LEADERSHIP AND NEGOTIATION SKILLS

IN FINANCE

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Dedication

I am happy to dedicate this work to my parents who are the ones who provide me the first education basis. An exception to my mum MOUNTOU who did all her strategies to make me focus on my studies and obtain successful results. A dedicate also to my direct family for supporting me during all my academic and professional career. A dedicate to my organization International School of Dakar who support me to finance the SSBM Doctorate course

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ABSTRACT

LEADERSHIP AND NEGOTIATION

SKILLS IN FINANCE

Ibrahima FALL

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Dissertation Chair: Milica Popović Stijačić, PhD
Co-Chair: Aleksandar Erceg, PhD

The thesis highlights the integral relationship between leadership and negotiation. These two functions are not mutually exclusive but rather complementary and mutually reinforcing. Leadership skills are essential to any negotiation, because successful outcomes happen more often when you can create a win-win situation for both parties. Having a strong leadership skills provides a foundation for successful negotiation by establishing trust, fostering open communication, and creating a shared vision. Leaders who possess qualities such as empathy, active listening, and emotional intelligence.In reality, good leadership almost always involves negotiation, and good leaders are invariably effective negotiators.

Recognizing the interconnectedness of leadership and negotiation is crucial for developing professionals who can navigate complex challenges and achieve optimal results. By cultivating both leadership qualities and negotiation skills, individuals can become more effective in their roles, whether they are leading teams, managing projects, or representing their organizations in negotiations.

As a Tool for Leadership, the Negotiation skills are essential for leaders to effectively influence and guide their teams and organizations. By engaging in collaborative negotiation, leaders can build consensus, resolve conflicts, and motivate individuals to work towards common goals. Negotiation can also be a powerful tool for leaders to gather information, build relationships, and gain buy-in for new initiatives.

Resource allocation is a core responsibility of financial leaders. It involves determining how the organization's financial resources will be used to achieve its strategic goals. This process is inherently a negotiation, both internally and externally.

When the organization has a Deal Making, a Negotiation-Intensive Domain is activated and financial leaders are frequently involved in complex transactions that require skillful negotiation. These deals can significantly impact the organization's financial health, growth, and long-term strategy.

On the Stakeholder Management when the organization Navigating Diverse Interests, Financial leaders operate within a complex web of relationships, each stakeholder having distinct interests and expectations. Effective stakeholder management requires understanding these diverse perspectives and negotiating mutually acceptable outcomes.

Another aspect is essential to get the two both skills: the conflict resolution where the financial leaders have to disputes conflict related to financial and social matters. Conflict Resolution is a vital skill for financial leaders, and it's heavily reliant on negotiation.

The research will address several key themes and research questions, including:

- How do different leadership styles (e.g., transformational, transactional, laissez-faire) influence negotiation behaviors and outcomes?
- What are the specific negotiation skills and tactics that are most effective for leaders in various contexts?
- How does the use of power and influence impact the interplay between leadership and negotiation?
- What are the ethical considerations involved in the intersection of leadership and negotiation?
- How can organizations develop leaders who are both effective negotiators and inspiring leaders?

The method used for the research is the **qualitative research** which is considered to be the approach where researchers are interested in building based on **people's experience** and not in obtaining information that can be generalized to other larger groups. This approach consist on **interviews** in the organization and collect the data they collected from the interviews. This involves moving from the specific to the general and qualitative researchers do not base their research on predetermined assumptions. It allows for greater flexibility than in quantitative research. Also the literature review will utilize a systematic approach to identify, select, and

analyze relevant research. This will involve searching electronic databases such as JSTOR, Google Scholar, and EBSCOhost using keywords related to leadership, negotiation, and their intersection. The review also focus on peer-reviewed journal articles, books, and conference proceedings published in recent years.

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ABBREVIATIONS:

-      BATNA: Best Alternative to a Negotiated Agreement (BATNA)

-      ISD: International school of Dakar

-      P1 : Participant #1 to the interview – Director

-      P2 : Participant #2 to the interview – HR Manager

-      P3 : Participant #3 to the interview – Chief of Accounting

-      P4 : Participant #4 to the interview – Executive Assistant

1.1.   INTRODUCTION

In today's complex and dynamic environment, leaders are increasingly called upon to navigate multifaceted challenges, requiring both strong leadership capabilities and adept negotiation skills. Leaders must not only articulate a vision and motivate their followers, but also effectively negotiate resources, partnerships, and agreements to achieve organizational goals.

Many leaders consider negotiation only as a tool to be used outside the organization to deal with customers, suppliers, and creditors. According to conventional wisdom, the leaders must have charisma, vision, and an authoritarian attitude, but the qualities of negotiation is not necessary. They think that the true leaders don't need to negotiate. This is a common misunderstanding of the nature of leadership, which can be defined as the ability to get individuals to act voluntarily in the desired way for the benefit of a group.

In fact, leadership almost always involves negotiation, and good leaders are invariably effective negotiators. To be a good negotiator, the leader must have all the qualities of leadership to succeed. The thesis questioned on the necessity "to be a Great Leader to succeed negotiation or the negotiation skills did not need necessarily the quality of leadership to be successful"? Also what model of leadership is needed to be an excellent negotiator?

Through the research, it's highlighted the important role of leadership and negotiating skills in the good management of public and private affairs. Author **Bernard M. Bass (1980**)[1] emphasizes the concept of transactional leadership, which he sees as the leadership style that focuses on a specific task assigned to competent personnel with great supervision and promises of rewards or punishments in case goals have been achieved. The research analyses the leadership model between the **transactional** and the **transformational** leadership and the possibility to have a combination between the two leadership models. It describes the general and theoretical

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[1] Bass, B. M. & Rïbgio, R. E. Transformational Leadership. Mahwah, New Jersey: Lawrence Erlbaum Associates, Inc; 2008

concepts of leadership with an emphasis on the bibliography of **Kurt Lewin (1939)**[2] who made researches on the three main leadership styles namely, **the authoritarian leadership style**, the democratic leadership style and the participatory leadership style, each of which has been proven to be successful according to the existing context.

In the body of the essay, based on interviews with the participants, it is described based of the experience of the leadership team of the International School of Dakar. Interviews and insights show how a combination of transactional and transformational leadership styles yielded more interesting results. Describing the qualities of leadership becomes indispensable before talking to the negotiation concept.

In the second part of the essay, the research focused on the link between **leadership** and **negotiation** in the context where the ongoing of the company's finances is crucial. Negotiation is a key skill in the field of finance. Finance professionals often have to negotiate agreements with customers, suppliers, investors, and other stakeholders. Financial negotiations can be complex, as they often involve high stakes and significant amounts of money.

1.2   RESEARCH OBJECTIVE AND CONTEXT

It will be questioned on the link between the quality of leadership and the skill of negotiator of the leader who have to optimize the use of financial resources and consider budgetary constraints, with a consideration of human resources aspects.

The literature visit the concept of leadership and the different existing leadership styles (autocratic, democratic, participatory...) by analysing all the concepts of "transactional leadership" and that of "transformational leadership" and the different model of leadership. It describes the difference between the leadership styles and how it can work with the concept of negotiation. Between the transformational leader or the transactional leader who is the one who produces the best results during the negotiation processes, each of which can present its strengths and weaknesses. The essay shows the possibility of a combined mixed formula between transactional and transformational leadership, showing that the combination of the two management models is the best way for a leader to make decisions and be in tune with his or her staff.

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[2] Lewin, K., Lippitt, R., & White, R. K. (1939). Patterns of aggressive behavior in experimentally created "social climates". Journal of Social Psychology, 10(2), 271-299.*

Bernard M. Bass (1980) and **Kurt Lewin (1939)** theoretical fathers of leadership research describe the different components and notions on the different styles of Leadership (Authoritarian, democratic, participatory...). **Bernard M. Bass (1980),** has done several researches on the concept of transactional leadership, considering that this style of leadership focuses on a specific task assigned to competent staff with great supervision and promises of rewards or punishments in case the goals have been achieved. Another author **James MacGregor Burns (1978**)[3] shows the effectiveness of the transformational leadership style where the leader reveals the potential in each employee.

Daniel Druckman (1997)[4] popular theorists of the concept of **negotiation** describes the four approaches to negotiation: negotiation as solving puzzles, negotiation as a negotiation game, negotiation as organizational management, and negotiation as diplomatic policy. Another author **I. William Zartman (1995)[5],** provides an overview of the approaches to on a synthesis that includes five different levels of analysis, or basic approaches. These are :

- structural,
- strategic,
- processual (which we call "concession-exchange"),
- behavioural
- and integrative approaches.

1.3. RESEARCH QUESTIONS

Several questions have been focused on the concept of transactional and transformational leadership based on the bibliography of author **James MacGregor Burns (1978**).

The talent of Leadership is it something you acquire or is it a gift of God that you are born with like famous people like Mandela…The author considers that a good leader can, through charisma and approach, transform his or her staff to assume his or her own leadership and assume his or her duties with more responsibility.

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[3] Burns, J.M. Leadership. New York. Harper & Row; 1978
[4] Druckman, D. (1997). *Negotiation: Readings, exercises, and cases*. Sage Publications
[5] Zartman, I. William. (1978). The fifty percent solution: How to bargain successfully with hijackers, strikers, bosses, diplomats, and other tough customers. Anchor Press/Doubleday

In global, four main areas and questions have been mentioned on the research:

- How do different leadership styles (e.g., transformational, transactional, laissez-faire) influence negotiation behaviors and outcomes? How does the research understand **leadership** as a management concept and how do participants see its usefulness in the organization? What roles as perceived attributes and behaviors as a leader? How do participants view the choice of the leadership model between transactional and transformational as adaptable to an organization?

- What is the concept of negotiation and do you think that a good leader must be a good negotiator in finance? What are the specific negotiation skills and tactics that are most effective for leaders in various contexts? What is the link between leadership and negotiation in finance? What are the characteristics of effective financial leaders? How does the use of power and influence impact the interplay between leadership and negotiation?

