



INFLUENCES OF SIMILARITIES AND DISSIMILARITIES OF BARGAINING STRATEGIES: A SAUDI ARABIAN AND JORDANIAN COMPARISON

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ABSTRACT

The Purpose of this paper is to investigate the influence of similarities and dissimilarities of negotiators characteristics on bargaining strategies. The questionnaires were distributed in Saudi Arabian Eastern Region Province and in the city of Amman, Jordan. They were distributed by mail, hard copies and the internet. A link was initiated so that respondents could access it. The data was collected and analyzed using SPSS and necessary statistical models. Statistical tests like means, ANOVA, t-tests, etc were applied. The authors showed the differences in both cultures and business outcomes and discussed their relevance when designing the bargaining strategies. The paper provides literature review for further research. The paper also proposes innovations, interpretation and application of a wide range of theoretical approaches and business methodologies.

Key Words: Negotiation strategies, Bargaining power and Cultural differences.

INTRODUCTION

Marketing theorist Alderson Wore (1957) referred to negotiation as the crowning process of business effort. Given its central role and pragmatic importance in the exchange process, it should come as no surprise that over the years a significant stream of research has focused on the negotiation process. Face-to-face, buyer-seller negotiation is perhaps the most fundamental marketing process. Prior to the television advertising, direct marketing, supermarkets, shopping malls, electronic funds transfers, and credit cards, face-to face, buyer-seller negotiations were popular. Indeed, even before the concept of monetary exchange, face-to-face exchanges of goods and services was the mean for commercial negotiations in which it was hard to determine who the buyer was and who was the seller. In other words this research focused on the actual negotiation interaction happens at the table. The survey attempts to make comparison of buyer's negotiation

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behavior of Saudis and Jordanians. A thorough look was given on aspects which seemed important for one group and not for the other. Varied factors were looked at in influencing buying negotiations or bargaining especially the from cultural view point. The primary purpose of the study was to determine the importance of buyer seller negotiation and its impact on commercial exchange. The main objective of this study is to focus on the influence of similarities and dissimilarities of negotiators (a characteristic of the bargainers) on bargaining strategies (a process measure) and the negotiation in general. Another objective is to study the role of the negotiator (buyer or seller) plus some other factors affecting negotiations. The study also presents the comparative results of both the countries.

LITERATURE REVIEW

Increasingly, buyer-seller negotiations have become the subject of marketing studies (e.g., Clopton 1984; Dwyer and Walker 1981). Some associated theories have considered differences in negotiation behaviors across cultures (Graham 1983). In these theories, researchers have emphasized buyer-supplier relationships that are affected by contractual negotiations between the respective parties. The World Trade Organization is one such forum for multilateral negotiations. Indeed negotiation can be seen as a route to the construction of society as well as symbolizing society itself. At the micro-level, individuals communicate, discuss, arbitrate, and negotiate (Ramamurti, 2001). Pail and Tung (1999) describe negotiation as a special communication task that takes place in order to reach agreement about how to handle both common and conflicting interests between two or more parties. To be successful, negotiation must be based on honest and straightforward communication (Thull, 2007).

Negotiation is viewed both as an art and a science (Bazerman, 1997; Raiffa, 1982). A mutual definition of a situation can serve as a rationale for a buyer and supplier to modify their positions, and eventually to accept an agreement that maximizes joint benefit rather than one party's individual benefit (Lewicki and Litterer, 1985). Working with a collaborative buyer is a very different task than dealing with a trade partner who can be expected to be exploitive. The successful negotiator nevertheless understands that he has to make some concessions to his opponent in order to receive concessions in return (Carnevale and Pruitt, 1992). Each party in the negotiation must weigh various issues as to their importance, and decide where to hold fast and where to accommodate (Froman and Cohen, 1970). Is price more important than maintaining a friendly relationship? Is it more important to make a quick deal or to tie up resources longer in hopes of a better bargain? Most negotiators' main focus is, and should be, the goal of what they want to get out of the negotiation. When thinking about a goal, individuals often activate thoughts of how others would feel regarding their attainment of that goal. This "psychological presence of 'inner audiences' may affect [one's] social actions, judgments, and experiences" (Shah, 2003). Pursuing a goal in a negotiation may activate both one's thoughts of physically absent others and of their physically present counterpart in the negotiation. Negotiations over prices often involve either

the seller persuading the buyer that the product or service involved is valuable and/or the buyer persuading the seller that the product or service can be obtained elsewhere for a better price. Lee and Aaker (2004) have demonstrated that regulatory focus affects how an individual perceives a message. Research on negotiations has demonstrated that the way in which the negotiation is framed might affect the regulatory fit of negotiators taking the role of buyer and seller.

