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The effect of negotiator creativity on negotiation outcomes

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Creative bonus

Creativity plus skills equals results

Creative thinking can boost the ability of negotiators to secure the most favourable outcomes when bargaining – but companies need to provide the right mood music to bring out the best in them

“A strong tendency among negotiators to fixate on gaining a competitive advantage all too often leads them to sideline the potential for creative thinking.”

Creativity may give negotiators a winning edge when linked to their specific skills, new research suggests.

A pioneering study by the Flanders DC Knowledge Centre at Vlerick Business School into the elusive contribution made by creativity in the negotiating process found that being creative, in itself, does not guarantee better economic results.

But the findings of this study indicate that the role played by creativity in negotiations is more complex than previously thought.

It may be interacting with the distinct skills needed for successful results – problem-solving, rational thinking and emotional intelligence – in order to maximize those gains.

“The Effect of Negotiator Creativity on Negotiation Outcomes” is one of the first studies to explore the potential effect of creativity on the outcomes of negotiation – which experts concur is linked to creative thinking – and establishes an important trajectory for future scholarship.

Researchers Ann-Sophie de Pauw, David Venter, Veronique Warmoes (Vlerick Business School) and Kobus Neethling (South African Creativity Foundation) suggest that negotiation situations could be designed to help those taking part tap into their creative side, and put forward a valuable set of guidelines to help people negotiate more effectively.

NEGOTIATION: focus on outcomes

Negotiation is a key business skill on which modern management and leadership are increasingly based, perceived as a popular and constructive way to do business as well as essential for dispute resolution and resolving personal conflict.

It is widely assumed that the personal characteristics of negotiators are relevant to bargaining processes and outcomes, and research confirms that much of the variation in negotiation performance can be attributed to individual differences.

Since the essence of negotiation involves the ability to move beyond existing ideas and create alternatives, it must relate inherently to creative thinking.

Yet a strong tendency among negotiators to fixate on gaining a competitive advantage all too often leads them to sideline the potential for creative thinking.

Even negotiators who seek win-win outcomes may fail to appreciate that an approach that incorporates creativity requires the parties to work together and explore possibilities co-operatively before selecting a way forward likely to deliver a mutually beneficial agreement.

Negotiation involves an exchange of tangible goods and services and it has been examined mainly in terms of economic outcomes, but it also has a psychological imprint on the individuals involved.

Economic outcomes are the products of the negotiation – such as whether an agreement has been reached, how much joint benefit has been created and how resources are divided or claimed by the individual parties.

But psychological outcomes are subjective and include the social and emotional consequences of a negotiation for those who participate. These indicate to what degree a negotiator is satisfied with the relational aspect of the negotiation and his or her inclination to maintain this relationship in future collaboration.

Successful negotiations build on outcomes that are both economic and relational.

CREATIVITY: potential contribution

The pioneering thinker Paul Torrance developed tests for creativity, which he defined in terms of problem-solving and described “creative thinking” as a process of sensing difficulties, problems, gaps in information and missing elements; making guesses or formulating hypotheses about these; testing and retesting them; and communicating the results.

This means creativity has many dimensions that include:

- **fluency:** the number of different ideas an individual can generate;
- **flexibility:** the number of different categories of ideas these fall into;
- **originality:** how unusual each idea is;
- **elaboration:** how many pertinent details can be added.

Most creativity research concerns the nature of creative thinking, the individual traits of the creative person, the development of creativity throughout their life, and the social environments most strongly associated with creative activity.

But the potential impact of creativity upon negotiation or its outcomes has not been investigated, although research has found that a creative person is able to keep his or her mind open long enough to make mental leaps, whereas less creative people leap to conclusions.

Since successful bargaining is inherently linked to the ability of negotiators to create alternatives, the Vlerick researchers predicted that negotiation outcomes will significantly relate to the negotiators’ creativity.

To examine how creativity affects outcomes, it is essential to define the context in which bargaining takes place because the characteristics of certain situations can influence how individual negotiators express their creativity and so affect the result.