- What are the ethical considerations involved in the intersection of leadership and negotiation? : How to understand the dilemma between Ethics and Negotiation?How can the qualities of a negotiator help in the resolution of conflicts in business?

- How can organizations develop leaders who are both effective negotiators and inspiring leaders? How the negotiation skills are important for the conflict resolution in Finance? How to negotiate the salaries and social reorganization in period of crisis?

Chapter 2 LITERATURE REVIEW

2.1   Introduction

Negotiation and leadership are two fundamental, yet distinct, processes vital for effective functioning within organizations and beyond. While often studied in isolation, their intersection offers a rich area of inquiry, exploring how leadership styles influence negotiation outcomes and how negotiation skills enhance leadership effectiveness. This literature review will examine the interplay between these two constructs, exploring the theoretical underpinnings, empirical findings, and practical implications of their intertwined nature.

In today's complex and dynamic environment, leaders are increasingly called upon to navigate multifaceted challenges, requiring both strong leadership capabilities and adept negotiation skills. Leaders must not only articulate a vision and motivate their followers, but also effectively negotiate resources, partnerships, and agreements to achieve organizational goals. Conversely, negotiation is not merely a transactional exchange; it requires leadership qualities such as vision, influence, and communication to build rapport, foster collaboration, and reach mutually beneficial outcomes.

This review will draw upon several theoretical frameworks to understand the relationship between negotiation and leadership. These include:

- **Leadership Theories:** Transformational leadership, servant leadership, and collaborative leadership theories will be examined to understand how different leadership styles impact negotiation processes and outcomes.
- **Negotiation Theories:** Distributive and integrative bargaining frameworks will be explored to understand how leadership behaviors influence the choice of negotiation strategies and their effectiveness.
- **Social Exchange Theory:** This theory will provide insights into how the reciprocal nature of leader-follower interactions influences trust, cooperation, and commitment in negotiation contexts.

- **Power and Influence:** The role of power dynamics in both leadership and negotiation will be examined, considering how leaders leverage power to influence negotiation outcomes and how negotiation tactics can be used to gain influence.

Key Themes and Research Questions:

This review will address several key themes and research questions, including:

- How do different leadership styles (e.g., transformational, transactional, laissez-faire) influence negotiation behaviors and outcomes?
- What are the specific negotiation skills and tactics that are most effective for leaders in various contexts?
- How does the use of power and influence impact the interplay between leadership and negotiation?
- What are the ethical considerations involved in the intersection of leadership and negotiation?
- How can organizations develop leaders who are both effective negotiators and inspiring leaders?

Methodology:

The method we used for the research is the **qualitative research.** Creswell, John W., & Poth, Cheryl N. (2018)[6] consider this method where researchers are interested in building based on **people's experience** and not in obtaining information that can be generalized to other larger groups. This approach consist on **interviews** in the organization and collect the data they collected from the interviews. This involves moving from the specific to the general and qualitative researchers do not base their research on predetermined assumptions. It allows for greater flexibility than in quantitative research. Also the literature review will utilize a systematic approach to identify, select, and analyze relevant research. This will involve searching electronic databases such as JSTOR, Google Scholar, and EBSCOhost using keywords related to leadership, negotiation, and their intersection. The review also focus on peer-reviewed journal articles, books, and conference proceedings published in recent years.

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[6] Creswell, John W., & Poth, Cheryl N. (2018). *Qualitative inquiry & research design: Choosing among five approaches* (4th ed.). SAGE Publications.

This literature review aims to provide a comprehensive overview of the existing research on the intersection of negotiation and leadership. It will identify key trends, gaps in the literature, and directions for future research. The review will also offer practical implications for organizations seeking to develop leaders who are both effective negotiators and inspiring leaders. Ultimately, this review seeks to contribute to a deeper understanding of the complex and dynamic relationship between negotiation and leadership, highlighting their importance in achieving individual and organizational success.

2.2 LEADERSHIP LITTERATURE

Over the course of the thesis, the research will highlight the different types of leadership styles adapted to the crisis scenario and how management can put in place a strategy and actions. All questions to the research participants were made through the interviews and based on their answers and the data provided through the minutes of several meetings, analyses are carried out. The bibliographies consulted on the concept of leadership and the work of many authors such as **Bernard M. Bass (1980), Kurt Lewins** ... etc.

The thesis includes a description of the theoretical notions of **Transactional and Transformational Leadership**. It is shown how important rewards or sanctions are on a transactional leadership model and even more so to emphasize the impact of staff motivation. The example of the company ISD shows how the motivational actions decided by the management team have maintained the quality of teaching and the level of enrolment. Our research leads us to distinguish the difference between transformational and transactional leadership as well as the theoretical concepts visited in the bibliographies of authors James **MacGregor Burns (1978)** and **Bass and Riggio (2008)** highlighting the effectiveness of leadership models that can push the revelation of talents and new leaders.

On the discussions, the thesis describe based of the bibliography of the author **Berner ES, Graber ML (2008)[7],** the link between leadership and decision-making is important. The overconfidence can have a detrimental consequences directly translates to the realm of leadership and decision-making. Overconfident leaders, like overconfident doctors, are susceptible to errors in judgment that can have significant negative impacts. Recognizing and actively mitigating the tendency towards overconfidence is crucial for effective leadership and sound decision-making in any domain. While considering the sense of ethics that the leader must have, the impact of emotion on decision-making will be highlighted. The theoretical notion of Leadership will be described with the different styles of leadership with the models of authoritarian, democratic and participatory leadership. A comparison will be described between the two models of transactional leadership and transformational leadership.

The second part of the thesis deals with the notion of negotiation and the different techniques used by major theorists such as **Daniel Druckman (1997)[8].** The notion of negotiation and the sense of ethics in business will be discussed. It will also be a question of discovering negotiation techniques in the event of a conflict crisis within the company.

As the authors **Jack Zenger and Joseph Folkman (2002**)[9] say, everyone agrees that a leader must be a team leader, a conductor who knows how to use all individual and collective energies for the achievement of a common goal. Experts Zenger and Folkman conducted an in-depth study of the skills a leader needs to succeed.

This study of multiple leaders revealed that among the major keys to leadership, the leader must be **visionary**, inspire and motivate those around him, and demonstrate honesty and the highest integrity. The leader must be willing to solve problems and answer questions and lead their team to great results. This is so true that all the participants in the research admitted that the director's open-mindedness allowed him to listen to the targets, especially when it came to organizing

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[7] Berner ES, Graber ML. Overconfidence as a cause of diagnostic error in medicine. Am J Med. 2008;121(5 Suppl):S2-23. doi: 10.1016/j.amjmed.2008.01.001

[8] Druckman, D. (1997). *Negotiation: Readings, exercises, and cases*. Sage Publications.

[9] Jack Zenger et Joseph Folkman Turning good managers in to great leaders » (2002

surveys and polls among parents. of students, students and the administration to find out their opinion on the decisions taken during this crisis and what their weaknesses were.

However, as the author Mac Gregor (1961)[10] explains, there must be an interdependence between the leader and his staff; Indeed, all parties are bound by the interests they pursue. MacGregor says there is a significant complementarity between the two.

Literature searches are conducted via Google Scholar and associated databases, as well as the off-campus SSBM library. **Kurt Lewin (1939)** describes the three main styles of leadership, the authoritarian leadership style, the democratic leadership style and the participatory leadership style, each of which has proven itself according to the context in which one finds oneself. **Lewin** cites the most popular which is authoritarian leadership which boils down to "expectations about what needs to be done, when it needs to be done, and how it needs to be done.

The work of Kurt Lewin and colleagues in the 1930s defined three different styles of leadership that are still referred to regularly today:

- o **Autocratic** – the leader makes decisions themselves, without consulting others.
- o **Democratic** – the leader involves followers in the decision-making process.
- o **Laissez faire** – the leader has little involvement, allowing followers

Lewin defines four leadership behaviours, each with a different impact on followers:

- Directive – being clear and specific about expectations, tasks and deadlines
- Supportive – focusing on followers' needs and welfare, creating a positive working environment
- Participative – involving followers in decision making and encouraging their ideas
- Achievement-orientated – having high expectations and setting challenging goals that you are confident followers can achieve.

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[10] Mac Gregor 1961, "New Concepts of Management", The Technology Review

For the author **Kurt Lewins (1939**), who distinguishes between the authoritarian leader and the democratic leader, and the participatory, the objective is to see how management can achieve the objectives by taking into account the economic and regulatory environment but also the capacity of the available human resources to implement the actions necessary for a result. Kurt Lewins states in his bibliography that the success of a leadership strategy depends on the leader's ability to implement it and to monitor the results of actions. The thesis shows with the different participants during our interviews how it is more appropriate to make a mix between authoritarian and democratic leadership style to have more expected results.

The democratic leadership style, where people and staff are involved in how to find solutions and execute related actions. People are more confident and feel well regarded, so take ownership of the project rather than its success. With the delegating leadership style used, it is necessary to have a mature staff capable of being responsible to accomplish their task without further supervision.

Author **Bernard M. Bass (1985)**[11]**,** a great proponent of the concept of transformational leadership, emphasizes the ability of the person to have a clear vision and to direct one's resources and human capital. This management model requires good communication between the leader and his team through a direct relationship through coordination meetings and the use of other communication channels to get the messages across to the teams. For transactional leadership, the presence of high supervision is required because the leader must define tasks specific to each and ensure that they are understood and that actions are performed effectively according to instructions.

Another focus of the research is to distinguish between the notion of transactional and transformational leadership and why and when they are applicable. **Bernard M. Bass (1985**) explains that *the transactional leadership style is more oriented towards an organization where specific instructions are assigned to each specific group of personnel with high supervision of the leader*. Rewards and punishments are an important part of this leadership style because staff are motivated by compensation or punishment based on performance and goals achieved.

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[11] Bass, B. M. (1985). *Leadership and performance beyond expectations*. Free Press. 22

Figure1: Leadership and followerships source: open University

The notion of transformational leadership defended by **James MacGregor Burns (1978)** and **Bass and Riggio (2008)** [12], considers a good leader as the Manager capable of implementing in his staff the spirit of values and abilities and of making them more confident and revealing their talents. This requires a clear vision from the leader and excellent collaboration from the staff.

