflict Resolution, 14, pp. 389-407.

- Patterson, Michael B. "Government -- Contractor Adversarial Relationships." Defense Management Journal, v. 13, no. 3, July 1977, pp. 57-62.
- Peterson, Richard B. "Book Reviews: The social psychology of bargaining, Ian E. Morley and Geoffrey M. Stephenson. London and Reading, Max., Allen and Unwin Ltd., 1977" Administrative Science Quarterly, Sept. 1978, pp. 506-07.
- Popper, Karl Raimund. The logic of scientific discovery. New York, Basic Books, 1939.
- Popper, Karl Raimund. Objective knowledge: an evolutionary approach. New York, Clarendon Press, 1979.
- Procurement Associates, Inc. Government prime contracts and subcontracts service, v. II, Covina, CA, Procurement Associates, Inc., 1973.
- _____. Negotiation of government contracts. Covina, CA, Procurement Associates, Inc., 1977.
- Pruitt, Dean G. Negotiation behavior. New York, Academic Press, 1981.
- Raiffa, Howard. The art and science of negotiating. Cambridge, MA., Harvard University Press, 1982.
- Ramond, Charles. The art of using science in marketing. New York, Harper & Row, 1974.
- Rapoport, A. "Strategic and non-strategic approaches to problems of security and peace." Strategic interaction and conflict, K. Archibald, ed. Berkeley, University of California, Institute of International Studies, 1966.
- _____. Conflict in man-made environment. Baltimore, Penguin, 1974.
- Reynolds, William H., "The Marketing Concept and the Aerospace Business," Journal of Marketing, v. 30, no. 2, April 1966, pp. 9-11.
- Rich, Andrea L. Interracial communication. New York, Harper & Row Publishers, Inc. 1974. Excerpted in The lawyer as a negotiator, Harry T. Edwards and James J. White, eds. St. Paul, MN., West Publishing Co., 1977, pp. 345-55.

- Rich, Michael D. Competition in the acquisition of major weapon systems: legislative perspectives. A report prepared for United States Air Force Project Rand R-2058-PR. Santa Monica, Rand, November 1976.
- Riddell, W. Craig. "Bargaining Under Uncertainty." American Economic Review, v. 71, no. 4, September 1981, pp. 579-90.
- Riemer, W.H. Handbook of government contract administration. Englewood Cliffs, N.J., Prentice-Hall, 1968.
- Riley, Dennis J. Riley on federal contracts and grants. Colorado Springs, Colorado, McGraw-Hill Shephards Publishing Company, 1983.
- Risen, James. "GM, Toyota Wrap Up Deal On Joint Car." Detroit Free Press, February 15, 1983, p. 1.
- Robbins, Stephen P. Managing organizational conflict -- a nontraditional approach. Englewood Cliffs, N.J., Prentice-Hall, 1974.
- Robertson, Jack. Selling to the federal government: a guide for business. New York, McGraw-Hill Book Company, 1979.
- _____. "Hughes Exec Chides DOD on Payments." Electronic News, February 16, 1981, pg. 73.
- _____. "Government Closeup." Electronic News, 8-24-81, p. 12.
- _____. "Government Closeup: Et Tu, Autodin-2?" Electronic News, April 12, 1982, p. 14.
- _____. "Government Closeup: The Ins and Outs of NTT, DOD Buying." Electronic News, 6-20-83, p. 13.
- _____. "DOD Procurement Code To Be FAR Supplement." Electronic News, 10-17-83, p. 44.
- _____. "1983 DOD Budget Seen Topping \$245B." Electronic News, 1-11-82, p. 11.
- _____. "Delays Testing ATE Bidders." Electronic News, 6-7-82, p. 12.
- Roering, K.J., E.A. Slusher, and R.D. Schooler. "Commitment to Future Interaction in Marketing Transactions." Journal of Applied Psychology, v. 60, 1975, pp. 386-88.
- Roethlisberger, F.J. The elusive phenomena. Cambridge, Harvard University Press, 1977.