A negotiation in which price is the focus places the buyer in a situation where he may spend money, while placing the seller in a situation where he may gain money. In such a negotiation, the buyer's role fits with prevention while the seller's role fits with promotion (Appelt et al. 2007). (Lothar Katz; 2006) said that several aspects require careful study when comparing negotiation in different cultures. These cultural aspects include negotiation objectives, long term or short term perspective, the importance of relationship etc.

The same is found with Korean and Japanese cultures (Graham, Dong Ki Kim and Chi-Yuan Lin, 1988). Chinese approach appears to be quite different from the approaches of the Korean and Japanese as well as the Americans. Problem-solving bargaining strategies had a negative effect on the Chinese group's profits. The Chinese negotiators are better in the sense that they use competitive strategies for better results between buyer-seller negotiations. Furthermore, for all cultural groups, interpersonal attractiveness had strong influence on negotiation outcomes. In this study the focus is on the influence of the similarities and dissimilarities of negotiators on bargaining strategies and negotiation. Another objective is to study the role of the negotiator (buyer or seller) plus factors that affect negotiations, and the comparative results in both countries.

METHODOLOGICAL FRAMEWORK

A number of 150 questionnaires were distributed in Saudi Arabian Eastern Region Province and similar number in the city of Amman in Jordan. They were distributed by mail, hard copies and through the internet. A link was also initiated so respondents could make easy access to fill in. A total number of 101 were considered usable for each of the areas.

The questionnaire had 29 questions in total. Most of the questions used Likert Scale for tabulating the data since questions focused more on quality than the quantity. The response rate percentage was 63.33%. The data collected was analyzed using SPSS using the necessary statistical models. Statistical tests like means, ANOVA, t- test, etc were applied. The margin of sampling error for the survey was plus or minus 2 percentage points for total respondents. Note that sampling error was only one of many potential sources of error in this or any other public opinion poll. The results are shown in next section.

EMPIRICAL RESULTS

Demographics

Both male and female responses were considered in the study. It was a bit difficult to get access to females because of old age traditions, but the researchers could manage to collect 8 % of the sample from females. 19% of our respondents were Saudi nationals and the rest 81 % were non-Saudis. Most of our participants were 26 to 30 years and 15% from 31 to 35 years. Finally 88% of the participants were employed, 5% were unemployed, 4 % students and the rest retired individuals.

Frequency Analysis

The first thing we discuss in this section is the percentage of respondents who negotiate when buying a product. From general view point, 90 % of the survey respondents, Saudis and Jordanian, were found to be negotiating when buying the products. Table-1 indicates that 90 % Jordanians and 89 % Saudis agree that they are involved in negotiations when buying a product.

Table-1. Frequency Analysis: Do You Negotiate?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	YES	91	90.1	90.1	90.1
	NO	10	9.9	9.9	100.0
	Total	101	100.0	100.0	

Table-2. Cross Tab: Do You Negotiate: A Nationality Comparison

Do you negotiate in terms of price when you buy a product? * What is your nationality? Cross tabulation				
		What is your nationality?		Total
		Saudi	Jordanian	
Do you negotiate in terms of price when you buy a product?	YES	17	74	91
	NO	2	8	10
Total		19	82	101

Table-2 shows the running cross tabulation between negotiation and gender, it was found that male tend to negotiate more than female with a percentage of 92 % (86/93) compared with 62 % (5/8) female. This might indicate that Saudi and Jordanian females are relatively shy when it comes to negotiation or they are oblivious about money decision. They might consider negotiation as a male job and not a females' one.