The author Bernard Bass (1985) presents Transactional Leadership as a managerial leadership where the importance of supervision is essential and must consider an evaluation of staff performance. Leaders who implement this style focus on specific tasks and use rewards and punishments to motivate followers. In this section, the thesis will show the basic assumptions of transactional leadership where the principles of rewards and punishments and the norm of subordination and obedience are essential.

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[12] Bass, B. M. & Riggio, R. E. Transformational Leadership. Mahwah, New Jersey: Lawrence Erlbaum Associates, Inc; 2008.

Figure 2 Adapting to your context- Transactional leadership.

2.3   LEADERSHIP AND CHARISMA

Leadership and charisma are often intertwined, but they are not the same thing. While charisma can certainly enhance leadership effectiveness, it's not a prerequisite for being a good leader. Charisma is a compelling attractiveness or charm that can inspire devotion and enthusiasm in others. Researchers **(Mathieu et al., 2008)[13]** have highlighted leadership as a key role and process that team members design and assign, and contribute to the team's success**.**

 Like several authors, Bryman, Alan. (1992)[14] consider that charismatic individuals often possess traits like:

- **Confidence:** They have a strong belief in themselves and their vision.

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[13] Mathieu, J. E., Maynard, M. T., Rapp, T. L., & Gilson, L. L. (2008). Team cognition: A meta-analysis of conceptualization, measurement, and impact on team outcomes. *Personnel Psychology, 61*(1)
[14] Bryman, Alan. (1992). *Charisma and leadership*. SAGE Publications.

- **Enthusiasm:** They are passionate and energetic, which can be contagious.
- **Effective Communication:** They can articulate their vision in a compelling way, using language that resonates with their audience.
- **Empathy:** They are attuned to the needs and concerns of others and can connect with people on a personal level.
- **Magnetic Presence:** They have an aura that draws people in and makes them want to follow.

The Charisma Can Enhance Leadership:

- Inspiration and Motivation: Charismatic leaders can inspire and motivate their teams to achieve extraordinary results. Their passion and vision create a sense of purpose and meaning.
- Influence and Persuasion: They have a natural ability to influence and persuade others to support their ideas and initiatives.
- Building Trust and Loyalty: Charisma can help leaders build strong relationships with their followers, fostering trust and loyalty.
- Driving Change: Charismatic leaders are often effective at driving change within an organization, as they can rally people around a new vision or strategy.
- Crisis Management: In times of crisis, charismatic leaders can be a stabilizing force, providing reassurance and hope.

Leadership Beyond Charisma:

While charisma can be a valuable asset for a leader, it's not the only thing that matters. Effective leadership also requires:

- **Vision:** A clear and compelling vision for the future.
- **Strategy:** The ability to develop and execute plans to achieve that vision.
- **Competence:** The necessary skills and knowledge to lead effectively.
- **Integrity:** Honesty, ethical behavior, and a commitment to doing what's right.
- **Empathy:** Understanding and caring about the needs of others.

A well-known case study that exemplifies transformational leadership is that of Nelson Mandela, the first black President of South Africa. He motivated and inspired his followers to end apartheid

by encouraging them to come up with their own solutions to a variety of issues (intellectual stimulation), showing a personal concern for the struggles of individual followers (individualised consideration), and his ability to repeatedly articulate a clear vision with charisma and conviction.

Figure 3 Nelson Mandela This is a photograph of a bank note featuring Nelson Mandela.

Research recognizes, according to Bass (1981)[15], that **leadership and influence go hand in hand**, that the team accepting the influence of the charismatic leader is the cornerstone of leadership. Previous research on emergent leadership has primarily examined the role of individual differences in the process and has studied, for example, differences in personality, skills, intelligence, etc.,

Conclusion: Charisma can be a powerful tool for leaders, enhancing their ability to inspire, motivate, and influence others. However, charisma is not a substitute for other essential leadership qualities like vision, strategy, competence, and integrity. Leaders should strive to develop their charisma in a way that is authentic and aligned with their values. It's important to be aware of the potential downsides of charisma and to ensure that it is used ethically and responsibly.

In conclusion, charisma can be a valuable asset for a leader, but it's not the only thing that matters. True leadership is about more than just personality; it's about character, competence,

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[15] Bass, B.M. (1981). Stogdill's handbook of leadership

and a genuine commitment to serving others. But it's important to acknowledge that charisma can also have a dark side. Some leaders may use their charisma to manipulate or exploit others, or to promote their own self-interest rather than the good of the organization. Charisma without integrity can be dangerous.

2.4   THE AUTHORITARIVE LEADERSHIP STYLE

Research indicates that beyond the six leadership styles, the authoritative one is the most effective, strengthening all aspects of the climate. The authoritarian leader is a visionary; It motivates people by clearly explaining how their work fits into a larger vision of the organization. People who work for such leaders understand that what they do matters and why.

Coercive leadership, as defined by Goleman, is a style characterized by authoritarianism and control. Leaders using this approach often make decisions unilaterally without seeking input from others. This leadership style focuses on immediate compliance and quick results, often at the expense of long-term growth and employee morale. It can stifle creativity and innovation within a team.

Here below some characteristics of the coercive leadership model determined by Goleman:

- **Coercive leadership in crisis:** Goleman argues that while a coercive style (characterized by top-down decision-making and demanding immediate compliance) might seem appealing in a crisis, it's often the *least* effective in the long run. This is because it damages the organization's climate.
- **Impact on work climate:** The most significant casualty is *flexibility*. When leaders make all the decisions, team members feel disempowered and stop generating new ideas. This stifles innovation and problem-solving, precisely what's needed in a crisis.
- **Damaged reward system:** Coercive leadership also negatively impacts the reward system. People are *less motivated* when they have no input and feel controlled, leading to decreased morale and productivity. The focus shifts from intrinsic motivation (driven by purpose and contribution) to extrinsic motivation (driven by fear or compliance).

According to Yukl, Gary A. (2010)[16] Leaders employing coercive leadership may struggle to foster a collaborative work environment. Instead of nurturing talent and skills, this style can lead to a culture of fear and resentment among team members.

Kurt Lewins views "authoritarian leaders," also known as autocratic leaders, as those who provide clear expectations about what needs to be done, when it should be done and how it should be done. The relationship between the leader and the team is direct, simple, clear, and the division clearly identified. He sees authoritarian leaders as making decisions independently, with little or no input from the rest of the group.

Figure4: **Reflecting on Leadership Styles by Daniel Goleman**

The Coercive leadership, also known as **authoritarian leadership**, is characterized by **rigid control** and a top-down approach. Coercive leaders make decisions independently without seeking input from others, contrasting with participative leadership styles. This leadership style can lead to low morale, decreased motivation, and high turnover rates among employees.

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[16] Yukl, Gary A. (2010) *Leadership in organizations* (7th ed.)

Coercive leaders often micromanage tasks, limiting autonomy and stifling creativity within the team.

Also Coercive leadership influences employees' mental well-being, triggering stress and anxiety due to constant pressure. This model depicts how managerial practices focused on fear erode employee morale. Employees under coercive leaders often experience heightened levels of stress, impacting their performance and overall job satisfaction. The method of instilling fear can lead to a toxic work environment. The continuous exposure to negativity under coercive leadership breeds a sense of powerlessness among employees. This feeling arises from the influence of constant criticism and punitive measures.

Employees subjected to perpetual negativity may feel demotivated and disempowered in their roles, affecting their creativity and productivity. The coercive managerial practices create a cycle of fear and compliance rather than fostering growth.

Conclusion: Authoritarian leadership is best applied to situations where there is little time for group decision-making or when the leader is the most competent member of the group. The autocratic approach can be good when the situation calls for quick decisions and decisive action.This approach is characterized by individual control over all decisions and low participation of group members. It allows little or no input from group members, gives leaders the ability to dictate work methods and processes, discourages creativity, and sets strict rules for all teams to apply without exception. The team may be discouraged and react as subordinates without any effort to find creative solutions. As an advantage, authoritarian leadership allows for quick decision-making, especially in an emergency. A clear list of orders and omissions is defined and the management's strong decision is clearly identified.

2.5 THE DEMOCRATIC LEADERSHIP STYLE

Democratic leadership offers some significant benefits to organizations that implement it effectively. First and perhaps foremost, it gives room for new ideas and alternate approaches to breathe and grow, boosting creativity and innovation. Not only do democratic leaders actively solicit the views and opinions of their team members, they actually listen to and implement them. This allows a diverse range of viewpoints to organically drive decisions, rather than the limited perspective of the person or persons at the top. Processes and choices that otherwise might drag

down a team and organization for months or years are more likely to be put aside in favor of options that better suit everyone's needs.

Kurt Lewin[17] is one of the most popular defender of this style of leadership. This leadership style emphasizes group participation and collaboration in the decision-making process. Here's a breakdown:

Key Characteristics:

- Collaborative Decision-Making: The leader involves the team in discussions, encourages diverse perspectives, and seeks consensus before making decisions.
- Shared Responsibility: Team members feel a sense of ownership and are more invested in the outcomes as they've contributed to the process.
- Open Communication: Information flows freely within the group, and feedback is encouraged.
- Empowerment: Team members feel valued and respected, leading to increased motivation and job satisfaction.
- Facilitation: The leader acts as a facilitator, guiding the discussion, ensuring everyone's voice is heard, and managing conflict.

Role of the Leader:

- Guides the Process: The leader sets the agenda, defines the goals, and provides direction, but doesn't dictate the solutions.
- Encourages Participation: The leader actively solicits input from team members and creates a safe space for them to share their ideas.
- Makes the Final Decision: While valuing team input, the leader retains the authority to make the final decision, especially when consensus cannot be reached.
- Provides Support and Resources: The leader ensures the team has the necessary resources and support to implement decisions.

Advantages of Democratic Leadership:

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[17] Lewin, Kurt, Lippitt, Ronald, & White, Ralph K. (1939). Patterns of aggressive behavior in experimentally created "social climates." *Journal of Social Psychology, 10*(2), 271–299.