Negotiations are either integrative – those that expand the value of the agreement, which increases its efficiency for all parties – or distributive, those that determine who gets what.

It is only by departing from the distributive type of negotiation that bargainers are able to deliver more creative solutions that not only meet the interests of both parties but increase the overall value of the final settlement.

As creativity is most likely to occur in situations with an integrative potential, the researchers tested whether negotiators with higher levels of creativity will achieve better economic or relational outcomes in such a context.

SIMULATION: research and results

The researchers collected data from a random sample of management and part-time MBA students whose individual creativity was measured using the Torrance Figural Test of Creative Thinking.

The participants then took part in a simulated negotiation involving a contract between a school (buyer) and a computer software consultant (seller).

The outcomes were measured using questionnaires and, in the case of relational outcomes, a Likert scale of options to capture the participant’s subjective assessment of the relationship among the negotiators.

The results indicated that negotiators’ creativity had no positive effect on economic outcomes (although it did suggest a positive trend suggesting the need for further research) or on relational outcomes.

However, the results showed that the creativity of both negotiators had a significant negative effect on the relational outcome for the buyer: the seller’s creativity fuels variation in relational outcome significantly more than the buyer’s creativity.

This supports past findings that the outcomes of negotiations tend to be affected more by the individual characteristics of the person in the role with greater power – in this case the seller.

The results of this study demonstrate that, while the effects of individual creativity on negotiation outcomes are difficult to capture, the lack of a significant effect of creativity on economic outcomes coexists with a negative effect on relational outcomes.

It suggests that being creative, in itself, does not guarantee better economic results – but creativity may help negotiators maximize gains when it interacts with the specific skills they need for successful bargaining.

It is possible that the negotiating skills one needs to maximize economic gains – such as problem-solving skills and rational thinking – differ from the skills needed to maximize relational gains, like emotional intelligence or empathy.

In turn, the results suggest situational variables such as a negotiator’s motivation or exposure to diverse information may moderate the effect of creativity on performance – and so manipulating those situations may enhance creative thinking.

But providing the conditions for creativity manifestation is not enough and the results confirm that individuals differ significantly in the degree to which they think creatively.

This may mean, in turn, that training can be used to develop creativity when specifically related to the context of negotiations in order to enhance problem-solving or other skills.

TIPS: negotiation guide

Based on the insights gained, the researchers devised a practical guide to help negotiators manipulate the context in which bargaining takes place in order to maximize its creative potential:

Situation is paramount: being a creative person does not guarantee that you will behave creatively at any given moment, and as context is key to unleashing creativity negotiators need to eliminate negative influences by, for example, avoiding time pressure, negotiating in rooms with enough space, minimizing noise and avoiding interruptions.

Mind the power gap: there can be a difference in the power of each negotiator, so try to avoid this overshadowing the relationship because it may prevent creativity from boosting outcomes. If you are in a position of power vis-à-vis the other negotiator and display creativity, you may be seen as manipulative, paying no attention to the other person, or even overwhelming – provoking a defensive reaction. Remember, power is not a winning factor and relinquishing it helps you to think long term about the relationship.

Create common ground: a stimulating context for negotiation will help participants tap into their creative side. As the most important objective is to find “common ground”, relationships are crucial and so it is essential to foster conditions that allow you to share power and nurture collaboration. Establish credibility and build trust by being polite, recognizing the other participant as equal and understanding where they are coming from, and build the relationship by letting them talk and put their point of view.

Presentation: watch how you present your ideas, and instead of making rigid statements ask questions seeking potential solutions in the search for common ground. Listen to your counterpart, and display empathy to foster their trust. This gives the other participant a sense of ownership in a solution and increases their sense of value.

Reference:

The Effect of Negotiator Creativity on Negotiation Outcomes, by Ann-Sophie de Pauw, David Venter, Veronique Warmoes and Kobus Neethling (Flanders DC Knowledge Centre at Vlerick Business School).