Table-3. Cross Tab: Do You Negotiate: A Gender Comparison

Do you negotiate in terms of price when you buy a product? Cross tabulation				
		Please specify your Gender:		Total
		Male	Female	
Do you negotiate in terms of price when you buy a product?	YES	86	5	91
	NO	7	3	10
Total		93	8	101

It is clear from Table-3 that respondents from both nationalities agree that occupation plays a role if price negotiations are applied or not. Although a high percentage of employed respondents (91%) agree that they negotiate when pricing a product. Some 100% students and retirees agree also with the same. This means that these segments are still not secured still with money and they try to save their expenses by different ways, one of them is price negotiations.

Table-4. Cross Tab: Do you Negotiate? An Occupational Comparison

Do you negotiate in terms of price when you buy a product? * What is your occupation?						
Cross tabulation						
Count						
		What is your occupation?				Total
		Student	Employed	Retired	Unemployed	
Do you negotiate in terms of price when you buy a product?	YES	4	81	3	3	91
	NO	0	8	0	2	10
Total		4	9	3	5	101

Table-5. Cross Tab: Economic Issues: Nationality Comparison

Ordinarily, I concern myself only with economic issues in a negotiation * What is your nationality?				
Cross tabulation				
		What is your nationality?		Total
		Saudi	Jordanian	
Ordinarily, I concern myself only with economic issues in a negotiation	YES	8	29	37
	NO	11	53	64
Total		19	82	101

Following Table-3 and 4, at the same time, less than the half of respondents of both nationalities consider economic issues in price negotiations (42% Saudis, 35 % Jordanians). At the same time, respondents believe that negotiation should constantly be applied. This gives an indication that respondents consider the process more as evaluating products rather than just dropping numbers. It is a trust of the market offerings and a relationship of cooperation. The t- test shows the significance of this point as given in Table-6.

Table-6. T Test: Do You Believe That You Should Constantly Negotiate With Sellers?

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
Do you believe that you should constantly negotiate with sellers, even for mild cases/good prices?	101	3.18	1.438	.143

One-Sample Test

	Test Value = 2					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Interval Difference	Confidence of the
					Lower	Upper
Do you believe that you should constantly negotiate with sellers, even for mild cases/good prices?	8.234	100	.000	1.178	.89	1.46

Analysis Of Variance**A) Reasons for Price Negotiations**

The parameters measured the continuous variables on Likert scale. ANOVA Analysis was applied between several continuous variables and price negotiation. It is shown that a significant relationship (0.036) exists between reason for not being a price negotiator contented and existing mode of buying (Items fixed prices). That means that people will not negotiate in terms of price when they see that products are fixed priced, and when shops offer products in fixed prices. So it is one of the barriers of price negotiations and bargaining. Lack of negotiation skill plays significant role in price negotiation with a significance of 0.038. Respondents might seem shy or lacked the skill when negotiating price as buyers. From one angle, respondents appear to have limited skill with a significance of 0.005 as analysis shows in Table-7.

Another, they seem lacking the security (seller charging higher prices). This indicates that there is a trust from buyer side in Jordanian as well as in Saudi markets. This is strengthened through another variable (cooperation of seller parameter) where this shows a comfortable side; buyer and sellers are cooperating if negotiation is being applied. Also high income does not stop people from price negotiation. The results show that either high or low income segments negotiate in price negotiation (see Table-7).

B) Bargaining Strategy

From another ANOVA test, it was found that respondents who negotiate are exploitative in terms of their bargaining strategy. This is shown in the significant relationship between price negotiation and this bargaining strategy when tested by ANOVA. Buyers tend to expect sellers to satisfy them in price negotiation, and they live with the fact that “buyers or customers are always right”.