- Increased Creativity and Innovation: Diverse perspectives lead to better problem-solving and more creative solutions.
- Improved Morale and Engagement: Team members feel valued and respected, leading to higher morale and motivation.
- Greater Buy-in and Ownership: When people are involved in decisions, they are more likely to support and implement them.
- Enhanced Skill Development: Team members have opportunities to learn new skills and develop their leadership potential.

Disadvantages of Democratic Leadership:

- Time-Consuming: Decision-making can be slower as it involves group discussions and consensus-building.
- Potential for Conflict: Different opinions can lead to disagreements and conflict within the group.
- Not Suitable for All Situations: In situations requiring quick decisions or when dealing with inexperienced teams, a more directive approach may be necessary.
- Dependence on Leader's Skills: Effective facilitation and conflict resolution skills are crucial for the leader to manage the group dynamics.

In summary, Lewin's Democratic/Participatory Leadership style promotes collaboration, empowers team members, and fosters a positive work environment. While it may not be suitable for all situations, it can be highly effective in promoting creativity, innovation, and buy-in, especially when dealing with complex issues and experienced teams. Lewin's democratic style offers an alternative that can be more effective in fostering a positive climate and leveraging the collective intelligence of a team.

By encouraging participation and collaboration, democratic leadership can promote flexibility, innovation, and a stronger sense of ownership, which are essential for navigating crises and achieving long-term success.

Figure5: **participation and collaboration, democratic leadership**

On a article written by The author Aleksandra Masionis (May 18, 2023) we can identify four characteristics of democratic leadership styles

- Increased participation

Democratic leadership is defined by group participation and involvement. Leaders encourage input and feedback from team members and seek their opinion and suggestions before making a final decision. They value diversity and inclusiveness, encouraging team members to contribute their unique perspectives and experience and fostering an environment of psychological safety.

- Empowerment

Team members who know their role and have the support necessary to excel in it are a major hallmark of democratic workplaces. This support includes the basic requirements, like tools and resources, but also encompasses the equally important coaching, training, and demonstrations of trust needed for a true culture of empowerment.

- Transparency

Democratic leaders consistently practice transparency when communicating, especially during the decision-making process. They share information freely with their team members and provide them with regular updates on new and existing issues and projects.

The main characteristics of this leadership model consider the sharing of ideas and opinions, even if the leader retains the final decisions. The team is really committed and the level of motivation is high because the staff clearly knows their expectations and wants to achieve them given the trust of the Leader. Creativity is encouraged and rewarded.

Also, the author Wang H and Guan B (2018) consider that opponents of the democratic model consider that this could be a failure due to poor decision-making by unqualified groups and that the opinions of the minority should not be taken into account in decision-making.

This approach is ideal when a leader is unsure of the best direction to take and needs ideas and advice from competent employees. And even if a leader has a strong vision, the democratic style works well to generate new ideas to execute that vision. The democratic style, of course, makes much less sense when employees are not competent or informed enough to offer sound advice. And it almost goes without saying that the search for consensus is a mistake in times of crisis.

This leadership style revolves around people and flexibility – it manages by creating strong emotional connections and then reaping the benefits of such an approach, namely fierce loyalty allowing for habitual innovation and risk-taking. Flexibility also increases because the affiliate leader, like a parent adjusting household rules for a maturing teenager, doesn't place unnecessary restrictions on how employees do their jobs.

Conclusion:

Democratic leadership comes with its share of challenges and risks as well. Some employees may lack the knowledge or experience necessary to effectively contribute in certain situations. Critical decisions might take longer to reach as relevant stakeholders gather their thoughts, and certain team members may be unhappy with the result or the process used to reach it. In large organizations, actually giving every team member a seat at the table might not always be feasible, resulting in some employees feeling left out and resentful.

Decision-making can be streamlined by establishing clear processes in advance, and any frustration with choices made can be minimized by making those processes as transparent and equitable as possible.

2.6   THE DELEGATIVE LEADERSHIP STYLE, THE "LAISSEZ-FAIRE"

Researcher **Patelarou E (2017)**[18] considers laissez-faire leadership, also known as **delegative** leadership, as a style where leaders are hands-off and allow group members to make decisions. This is a hands-off approach where leaders are obligated to provide all the training and support. Decisions are left to the employees, considering that errors of responsibility are attributed to the leader.

This leadership style is characterized by a hands-off approach, where the leader provides minimal guidance and allows team members to make decisions and take responsibility for their work. Thus, the leader must have a strong trust in his or her staff, and this encourages personal growth and innovation. Employees have the opportunity to get involved. It encourages innovation. The freedom given to employees can encourage creativity and innovation. Decision-making goes faster because employees have the autonomy to make their own decisions. They are able to make quick decisions without waiting weeks for an approval process.

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[18] Patelarou E. Importance of leadership style towards quality of care measures in healthcare settings: A systematic review. Healthcare (Basel). 2017;5(4).

Figure6: characteristics of a laissez faire leadership style

To implement a delegative leadership style, you're going to need a few things in place with your team.

Trust

This style of leadership only works when there is trust established not only between the manager and team members but also among the team members themselves. Many leaders overlook trust between team members and only focus on building trust between themselves and individual members of the team. But without trust between all members, this style quickly breaks down.

Autonomy

While it is important to be available for support and general guidance, you have to create an environment that gives each team member the freedom to make decisions without you interfering. A team member can't be held accountable for their decisions when you intervened and changed the outcome. Team members need to feel that they truly have the autonomy to decide the best way to complete their work.

Competence

This style of leadership doesn't work well in teams with little knowledge and experience. It works best with highly skilled, highly competent people. Before you implement a delegative style of leadership you need to ensure your team has the proper training, experience, and knowledge to make good decisions. And yes, decision-making itself is a skill.

Skilled teams with high degrees of competence tend to also be more confident in the type of work they are doing. If you try to deploy this leadership style in teams that lack confidence, it most likely will backfire and overwhelm them.

Accountability

Team members need to understand that they will be held accountable for their work and results. While you are there for support and guidance when they need you, they also understand that they alone are responsible for their decisions and actions.

At the same time, your team should feel safe making mistakes. They should be encouraged to take risks and learn from those mistakes. This also means that leaders should have some type of safety net for those mistakes. Depending on the competence of your team, you may have more or fewer bumper guards in place for them to operate within. I'll discuss this more in a later section.

Please note that just because the team is held accountable for their mistakes, doesn't mean that you as the leader are not still held accountable.

Communication

If you're a new manager who hasn't been through communication coaching, this may not be the time to try out this style of leadership. Communication is key to making this work. There must be close, open communication between team members and the manager. In addition, expectations must be clear as well as deadlines. Ambiguity in what needs to be done, when it needs to be done, and why it needs to be done will result in catastrophic results.

<u>Key Characteristics:</u>

- Minimal Supervision: Leaders provide little to no direction or oversight.

- Empowerment and Autonomy: Team members are given significant freedom and independence to manage their own tasks and projects.
- Decision-Making Authority: Leaders delegate decision-making authority to team members.
- Resource Provision: Leaders provide the necessary resources and tools for team members to complete their work.
- Limited Involvement: Leaders are generally not involved in day-to-day operations or problem-solving unless specifically requested.

Role of the Leader:

- Sets the Vision: Leaders may initially define the overall goals or objectives.
- Provides Resources: Leaders ensure the team has the necessary resources (budget, tools, information) to succeed.
- Monitors Progress (from a distance): Leaders may check in periodically to review progress but generally don't interfere.
- Offers Support When Needed: Leaders are available to answer questions or provide guidance if specifically asked by team members.

Advantages of Delegative Leadership:

- Increased Autonomy and Empowerment: Team members feel trusted and respected, leading to higher morale and job satisfaction.
- Faster Decision-Making: Team members can make decisions quickly without needing constant approval.
- Skill Development: Team members have opportunities to develop their skills and take ownership of their work.
- Can Work Well with Experienced Teams: This style is most effective with highly skilled, experienced, and self-motivated teams.

Disadvantages of Delegative Leadership:

- Lack of Direction: Can lead to confusion, lack of focus, and poor performance if team members are not clear about expectations or lack experience.
- Potential for Inconsistency: Different team members may approach tasks differently, leading to inconsistencies and lack of standardization.

- Lack of Accountability: Can be difficult to hold team members accountable if there is a lack of clear oversight.
- Can Lead to Poor Communication: Lack of regular interaction can lead to poor communication and misunderstandings.
- Not Suitable for All Situations: This style is not appropriate for situations requiring close supervision, tight deadlines, or when working with inexperienced teams.

Conclusion:

In summary, the Delegative/Laissez-faire Leadership style offers significant autonomy and empowerment to team members. While it can be highly effective with experienced and self-motivated teams, it's crucial to ensure clear expectations, provide adequate resources, and offer support when needed. It's not a "hands-off and forget" approach, but rather a carefully balanced delegation of responsibility.

Many authors such as **Barling J (2017)**[19] find many **disadvantages** to this model of leadership. Barling J considers this because the laissez-faire style depends so much on the abilities of the group. If employees didn't understand the leader's vision and lacked clarity in their role, they might not be really sure of their role. In addition, when a leader seems carefree, employees express less attention and interest in the project. Laissez-faire leadership represents passivity or even outright avoidance of true leadership. Some leaders use this model to avoid responsibility and may then blame their employees for not completing tasks.

2.7   THE TRANSFORMATIONAL LEADERSHIP MODEL

The concept of "Transformational **leadership"** as defined by **James MacGregor Burns (1978**) as a leadership approach that brings about changes in individuals and social systems. It strengthens the *team's motivation*, strengthens its morale and abilities and pushes them to achieve a real performance because it confirms the comfort of the organization's identity and challenges the staff on their work.

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[19] Barling J, Frone MR. If only my leader would just do something! Passive leadership undermines employee well-being through role stressors and psychological resource depletion. Stress Health. 2017;33(3):211-222. doi:10.1002/smi.2697

Transformational leadership is a leadership style that aims to **inspire and motivate individuals** to go beyond their own interests of the organization. Transformational leaders encourage innovation, creativity, and team autonomy. They foster a culture of empowerment and growth, emphasizing cooperation, ethics and individual development.