- Roetter, Charles. The diplomatic art. Philadelphia, Macrea Smith Company, 1963.
- Roloff, Michael E. and Gerald R. Miller, eds., Persuasion: new directions in theory and research. Beverly Hills, Sage Publications, Inc., 1980.
- Ross, H. Laurence. Settle out of court. Chicago, Aldine Publishing Co., 1970. Excerpted in The lawyer as a negotiator. Harry T. Edwards and James J. White, eds. St. Paul, MN. West Publishing Co., 1977, pp. 180-201.
- Rubin, Jeffrey Z. and Bert R. Brown. The social psychology of bargaining and negotiation. New York, Academic Press, 1975. p. 359.
- Rule, Gordon Wade. The art of negotiating. 1962. (Copy on file at Federal Acquisition Institute, Executive Office of the President, Washington, D.C.)
- Runkle, Jack R. "An Assessment of Behavioral Influences on Defense Business Profitability." Maxwell Air Force Base, Alabama, Leadership and Management Development Center, June 1980.
- Santamaria, Major John, Jr., USAF. "Negotiation for Base Level Procurement--Exception or Rule?" Maxwell Air Force Base, Alabama, Air Command and Staff College, Air University, May 1974.
- Scheff, T. "Negotiating Reality: Notes on Power in the Assessment of Responsibility." Social Problems, 1968, 16, p. 3-17.
- Schelling, Thomas C. The strategy of conflict. Cambridge, MA., Harvard University Press, 1960.
- _____. The strategy of conflict. New York, Oxford University Press, 1963.
- Schumer, Fern. "So, where does all the money go?" Forbes, January 21, 1980, pp. 33-34.
- Seib, Gerald F. and Roy J. Harris, Jr. "Defensive Tactics: In Military Buildup, Big Contractors Face Supplier Bottlenecks." Wall Street Journal, 8-21-81, p. 1.
- Sheldon, Alan. "Friendly Models." Science, Medicine, and Man, v. 1. April, 1973, pp. 49-54.
- Sherman, Stanley N. Procurement management. Gaithersburg, MD, Wordcrafters Publication, 1981.

Siegel, S. and L.E. Fouraker. Bargaining and Group Decision Making. New York, McGraw-Hill, 1960.

Simon, Herbert A. Administrative behavior. Second edition. New York, The Free Press, 1957.

_____. Administrative behavior: a study of decision-making processes in administrative organization. Third edition. New York, The Free Press, 1976.

Smith, David Harold. "An Experimental Study of Communication Restriction and Knowledge of the Opponent's Minimum Disposition as Variables." Unpublished Ph.D. dissertation. Ohio State University, 1966.

Smith, Herbert. "Comptroller's Role in Labor Contract Negotiations." Maxwell Air Force Base, Alabama, Leadership and Management Development Center, April 1979.

Spekman, Robert E. "An Alternative Framework for Examining the Industrial Buying Process." Organizational buying behavior. Thomas V. Bonoma and Gerald Zaltman, eds. Chicago, American Marketing Association, 1978.

_____ and Louis W. Stern. "Environmental Uncertainty and Buying Group Structure: an Empirical Investigation." Journal of Marketing, v. 43, Spring 1979. pp. 54-64.

Staudt, Thomas A., Donald A. Taylor and Donald J. Bowersox. A managerial introduction to marketing. Englewood Cliffs, N.J., Prentice-Hall, Inc., 1976.

Stevens, Carl M. Strategy and collective bargaining negotiation. New York, McGraw-Hill Book Company, 1963.

Stotland, Jack A. Planning Acquisitions and Mergers." Long-Range Planning, v. 9, no. 1, February 1976, pp. 66-71.

Strauss, Anselm. Negotiations: varieties, contexts, processes, and social order. San Francisco, Jossey-Bass Publishers, 1978.

Sultemeier, George S. and Dennis D. Underwood. "Contract Disputes: An Analysis of Key Issues." Wright-Patterson Air Force Base, Ohio, School of Systems and Logistics, Air Force Institute of Technology, June 1979.

Susman, Gerald I. and Roger D. Evered. "An Assessment of the Scientific Merits of Action Research." Administrative Science Quarterly, v. 23, December 1978, pp. 582-603.

Swingle, Paul G. The management of power. New York, John Wiley & Sons, 1976.

Tedeschi, James T. Impression management theory and social psychological research. New York, Academic Press, 1981.

_____, R.B. Smith III, and R.C. Brown, Jr. "A Reinterpretation of Research on Aggression." Psychological Bulletin, v. 81, 1974, pp. 540-63.

_____ and S. Lindskold. Social psychology: interdependence, interaction and influence. New York, John Wiley, 1976.

_____ and Paul Rosenfeld, "Communication in Bargaining and Negotiation." Persuasion: new directions in theory and research. Michael E. Roloff and Gerald R. Miller, eds. Beverly Hills, Sage Publications, Inc., 1980.

Tracey, B.H. "Bargaining models and base negotiations." Ph.D. dissertation, Johns Hopkins University, 1975.