Table-7. ANOVA Test: Reasons For Price Negotiations

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Lack of security (seller is charging high prices)	Between Groups	1.100	1	1.100	.534	.467
	Within Groups	204.127	99	2.062		

	Total	205.228	100			
High income	Between Groups	.042	1	.042	.025	.874
	Within Groups	164.018	99	1.657		
	Total	164.059	100			
Items fixed prices	Between Groups	4.682	1	4.682	4.541	.036
	Within Groups	102.070	99	1.031		
	Total	106.752	100			
Negotiation is really useless	Between Groups	15.356	1	15.356	8.071	.005
	Within Groups	188.347	99	1.902		
	Total	203.703	100			
<i>Personality aspects (being shy, respect)</i>	Between Groups	16.783	1	16.783	9.883	.002
	Within Groups	168.127	99	1.698		
	Total	184.911	100			
Lack of negotiation skills	Between Groups	8.970	1	8.970	4.439	.038
	Within Groups	200.040	99	2.021		
	Total	209.010	100			
Lack of time for negotiation	Between Groups	.052	1	.052	.033	.857
	Within Groups	156.087	99	1.577		
	Total	156.139	100			
No seller cooperation	Between Groups	.232	1	.232	.200	.656
	Within Groups	114.818	99	1.160		
	Total	115.050	100			
Awareness of market different prices	Between Groups	.107	1	.107	.108	.743
	Within Groups	97.933	99	.989		
	Total	98.040	100			

Nationality wise, it was found that both Saudis and Jordanians are more into being exploitative in bargaining rather than accommodating. This means that Jordanians are bit higher in this respect. That indicates toughness in Jordanian culture.

Studying the reasons behind the seller denial of price negotiations, it was found that 51.5 % watch the policy of fixed prices as a major barrier. Another almost 20 % were found sellers would respond that his price offer is the best in the market, which makes price negotiation by the buyer dies down. Also another 13 % see that seller don't have the authority of price negotiation which means fixing the price (see Table-8).

Table-1. ANOVA test: Bargaining strategy

ANOVA			Sum of Squares	Df	Mean Square	F	Sig.
Exploitative vs. Accommodating	Between Groups		7.636	1	7.636	9.340	.003
	Within Groups		76.853	94	.818		
	Total		84.490	95			
Honesty vs. Deceptive	Between Groups		.302	1	.302	.293	.589
	Within Groups		96.937	94	1.031		
	Total		97.240	95			
Informative vs.	Between Groups		.000	1	.000	.000	.995

Persuasive		Within Groups	98.240	94	1.045		
		Total	98.240	95			
Cooperative vs. competitive		Between Groups	.586	1	.586	.490	.485
		Within Groups	112.372	94	1.195		
		Total	112.958	95			

C) Buyer-Seller relationship

The results show that buyers mostly expect high level of cooperation from sellers in terms of negotiation. Responses show that seller must listen more than he/she talks so as to pay attention to the buyer (see Table-9 and 10).

Table-9. Frequency: Seller Must Talk Much Than He / She Listens

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No he should not do	84	83.2	83.2	83.2
	Yes he should do	17	16.8	16.8	100.0
	Total	101	100.0	100.0	

Table-10. Frequency: Seller Don't Pay Attention

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No he should not do	93	92.1	92.1	92.1
	Yes he should do	8	7.9	7.9	100.0
	Total	101	100.0	100.0	

The results show that buyers expect sellers to remain within the market boundaries, and not to exceed into building personal relationships. It is clearly shown through the negative responses that seller must work hard to establish good relationship with buyers (62.4 % responded by "No he should not do).

Table-11. Frequency: Seller Must Work Hard To Establish Good Relationships

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No he should not do	63	62.4	62.4	62.4
	Yes he should do	38	37.6	37.6	100.0
	Total	101	100.0	100.0	

Finally, Saudis and Jordanians usually get satisfied by agreement when reached among them. It is either because they negotiate the price, or they feel that seller is cooperating and the market price is fair (see Table-11).