Transformational leadership has become one of the most popular leadership concepts. It was developed further by **Bass (1985)[20],** who defined four basic elements, known as the four 'I's:

- **Individualised** consideration – supporting individual followers; coaching and developing them

- **Intellectual** stimulation – encouraging followers to solve problems creatively for themselves

- **Inspirational** motivation – inspiring and enthusing followers through clear communication of their vision

- **Idealised influence** (charisma) – being a role model for followers; having high moral and ethical standards.

Figure 7 model of transformational leadership- Vision

Transformational leadership is a leadership style that inspires and motivates followers to achieve more than they would on their own. It goes beyond simply managing and focuses on transforming individuals and organizations. Transformational leaders empower their followers, foster a sense of purpose, and create a vision that people want to be a part of.

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[20] Bass, B. M. (1985). *Leadership and performance beyond expectations*. Free Press

Key Characteristics of Transformational Leaders:

- **Idealized Influence (Charisma):** Leaders act as role models, earning trust, respect, and admiration. Followers want to emulate them.

- **Inspirational Motivation:** Leaders articulate a clear and compelling vision, inspiring enthusiasm and commitment. They motivate followers to embrace the vision and work towards it.

- **Intellectual Stimulation:** Leaders encourage creativity, innovation, and critical thinking. They challenge followers to think outside the box and find new solutions to problems.

- **Individualized Consideration:** Leaders pay attention to each follower's needs and act as mentors or coaches. They support individual growth and development.

How Transformational Leaders Impact Followers:

- **Increased Motivation:** Followers are inspired to perform beyond expectations and are intrinsically motivated to achieve the shared vision.

- **Enhanced Trust and Commitment:** Leaders build strong relationships with followers based on trust, respect, and mutual understanding.

- **Greater Job Satisfaction:** Followers feel valued, empowered, and have a sense of purpose, leading to increased job satisfaction.

- **Improved Performance:** Followers are motivated to excel and achieve both individual and organizational goals.

- **Personal and Professional Growth:** Leaders support the development of followers' skills and abilities.

It's helpful to contrast transformational leadership with **transactional leadership**, another common style.

FEATURE	TRANSFORMATIONAL LEADERSHIP	TRANSACTIONAL LEADERSHIP
Focus	Inspiring and motivating followers to achieve a shared vision	Managing performance through rewards and punishments
Motivation	Intrinsic (driven by purpose and values)	Extrinsic (driven by rewards and avoiding punishment)
Leader's Role	Role model, mentor, coach	Manager, supervisor
Follower's Role	Active participant, empowered, committed	Compliant performer, motivated by self-interest
Change Orientation	Embraces change, fosters innovation	Maintains the status quo, focuses on efficiency

Figure8: Transformational Leadership vs. Transactional Leadership

Criticisms of Transformational Leadership:

- Can be difficult to measure: The abstract nature of the concepts can make it challenging to objectively assess transformational leadership.
- Potential for abuse: Charismatic leaders can sometimes manipulate followers for their own benefit.
- Not always appropriate: In some situations, a more directive or transactional approach might be more effective.

James MacGregor Burns, a prominent political scientist and historian, introduced the concept of transformational leadership in his book "Leadership" published in 1978. **The leader serves as a role model for his or her employees**, embodying the values of the organization and arousing admiration and respect. He inspires his teams by communicating a clear and motivating vision, generating enthusiasm and commitment and creativity. He pays special attention to the needs and aspirations of each member of his team, promoting personal and professional development.

This consideration of the opinions of team members increases employee motivation and engagement and improves performance and productivity and belonging to the company culture.

To do this, the Leader must have a clear and inspiring vision for the future of the organization and know how to communicate clearly, persuasively and empathetically.

The transformational leadership is a powerful leadership style that can have a significant impact on the success of an organization. By inspiring and motivating their teams, transformational leaders can create stimulating work environments and achieve exceptional results.

The literature emphasizes the characteristics of the personality of a leader who has a deep clarity of vision and is able to immerse his team in this same vision. Thus, the leader must be a role model and be the first to invest his energy and all his skills in the success of the organization. The connotation of community is important in the transformational leadership model. The objective is not specific and oriented towards a personal ambition, but everything must be done for the benefit of the team and organization.

For participatory leadership, **Kurt Lewin** sees leaders as offering guidance to group members, but they also participate in the group and allow for input from other group members. Participatory leaders encourage group members to participate, but retain the final say in the decision-making process. Group members feel engaged in the process and are more motivated and creative. Democratic leaders tend to make their followers feel like they're an integral part of the team, which helps foster commitment to the group's goals.

According to the author Dempsey (2019), also it should considered the cultural aspect and context. Leaders are increasingly required to lead multicultural teams, sometimes spread across the world, and different cultures take a different approach to leadership. From a series of interviews conducted by House et al. (1997, pp. 535–6) it highlight the following:

- The Dutch place emphasis on egalitarianism and are sceptical about the value of leadership.

- Iranians seek power and strength in their leaders.

- The Malaysian leader is expected to behave in a manner that is humble, modest, and dignified.

- The French appreciate two kinds of leaders. (…) a strong charismatic leader [or] (…) a consensus builder, coalition former, and effective negotiator.

- The Americans appreciate two kinds of leaders. They seek empowerment from leaders who grant autonomy and delegate authority to subordinates. They also respect the bold, forceful, confident, and risk-taking leader.

Dempsey (2018)[21] refers to the importance of hierarchy and dominant leadership in Latin American and Asian cultures, which can lead to tensions between colleagues with contrasting cultural viewpoints. He also reports that approaches to staff motivation can change with culture, from a focus on risk-aversion in Northeast Asia and the Middle East, to a more flexible and opportunistic stance in the UK and US.

In a multicultural team, it helps if a leader is aware of potential cultural sensitivities.

Conclusion :

In summary, transformational leadership is a powerful leadership style that can lead to significant positive outcomes for individuals and organizations. It's about inspiring and empowering followers to achieve extraordinary things by creating a shared vision and fostering a culture of growth and development. Although transformational leadership is mainly viewed positively, there are potentially negative aspects to this style. For example, transformational leaders often struggle with detail, and while carried away by passion and enthusiasm, they may miss what the facts are telling them and end up leading the organisation in the wrong direction. Their approach may not meet the needs of all their followers, so they can end up working more closely with a small cohort and isolating other team members. Their enthusiasm might lead them to expect too much from their followers, such as working long hours.

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[21] Dempsey Martin E. titled "Leadership and motivation. Radical inclusion." published **on** 19 April 2018**.**

2.8   TRANSACTIONAL LEADERSHIP MODEL

James MacGregor Burns (1978)[22] considers the **transactional manager** as the leader who is directly focused on his **goal** and believes he has an **effective strategy** to achieve it effectively. He is rational and totally problem-solving, and is interested in using all analytical tools to achieve his ambition and achieve results. He is fixed on a goal and the tasks shared on the team with a single order achieve it before the deadline like a soldier.

Transactional leadership is a leadership style that focuses on exchanges between the leader and their followers.It's built on the idea that people are motivated by rewards and punishments, and the leader uses these to achieve desired outcomes. The leader offers **rewards** (raises, promotions, etc.) in exchange for employee performance. It's a more traditional style, where expectations are clearly defined and relationships are more formal.

The leader sets **clear and precise objectives** in exchange for specific rewards. The leader closely monitors the work of his employees to ensure that they are achieving their goals. He intervenes quickly to correct errors and deviations from expectations.

On the transformative approach theorized by Burns, the emphasis is on change in changes on the expectations and aspirations of employees. In the transactional approach, relationships are based on the promise of rewards or punishments if goals are not met.

The author, Bernard M. Bass (1985), added to Burns' (1978) initial concepts the formalization of the measurement of transformational leadership. Bass explained that the measure is based first and foremost, in view of his influence on followers who feel great admiration, loyalty and respect for the leader.

The charisma of the leader catalyzes all the energies of the followers and the team around a known and identical goal and challenge. Bass suggested that the best formula is to implement **transformational and transactional leadership simultaneously**. While transactional leadership can be helpful in some situations, it is considered insufficient in many cases and can prevent both leaders and followers from reaching their full potential.

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[22] Burns, James MacGregor. (1978). *Leadership*. Harper & Row.   44

Laissez-faire Leadership (often associated with transactional leadership, but distinct): This represents the absence of leadership, where the leader abdicates responsibility and provides minimal guidance. While sometimes grouped with transactional leadership due to its passive nature, it's distinct in its lack of active exchange.

Characteristics of Transactional Leaders:

- Focus on Performance: They prioritize achieving specific goals and meeting performance standards.
- Emphasis on Rules and Procedures: They value structure and adherence to established guidelines.
- Use of Rewards and Punishments: They motivate followers through a system of incentives and corrective actions.
- Directive and Authoritative: They tend to make decisions independently and provide clear instructions.

How Transactional Leadership Works:

- Clear Expectations: The leader defines specific, measurable, achievable, relevant, and time-bound (SMART) goals.
- Performance Monitoring: The leader tracks progress and assesses whether followers are meeting expectations.
- Reward Distribution: When followers achieve goals, the leader provides appropriate rewards.
- Corrective Action: When followers fail to meet expectations, the leader takes corrective action, which might involve reprimands, withholding rewards, or additional training.

Strengths of Transactional Leadership:

- Effective for Short-Term Goals: It can be very efficient for achieving specific, short-term objectives.
- Clear Expectations: Followers understand what is expected of them and how they will be rewarded.
- Structure and Predictability: It provides a stable and predictable work environment.

<u>Weaknesses of Transactional Leadership:</u>

- Limited Motivation: It primarily relies on extrinsic motivation (rewards and punishments), which may not be sustainable in the long run.
- Lack of Innovation: It can stifle creativity and risk-taking, as followers focus on meeting existing standards rather than exploring new ideas.
- Potential for Conflict: If rewards are not distributed fairly, or if punishments are perceived as unjust, it can lead to resentment and conflict.