United States Armed Services Procurement Manual. No. 1. Washington, D.C., Government Printing Office, October 29, 1965.

United States Department of Commerce. Survey of Current Business. Washington, D.C. Bureau of Economic Analysis of the U.S. Department of Commerce. v. 63, no. 7, July 1983.

United States Department of Defense. Department of Defense Procurement Training Manual. Washington, D.C., Superintendent of Documents, 1968.

_____. Prime Contract Awards, Size Distribution: Fiscal Year 1980. Washington, D.C., Department of Defense, Washington Headquarters Services, (Fiche). April 1981.

_____. Department of Defense Prime Contract Awards FY81. Arlington, VA, The Pentagon, March 1982.

_____. Department of Defense Prime Contract Awards FY82. Arlington, VA, The Pentagon, 1983.

U.S. General Accounting Office, "Improvements Still Needed in Negotiating Prices of Noncompetitive Contracts Over \$100,000. Department of Defense." Washington, D.C., U.S. General Accounting Office, August 1974.

_____. "Defense's Accounting for Its Contracts Has Too Many Errors - Standardized Accounting Procedures Are Needed." Washington, D.C., U.S. General Accounting Office, January 1980.

- _____. U.S. General Accounting Office, "Pricing of Noncompetitive Contracts Subject to the Truth-in-Negotiations Act." Washington, D.C., U.S. General Accounting Office, April 1977.
- "U.S. Law of the Sea Negotiators Are Told to Extend Talks Beyond Current Session." The Wall Street Journal, April 10, 1981, p. 6.
- Van Horn, Richard L. "Don't Expect Too Much From Your Computer System." The Wall Street Journal, October 25, 1982, p. 24.
- von Neumann, J. and O. Morgenstern. Theory of Games and Economic Behavior. Princeton, N.J., Princeton University Press, 1944.
- Wagner, R. Harrison. "On the Unification of Two-Person Bargaining Theory." Journal of Conflict Resolution, v. 23, no. 1, March 1979. pp. 71-98.
- Waldman, Henry W. and John K. Rutledge. "An Analysis of the Control and Importance of Strategy Factors in Planning For Negotiation of Procurement Contracts." Master's thesis, Wright-Patterson Air Force Base, Ohio, School of Systems and Logistics, Air Force Institute of Technology, August 1975.
- Walton, Richard E. and Robert B. McKersie. A behavioral theory of labor negotiations: an analysis of a social interaction system. New York, McGraw-Hill Book Company, 1965.
- Waltz, David L. "Artificial Intelligence." Scientific American, v. 247, no. 4, October 1982, pp. 118-33.
- Webster, Frederick E. Jr. Industrial marketing strategy. New York, John Wiley and Sons, 1979.
- "What's News," The Wall Street Journal, June 10, 1982, p. 1.
- Wilemon, David L. "Power Negotiation Strategies in Marketing Channels." The Southern Journal of Business, 7, February 1972, p. 71-72.
- Wilson, David. "From the Editor." Journal of Marketing, Winter 1983, pp. 9-10.
- Winham, Gilbert R. and H. Eugene Bovis. "Distribution of Benefits in Negotiation." Journal of Conflict Resolution, v. 23, no. 3, Sept., 1979. pp. 408-24.
- Young, Oran R., ed. Bargaining. Urbana, University of Illinois Press, 1975a.

- _____. "The Analysis of Bargaining: Problems and Prospects." Formal theories of negotiation. Oran R. Young, ed. Urbana, IL., University of Illinois Press, 1975b.
- _____. Bargaining: formal theories of negotiation. Urbana, IL., University of Illinois Press, 1975c.
- Zartman, I. William. "The Political Analysis of Negotiations," World politics, v. 26, no. 3, April 1974, pp. 385-99.
- _____. The politics of trade negotiations between Africa and the European community: the weak confront the strong. Princeton, Princeton University Press, 1971.
- _____. "Negotiation as a Joint Decision-making Process." Journal of Conflict Resolution. v. 21, no. 4, December, 1977, pp. 619-38.
- _____, ed. The negotiation process: theories and applications. Beverly Hills, CA, Sage Publications, 1978.
- _____. and Maureen R. Berman. The practical negotiator. New Haven, Yale University Press, 1982.
- Zolt, Eric M. and Jeffrey I. Berkowitz. "An Economic Perspective on the Law of Excessive Profits Recovery." University of Chicago Law Review, v. 45. no. 4, Summer 1978, pp. 882-905.