CONCLUSIONS

Results of this study suggest that generalizations about negotiation styles of different nationalities, even those in the same region, are fraught with risks. Differences were found between Saudi and Jordanian cultures. The research indicates that 90 % of the survey respondents, Saudis and Jordanians, were found to be negotiating when buying a product. Some 90 % Jordanians and 89 % Saudis agree that they involve negotiations in their buying process. Males tend to negotiate more than female with a percentage of 92 % compared with 62 % females. This indicates that Saudi and Jordanian females are reluctant when it comes to negotiation or they are less concerned about money decisions as compared to males. The results indicate that occupation plays a role in price negotiation, where 100% students and retirees agree with negotiation in buying process. This gives indication that less than half of respondents of both nationalities consider economic issues in price negotiations (42% Saudis, 35 % Jordanians). At the same time, respondents believe that negotiation should constantly be applied. It was found that 51.5 % of respondents consider existing modes of buying (Items fixed prices) one of the major barriers of price negotiation and bargaining. Another almost 20 % perceive that seller should respond claiming that his price offer is the best in the market, which makes price negotiation by the buyer to go down. Also another 13 % see that seller don't have the authority to negotiate price which can be seen from another angle of fixing the price. Saudis consider fixed price a negotiation barrier more seriously than Jordanians (68% and 47.5 % respectively). This may give an indication that the Saudi market favors more having fixed price than the Jordanians. Most respondents don't see lack of security (seller is charging high prices) is a significant reason to negotiate in terms of pricing. This shows that there exists trust from buyer side in both Jordanians and Saudi markets.

It is concluded that the two cultures are considered between competitive-cooperative negotiators style, where they focus their energy on getting better side of the deal and often strive to get the most favorable terms for themselves without being overly concerned about other's outcome. This finding is the same mentioned by Lothar Katz (2005) in his study. At the same time, they are not Competitive-Adversarial Negotiators, which means a good deal requires using all kind of pressure and aggression tactics, such as anger, warnings, threats, or walkouts.

The results show that buyers are mostly expecting high level of cooperation from sellers in terms of negotiation. So Saudis and Jordanians are similar to American, Japanese and Korean where buyers achieve higher profit than sellers. In these countries sellers usually try to satisfy buyers. Finally, although responses show that seller must listen more than he/she talks and pay attention to the

buyer. However, but, results also reveal that buyers expect sellers to remain within the market boundaries and not to exceed their limits when building personal relationship.

LIMITATIONS

Many factors restricted the research mainly because of the culture in both the countries. A sample of 101 does not authenticate the validity of a research very well. Larger samples would certainly allow for more authenticity and validity to discuss the structural, causal relationships. The survey questionnaires were distributed in the Eastern Region Province in Saudi Arabia due to time constraint and money expense. This study however, could be extended to other regions of Saudi Arabia. For Jordanian feedback, mix of different cities would have been more helpful. The study also had less Saudi respondents compared to Jordanian. Data was collected using survey questionnaire and the analysis was made through quantitative treatment. Although qualitative analysis could prove to be useful the interviews might be conducted to explain the phenomena. Also, the use of observation method to measure negotiation process variables is a crucial next step which was not applied here. Then the self-report and judgment measures (i.e., from questionnaires) can be validated against more objective and precise measures of interaction processes. The males and female respondents of both countries are not participated fully well in this study. There is a difference in gender wise of both the countries and their strategies in this field also differ

FURTHER RESEARCH

A study can be conducted of specific or different products and the negotiation pattern in them. Further studies can show negotiations and how they differ for product wise (for example, cars price negotiations may differ in the strategy and in the intensity than clothes price negotiations). And as mentioned earlier, the study may include all regions of both countries i.e. Eastern Region Province in Saudi Arabia and all cities in Jordan. This study can be extended further in all regions of Middle East. A significant body of research has focused on the negotiation process, especially how skilled negotiators gain an advantage in the marketplace. However, the preoccupation with negotiation table exchanges has been at the expense of understanding what negotiators do prior to arriving at the negotiation table, which often determines what options they have while actively conversing. Defining the activities that negotiators often conduct in preparation of the negotiation encounter may be tackled in further studies. Individual may look at the negotiation as an opportunity to achieve best results possible (promotion focus) or as an opportunity to avoid being taken advantage of (prevention focus).this is called regulatory focus theory , where it explains that people differ in their methods for approaching pleasure and avoiding promotion and prevention focused approach. Finally, a question is to be further looked at: If the buyer-seller negotiation process differs at the face-to-face level, what happens to the process during the more protracted negotiations that occur involving television advertising, direct marketing campaigns, supermarkets, shopping malls, electronic funds transfers, and credit card transactions?

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