<u>When is Transactional Leadership Appropriate?</u>

- In stable environments: When the organization's goals and processes are well-defined and unlikely to change rapidly.
- For routine tasks: When tasks are repetitive and require adherence to specific procedures.
- When clear goals and deadlines are essential: When achieving specific targets is the top

CONCLUSIONS

In summary, transactional leadership is a results-oriented approach that uses rewards and punishments to motivate followers to achieve specific goals. While it can be effective in certain situations, it may not be suitable for fostering long-term engagement, creativity, or adaptability.

While authoritative leadership is certainly not the best choice for every situation, it can be effective and beneficial in cases where followers need a lot of direction and rules and norms must be followed to the letter. Another often overlooked benefit of the authoritarian style is the ability to maintain a sense of order.

When this style is a role model, leaders should listen to their employees because subordinates should be seen as respected and involved and not rejected. The leader should set clear rules and confirm that the guidelines are clearly set and that everyone on your team is fully aware of them. Employees must be trained and motivated.

2.9.   LITTERATURE ON THE NEGOTIATION

Negotiation is a discussion where two parties that have reached a deadlock try to find a solution. It is a vital tool for any business. It is an influential communication process that can be used to reach agreements and consensus between two or more parties. Negotiations are essential in almost all areas of life, from corporate deals to political diplomacy and everyday conversations with friends and family.

The negotiation process involves steps that help the parties involved reach a mutually beneficial agreement. This includes researching the issue at hand, understanding both sides' needs and interests, developing options for compromise, finding alternatives, communicating effectively, setting expectations, making concessions if necessary, and finally reaching a win-win solution. Practical negotiating skills can significantly improve your chances of success in any situation!

One of the most known types of negotiation the integrative negotiation. So, without further ado, let's learn more about it.

The overview of the approaches to negotiation or currents of thought presented here is based on a synthesis proposed by **I. William Zartman (1991)**[23], theorist, practitioner and researcher on negotiations. It includes five different levels of analysis, or basic approaches:

- Structural
- strategic
- concession,
- behavioral and integrative.

The research summarizes the fundamental assumptions, concepts, and theories associated with each. It is important to recognize, however, that in practice, most negotiators use a combination of approaches and borrow from all kinds of schools of thought during a negotiation.

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[23] Zartman, I. William. (1991). *The negotiation process.* Sage Publications

2.9.1 THE STRUCTURAL APPROACH OF THE NEGOTIATION

The authors (**Raiffa, 1982**[24]; **Bacharach and Lawler, 1981**[25]) consider the structural approach of negotiations as the negotiated outcomes are a function of the structural characteristics or characteristics that define each particular negotiation. In structural approaches to negotiation theory, analysts tend to define negotiations as **conflict scenarios** between adversaries who maintain incompatible goals [see positions]. The structural approach theory considers the **power of both parties** as the central determinant of negotiations.

Key Elements of a Structural Approach:

- Identifying the Parties and their Interests: This involves clearly defining who the stakeholders are, what their explicit and implicit interests are, and what motivates them. It goes beyond stated positions to understand the deeper needs and concerns.

- Analyzing Power Dynamics: Understanding the relative power of each party is crucial. Power can come from various sources: authority, resources, information, alternatives, etc. The structural approach examines how these power imbalances influence the negotiation.

- Mapping the Negotiation Environment: This includes the context in which the negotiation takes place. Are there time constraints? What are the established norms and rules? Are there legal or regulatory frameworks that apply? What are the broader social or political factors?

- Defining the Issues and Agenda: Clearly articulating the issues being negotiated and how they are framed is essential. The agenda, whether formal or informal, structures the flow of the negotiation.

- Understanding the Options and BATNA: Identifying the range of possible solutions and each party's Best Alternative to a Negotiated Agreement (BATNA) is critical. The BATNA represents a party's strongest course of action if no agreement is reached, and it significantly influences their leverage.

- Examining the Negotiation Process: This involves analyzing the stages of negotiation, the communication patterns, the tactics used, and how agreements are reached (or why they fail).

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[24] Raiffa, Howard. (1982). *The art and science of negotiation*. Harvard University Press.
[25] Bacharach, Samuel B., & Lawler, Edward J. (1981). *Bargaining: Power, tactics, and outcomes*. Jossey-Bass Publishers
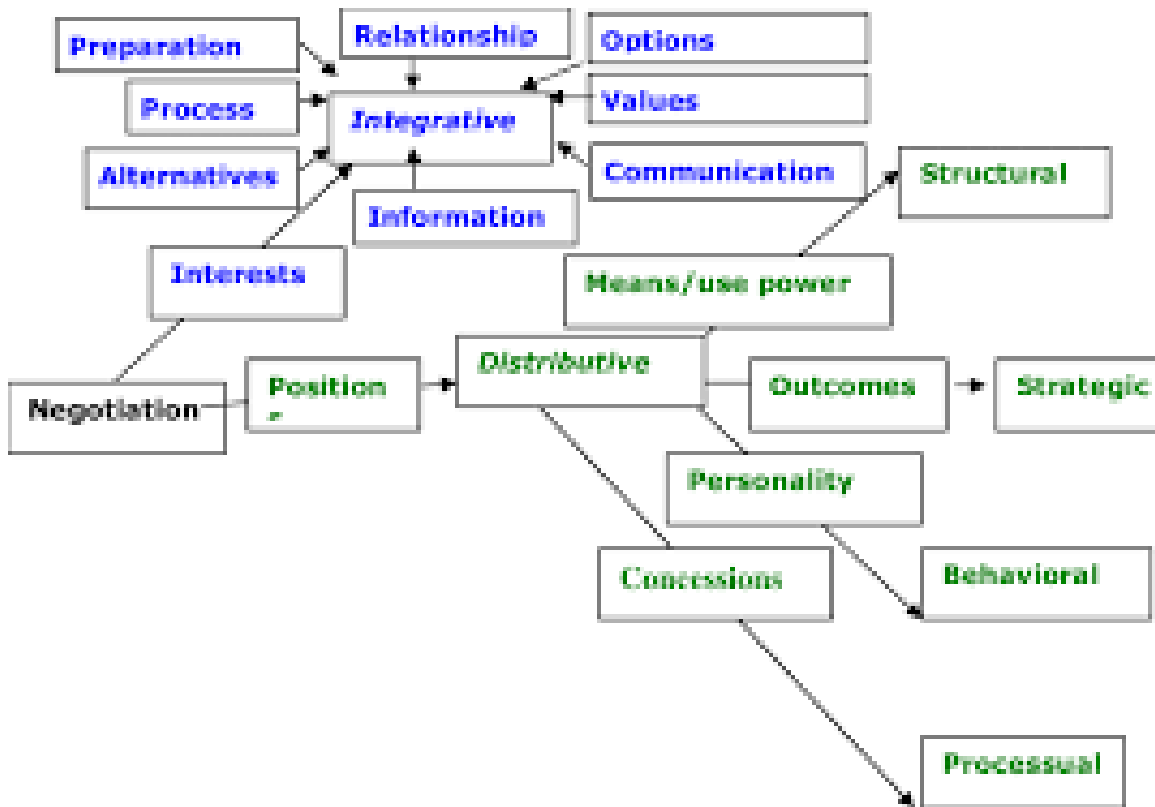
Figure 9 : structural negotiation approach

<u>Why Use a Structural Approach?</u>

- Provides a Framework for Analysis: It offers a systematic way to understand and dissect complex negotiations.
- Identifies Key Drivers: Helps pinpoint the factors that are most influential in shaping the negotiation's direction and outcome.
- Develops Strategic Insights: Allows negotiators to anticipate moves, identify opportunities, and craft effective strategies.
- Promotes Objective Evaluation: Encourages a more objective assessment of the negotiation, moving beyond subjective impressions.

<u>Applying the Structural Approach:</u>

Imagine a negotiation between a company and a labor union. A structural approach would involve:

- Identifying the parties: The company (management, owners) and the union (workers, union leaders).

- Analyzing their interests: The company might prioritize profitability, efficiency, and control. The union might focus on wages, benefits, job security, and working conditions.
- Assessing power dynamics: Does the company have alternative labor sources? How strong is the union's membership and ability to strike?
- Mapping the environment: What is the state of the economy? Are there relevant labor laws? What is the public opinion regarding the industry or the parties involved?
- Defining the issues: Wages, healthcare, retirement benefits, work hours, safety regulations.
- Understanding BATNAs: The company's BATNA might be hiring replacement workers. The union's BATNA might be going on strike.

By analyzing these structural elements, both sides can develop a clearer understanding of the negotiation landscape and formulate more effective strategies.

Conclusion:

The structural approach to negotiation provides a valuable framework for understanding the complexities of negotiation by focusing on the underlying elements that shape the process and its outcomes. It encourages a more analytical and strategic approach, moving beyond personalities and tactics to examine the fundamental forces at play.

2.9.2   THE STRATEGIC APPROACH OF NEGOTIATION

According to **Raiffa, 1982**) negotiators are considered to be rational decision-makers with known alternatives who make choices guided by their calculation of the option that will maximize their ends or "gains", often described as "gains". The strategic approach of negotiation emphasizes a deliberate and planned **method of negotiating**, rather than relying on improvisation or reacting impulsively. It involves careful consideration of goals, resources, and the other party's interests to maximize desired outcomes.

Figure 10: Developing a negotiation strategy

Key Elements of a Strategic Approach:

- **Defining Clear Goals and Objectives**: Before entering any negotiation, it's crucial to establish specific, measurable, achievable, relevant, and time-bound (SMART) goals. What do you want to achieve? What are your must-haves, your trade-offs, and your walk-away point?

- **Understanding Your Interests and Priorities**: Go beyond stated positions to identify your underlying interests and prioritize them. What are your fundamental needs and concerns? What are you willing to concede?

- **Analyzing the Other Party**: Research the other side's interests, priorities, motivations, and potential strategies. What are their strengths and weaknesses? What are their likely goals? The more you understand about the other party, the better you can anticipate their moves and find common ground.

