
Negotiation And Persuasion

Negotiations are part of our everyday lives; from the time we get up in the morning to the time we go to bed at night, we negotiate, in ways large and small. Whether it is bargaining when buying a new car, figuring out how much to spend or to save, deciding where to go for dinner with friends, or dividing the work of a project with co-workers, negotiation is essentially everywhere.

Negotiation is a social exchange process between two or more parties who try to convince each other to reach an agreement (Maaravi, Ganzach & Pazy, 2011). Since negotiating entails reaching a consensus, the ability to persuade or convince others is an important skill. In a way, negotiation can be viewed as a persuasion process (Bentahar & Labban, 2011), persuasion being a key ingredient of almost any successful negotiation (Maaravi, Ganzach & Pazy, 2011). Persuasion can be defined as the ability to convince others of your beliefs, attitudes or mindset and by giving information to the other party (Artinger, Vulkan & Shem-tov, 2015). How one carries out persuasion in a negotiation determines the outcome of a negotiation (Bentahar & Labban, 2009).

Four factors are important for the negotiation and persuasion process to be successful. The first factor is authority (Dunk, 2003), sometimes also referred to as power (Brett & Thompson, 2016). The authority does not have to be real; it only needs to be perceived that way by the counterpart to be persuaded. (Brett & Thompson, 2016). As a second factor, knowledge of the other party's objectives can be listed. Depending on how well one understands the viewpoint of the other party influences the outcome. All negotiation and persuasion will be unsuccessful if you are trying to convince someone of something, he or she does not consider to be of relevance. Further, for negotiation and persuasion to be successful, the proposal needs to be presented in the most compelling way to the other party (Dunk, 2003). Depending on who the counterpart is, this means using different approaches. Lastly, trust plays a role in a successful negotiation. If there is a low level of trust, it is much harder to reach an agreement, whereas if there is a high level of trust, the chances of the negotiation to have a positive outcome are much higher (Monteserin & Amandi, 2015).

Some argue negotiation and persuasion skills are part of a person's character and personality traits (Brett & Thompson, 2016), others say they can be practiced and learned. Regardless, both of these skills are core competencies of effective leadership (Dunk, 2013). While they are important for any successful leader, they are even more important for entrepreneurs; they can even be considered crucial for an entrepreneur's success. Negotiation and persuasion skills are not only of relevance when trying to close deals, but also on an entrepreneur's day to day basis (Artinger, Vulkan, & Shem-Tov, 2014).

In the course of starting a company, entrepreneurs face an uphill battle. Negotiation skills are important as entrepreneurs negotiate their deals themselves in addition to risking their own money, unlike big corporations that have lawyers and salespeople specifically delegated to those tasks. Entrepreneurs have many different roles in their company, that being the reason why the way they interact with others varies hugely. They need to negotiate with employees about their salary, contract, start date, and other benefits. They might even need to convince

potential employees of working for free in the beginning if they do not have the financial resources at start. Other negotiation tasks include forming strategic partnerships with other companies, convincing customers to try out their new product as well as negotiate with suppliers about payment terms, exclusive rights to products, and prices (Artinger, Vulkan, & Shem-Tov, 2014).

Persuasion is important when starting a business as new concepts are most probably not intuitively obvious to everyone. When asking for resources, great persuasion skills are needed. Entrepreneurs need to persuade a wide array of stakeholders, the list ranging from investors, suppliers, employees, consultants, distributors, agents, and clients to invest money in their idea as both human and financial resources are needed (Artinger, Vulkan & Shem-Tov, 2014). Information, as well as the future value of the product and/or company not being available or risky in a company's seed stage, is the reason why entrepreneurs need to be very persuasive. The ability to persuade stakeholders determines the survival of their organization. (Artinger, Vulkan & Shem-Tov, 2014).

Consequently, the way entrepreneurs interact and communicate with their various stakeholders determines the outcomes of their business venture, making negotiation and persuasion skills central for entrepreneurial success. Entrepreneurs' ability to negotiate with their stakeholders is critical for entrepreneurship, with persuasion techniques being of particular importance.