- **Developing a Range of Options**: Generate a variety of potential solutions, rather than focusing on a single approach. Explore options that create value and address the interests of both parties.

- **Assessing Your Best Alternative to a Negotiated Agreement (BATNA)**: Identify your strongest course of action if no agreement is reached. A strong BATNA gives you leverage and confidence at the bargaining table.

- **Developing a Negotiation Strategy and Plan**: Based on your goals, interests, and BATNA, create a comprehensive plan. This includes identifying key issues, setting an agenda, anticipating potential challenges, and outlining your communication strategy.

- **Building and Maintaining Relationships:** Focus on building rapport and trust with the other party. Even in competitive negotiations, maintaining a professional and respectful relationship can facilitate communication and lead to better outcomes.

- **Effective Communication**: Communicate your interests clearly and persuasively. Actively listen to the other party's concerns and ask clarifying questions. Be prepared to adapt your communication style based on the situation.

- **Managing the Negotiation Process**: Be prepared to manage the pace and flow of the negotiation. Know when to be assertive, when to compromise, and when to walk away. Be flexible and willing to adapt your strategy as needed.

- **Evaluating Outcomes and Learning**: After the negotiation, assess the results against your initial goals. What worked well? What could be improved? Use each negotiation as a learning opportunity to refine your strategic approach.

Figure 11: strategic negotiation

Benefits of a Strategic Approach:

- Increased likelihood of achieving desired outcomes: By carefully planning and preparing, you increase your chances of reaching your goals.
- Improved efficiency: A strategic approach can streamline the negotiation process and avoid unnecessary delays or roadblocks.
- Stronger relationships: Focusing on building relationships can lead to more productive and sustainable agreements.
- Greater confidence: Thorough preparation and a clear understanding of your interests and options can boost your confidence at the bargaining table.

In conclusion, a strategic approach to negotiation is a proactive and deliberate process that involves careful planning, analysis, and communication. By focusing on your goals, understanding the other party, and developing a comprehensive plan, you can increase your chances of achieving successful outcomes and building strong relationships.

2.9.3 THE BEHAVIOURAL APPROACH OF NEGOTIATION

The author Thompson, L. L. (2015)[26] (Focuses on the psychological and cognitive aspects) considers that the Behavioural approaches emphasize the role that the **personalities** or individual characteristics of the negotiators play in determining the price and outcome of negotiated agreements. Behavioral theories can explain negotiations as interactions between personality "types". The behavioral school researchers have focused on factors such as relationships, culture, norms, skills, attitudes, expectations, and trust. The behavioural approach stems from psychological and experimental traditions but also from centuries-old diplomatic treaties. These traditions share the view that negotiations, whether between nations, employers and trade unions, or between neighbours, are ultimately about the individuals involved.

A person with a cooperative motivational style is oriented towards the **well-being (results) of both parties**. Whereas the competition-oriented individual is one who is motivated by the desire to outperform their opponent.

This approach points to a way of understanding negotiation by focusing on the actions, reactions, and **psychological factors** of the people involved. It looks at how individuals behave during the negotiation process, considering their cognitive biases, emotions, communication styles, and decision-making patterns.

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[26] Thompson, L. L. (2015). The mind and heart of negotiation. Pearson Education

Figure 11: Negotiation for win-win

Here's a breakdown of what a "behavioral approach" to negotiation might entail:

Key Elements of a Behavioral Approach:

- Cognitive Biases: This approach examines how common mental shortcuts and biases influence negotiators' perceptions, judgments, and choices. For example:
    - Anchoring Bias: Over-reliance on the first piece of information presented.
    - Framing Bias: Reacting differently to the same information depending on how it's presented (e.g., gain vs. loss).
    - Availability Heuristic: Overestimating the likelihood of events that are easily recalled.
- **Emotions**: Emotions play a significant role in negotiation. This approach studies how emotions like anger, fear, trust, or empathy affect the process and outcomes. How do negotiators manage their own emotions and respond to the emotions of others?
- **Communication**: Effective communication is essential. This approach analyzes verbal and nonverbal cues, active listening, questioning techniques, and persuasive strategies. How do negotiators convey information, build rapport, and understand each other's perspectives?
- **Decision-Making:** Negotiation involves a series of decisions under uncertainty. This approach explores how individuals make choices, considering risk aversion, loss aversion, and decision-making heuristics.
- **Personality and Individual Differences**: Personality traits, cultural background, and individual experiences can all influence negotiation behavior. This approach examines how these factors impact strategies, tactics, and outcomes.
- **Relationship Dynamics**: How do interpersonal relationships affect the negotiation? Do negotiators have a history together? Is there trust or distrust? How do these dynamics shape the interaction?

Why Use a Behavioral Approach?

- Provides a Deeper Understanding: Offers insights into the psychological and interpersonal factors that drive negotiation behavior.

- Develops Self-Awareness: Helps negotiators recognize their own biases and emotional triggers.
- Improves Communication Skills: Highlights the importance of active listening, empathy, and clear communication.
- Enhances Persuasion Skills: Offers strategies for influencing others by understanding their motivations and biases.
- Manages Conflict More Effectively: Provides tools for understanding and de-escalating conflict.

Applying the Behavioral Approach:

Imagine a sales negotiation. A behavioral approach would consider:

- The buyer's emotional state: Are they feeling pressured to make a quick decision? Are they skeptical about the product's claims?
- The seller's communication style: Are they using persuasive language? Are they actively listening to the buyer's concerns?
- Cognitive biases: Is the buyer anchored on the initial price offered? Is the seller overconfident about their ability to close the deal?
- Relationship dynamics: Do the buyer and seller have a pre-existing relationship? Is there a sense of trust or competition?

By understanding these behavioral aspects, both the buyer and seller can adapt their strategies and tactics for a more successful outcome.

Conclusion:

The behavioral approach to negotiation emphasizes the human element. It recognizes that negotiation is not just a rational process but also a complex social and psychological interaction. By understanding the cognitive biases, emotions, communication patterns, and relationship dynamics at play, negotiators can gain a deeper understanding of the process and improve their ability to reach mutually beneficial agreements.

2.9.4   THE CONCESSION-PROCESS NEGOTIATION APPROACH

This approach of negotiation highlights a specific method of approaching negotiation that focuses on the **process of making concessions** between parties. It suggests a structured and strategic approach where negotiators carefully plan and manage their concessions to reach an agreement.

According to **(Zartman, 1978)**[27], negotiations consist of a series of concessions. Concessions mark stages in the negotiations. They are used by parties both to signal their own intentions and to encourage movement in their opponent's position. The parties "use their offers both to respond to the previous counter-offer and to influence the next; the offers themselves become an exercise of power" (Zartman, 1978).

Initiating Concessions in a Negotiation

Start with small concessions

01 02

Use conditional language

Make a strategic concession

03 04

Don't give away too much

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[27] Zartman, I. William. (1978). *The fifty percent solution: How to bargain successfully with hijackers, strikers, bosses, diplomats, and other tough customers*. Anchor Press/Doubleday

Concessions We Need From Customer	Concessions We are Willing to Grant Customer
• higher volume • faster payment • other quotation opportunities • chance to work on new products • right of last refusal on existing business • contractual supply agreements • strategic partnership	• better pricing • net-45 day terms • cover a portion of freight • willingness to hold inventory • discount for early payment • 1% net-10 day terms • preferential pricing initiatives

Figure 13: Negotiate by concession strategy -source

The Role of Concessions in B2B Sales Negotiation - DriveYourSucce$$

Here's a breakdown of what a "concession-process" negotiation approach might entail:

Key Elements of a Concession-Process Approach:

Zartman, I. William. (1991)[28] defines several key elements:

- **Structured Concessions:** Negotiators don't make concessions randomly or impulsively. They are planned, deliberate, and often part of a pre-determined strategy.
- **Gradualism:** Concessions are typically made incrementally, starting with smaller concessions and gradually increasing in size. This allows for flexibility and avoids giving away too much too quickly.
- **Reciprocity:** There's an expectation of reciprocity. When one party makes a concession, the other party is expected to reciprocate in some way, though not necessarily of equal value.
- **Linkage:** Concessions can be linked to specific issues or demands. "I'll concede on this point if you concede on that point." This creates a clear connection between what each side is giving up and what they are getting in return.
- **Pattern Recognition:** Negotiators look for patterns in the other side's concessions. Are they being consistent? Are they making larger concessions as time runs out? This helps inform their own concession strategy.

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[28] Zartman, I. William. (1991). *The negotiation process*. Sage Publications

58

- **Principled Concessions:** Concessions can be based on principles or criteria, such as fairness, precedent, or shared interests. This adds legitimacy and avoids the appearance of arbitrary give-aways.
- **Resistance Points and Target Points:** Negotiators define their resistance point (the worst acceptable outcome) and their target point (the ideal outcome). Concessions are made strategically within these boundaries.
- **Logrolling:** Parties identify issues of differing importance to each side and make concessions on lower-priority items in exchange for gains on higher-priority ones.

Why Use a Concession-Process Approach?

- **Facilitates Agreement:** The structured and reciprocal nature of concessions promotes movement towards an agreement.
- **Builds Trust:** When concessions are made fairly and reciprocally, it can build trust and encourage cooperation.
- **Creates Value:** Logrolling and principled concessions can lead to value creation by maximizing joint gains.
- **Provides a Sense of Control:** Planning and managing concessions gives negotiators a greater sense of control over the process.

Applying the Concession-Process Approach:

In a salary negotiation, a concession-process approach might involve:

- **The candidate:** Starts by asking for a salary slightly above their true target, allowing room for concessions. They might link concessions to specific benefits or responsibilities.
- **The employer:** Offers a salary slightly below their maximum, also allowing room for concessions. They might reciprocate the candidate's concessions with increases in salary or additional perks.

Both sides carefully manage their concessions, signaling their willingness to reach an agreement while protecting their interests.

- **Pacing:** The timing and pace of concessions are crucial. Too fast, and you might give away too much. Too slow, and you might create impasse.
- **Signaling:** Concessions can be used to signal priorities or willingness to compromise.
- **Flexibility:** While planning is important, negotiators must remain flexible and adapt their concession strategy based on the other side's moves and the evolving dynamics of the negotiation.

Conclusion:

In conclusion, the concession-process negotiation approach provides a structured and strategic framework for making concessions. By carefully planning and managing concessions, negotiators can increase their chances of reaching a mutually acceptable agreement while protecting their interests and potentially creating value. The inherent risk of this approach is that participants engaged in concession trading may **miss opportunities** to find new mutually beneficial solutions to their common dilemma and instead find themselves in a purely **regressive** process that leaves both sides with fewer gains than they could have had. whether they had pursued a more creative approach [for more details, see the section on integrative negotiation.

2.9.5.   THE INTEGRATIVE APPROACH OF NEGOTIATION

This approach of negotiation introduces a specific approach to negotiation that focuses on creating value and building mutually beneficial agreements. Unlike a purely competitive approach where one party's gain is often seen as the other's loss, integrative negotiation seeks to find solutions that maximize joint gains and satisfy the interests of all parties involved.

According to **(Lewicki et al., 2003**)[29], integrative approaches, unlike distributive approaches, define negotiations as interactions with a **win-win** potential. Whereas a zero-sum view sees the goal of negotiations as an effort to claim one's share of a "fixed amount of the pie", as a group). First and foremost, the authors argue that negotiation is a process. As such, the planning and negotiation of the process itself is as essential to the outcome of a negotiation as negotiation on the substantive issues themselves. The parties should take the time to consider questions such as: who will negotiate? What topics will be discussed? How will they be discussed? What should be the order and value of the problems? And how will the commitments be decided?

Integrative approaches emphasize **problem-solving**, **cooperation**, **joint decision-making**, and mutual gains, integrative strategies ask participants to work together to create win-win solutions. They involve discovering interests, generating options, and finding commonalities between the parties. Negotiators can look for ways to create value and develop common principles as a basis for decision-making on how outcomes should be claimed (and who claims them).

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[29] Lewicki, R. J., Saunders, D. M., & Barry, B. (2020). Negotiation (8th ed.). McGraw-Hill Education. (A comprehensive negotiation textbook with sections on environmental factors)

Figure 14: Types of Integrative Negotiation

Here's a breakdown of what an "integrative approach" to negotiation entails:

Key Elements of an Integrative Approach:

- Focus on Interests, Not Positions: Go beyond stated positions ("I want a higher salary") to understand the underlying interests and needs ("I need more income to cover childcare expenses"). Understanding the "why" behind the demands opens up possibilities for creative solutions.

- Collaborative Problem-Solving: Parties work together to identify and explore potential solutions, rather than seeing each other as adversaries. Brainstorming, joint fact-finding, and open communication are crucial.

- Value Creation: The goal is to expand the pie before dividing it. This might involve finding new resources, making trade-offs on issues of differing importance, or finding ways to address shared interests.

- Long-Term Relationship: Integrative negotiation prioritizes building and maintaining a positive relationship between the parties. Even if a particular negotiation doesn't result in a perfect agreement, the focus on collaboration sets the stage for future interactions.

- Open Communication and Information Sharing: Parties are willing to share information openly and honestly, building trust and facilitating the search for mutually beneficial solutions.

- Mutual Gains: The focus is on finding solutions that benefit all parties, rather than simply compromising or making concessions.

- Objective Criteria: Using objective standards or benchmarks (market value, industry standards, fairness principles) to evaluate potential solutions adds legitimacy and reduces conflict.

Why Use an Integrative Approach?

- Maximizes Joint Gains: Leads to agreements that are more valuable to all parties than compromise or competitive approaches.

- Strengthens Relationships: Promotes collaboration and trust, fostering long-term relationships.

- Creates Innovative Solutions: Encourages creative problem-solving and the development of solutions that might not be obvious initially.

- Increases Commitment: When parties are involved in developing solutions that address their interests, they are more likely to be committed to the agreement.

Applying the Integrative Approach:

Imagine a negotiation between a company and a supplier. An integrative approach might involve:

- Understanding each other's interests: The company wants high-quality materials at a low cost. The supplier wants a stable contract and a reasonable profit margin.

- Exploring options for value creation: Perhaps the company can offer a longer-term contract in exchange for a lower price. Maybe they can collaborate on research and development to improve the materials and reduce costs.

- Focusing on mutual gains: The goal is to find an agreement that satisfies both the company's need for quality and affordability and the supplier's need for stability and profitability.

Considerations:

- Requires Trust and Cooperation: Integrative negotiation is only possible if both parties are willing to collaborate and share information openly.

- May Not Be Suitable for All Situations: In highly competitive situations where trust is low, a more competitive approach might be necessary.

- Requires Skills and Training: Effective integrative negotiation requires specific skills in communication, problem-solving, and creative thinking.

Conclusion:

In conclusion, the integrative approach to negotiation is a collaborative process that focuses on creating value and building mutually beneficial agreements. By understanding interests, fostering open communication, and prioritizing the long-term relationship, negotiators can achieve outcomes that are superior to traditional compromise or competitive approaches.

Taking the time to negotiate the process before diving into the talks is beneficial for all parties involved. This may take time, but in the long run "[negotiating the process] will not only save time, but it will also lead to smarter, stronger and more valuable agreements" **(Wondwosen, 2006)[30].**

Timing is seen as another important factor in negotiations. Zartman argued that the parties are unlikely to begin talks until a situation is "ripe for a solution," a condition that does occur when the parties realize that the status quo "is a lose-lose situation, not a win-lose situation." However, the authors argue that maturity, while necessary, is not a sufficient condition for successful negotiations. For this, the presence of a mutually hurtful impasse is also required, a condition of intolerable "injury" or mutual loss (Zartman & Berman, 1982).

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[30] Asnake, Wondwosen. (2006). *Making Africa work: Negotiating development agreements*. Africa World Press.   64

## 2.9.6.	INTEREST-BASED NEGOTIATION

This approach of negotiation is very closely related to "integrative negotiation" (which we discussed earlier). In fact, interest-based negotiation is essentially another term for the integrative approach. It is another theoretical phase of negotiations that falls under the integrative school., (**Fisher and Ury, 1981**[31] have argued the merits of **"win-win" problem solving** as an approach to negotiations.

According to **Fisher and Ury, 1981**, interest-based negotiation goes beyond the limited strategic choices of distributive negotiation. They define negotiation as a three-phase process, the effectiveness of which depends on how negotiators deal with four essential elements: interests, people, options, and criteria. In later work, these four pillars were reshaped into the "seven elements" of negotiation comprising interests, relationships, options, legitimacy, alternatives, commitments, and communication. In the principled negotiation model, the "essential elements" (described below) serve as prescriptive components for negotiations modelled on an integrative approach.

While the terms are often used interchangeably, sometimes "interest-based negotiation" emphasizes even more strongly the focus on understanding and addressing the underlying needs, desires, motivations, concerns, and fears of each party involved.

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[31] Fisher, Roger, & Ury, William. (1981). *Getting to yes: Negotiating agreement without giving in*. Houghton Mifflin.

Figure 15: Negotiation based on interest

<u>Think of it this way:</u>

- Integrative negotiation is the broader umbrella term encompassing various collaborative strategies aimed at maximizing joint gains.
- Interest-based negotiation is a specific type of integrative negotiation that prioritizes understanding and addressing the underlying interests of the parties as the primary means of creating value and reaching mutually beneficial agreements.

<u>Key Principles of Interest-Based Negotiation (reinforcing the integrative approach):</u>

- Separate the People from the Problem: Focus on solving the problem together, rather than attacking each other personally. Build rapport and treat each other with respect, even when disagreeing.
- Focus on Interests, Not Positions: Dig deeper to understand the "why" behind each party's stated demands. What are their underlying needs, concerns, and motivations?
- Invent Options for Mutual Gain: Explore a wide range of potential solutions, rather than focusing on a single approach. Brainstorm together, look for creative ways to address shared interests, and be open to new possibilities.
- Insist on Using Objective Criteria: Use fair standards, objective benchmarks, or established procedures to evaluate potential solutions. This adds legitimacy and reduces the likelihood of arbitrary or biased outcomes.

<u>The Power of Focusing on Interests:</u>

Understanding interests is crucial because:

- Interests motivate people: Positions are just the surface level, while interests are what truly drive behavior.
- Interests can be compatible even when positions conflict: Two parties might want different things (positions), but their underlying needs (interests) might be met through a creative solution.
- Focusing on interests fosters collaboration: When people understand each other's needs, they are more likely to work together to find solutions that benefit everyone.

Example:

Imagine a negotiation between two departments in a company about budget allocation.

- Positions: Department A wants 60% of the budget, while Department B wants 50%.
- Interests: Department A needs funding for new equipment to improve efficiency. Department B needs funding for training programs to upskill its staff.

By focusing on these underlying interests, they might find a solution that satisfies both: perhaps a smaller investment in new equipment for Department A combined with a joint training program that benefits both departments.

Conclusion:

In conclusion, interest-based negotiation, as a core component of the integrative approach, emphasizes understanding and addressing the underlying needs and motivations of all parties. By focusing on interests rather than positions, negotiators can unlock creative solutions, maximize joint gains, and build stronger relationships.

2.9.7.   DISTRIBUTIVE BARGAINING NEGOTIATION

The author Thompson, Leigh L. (2019)[32] considers this approach as reference to a specific approach to negotiation where the focus is on dividing a fixed resource. It's often referred to as "win-lose" bargaining because one party's gain is usually another party's loss. This assumes that negotiations are zero-sum transactions, i.e. that **one person's gain is another person's loss.** The totality of the available benefits is often metaphorically represented as a pie to be shared. Because negotiators compete for a fixed amount of a good or benefit, negotiators hope to "gain" one part or "share" of the pie at the expense of a corresponding loss by the other. This approach contrasts with approaches that seek to use negotiations as a way to make the pie bigger, or in other words, to multiply the gains in order to improve the situation for both sides.

Figure 16: Distributive bargaining

The tactics used in distributive negotiation are therefore intended to help those who use them claim value for themselves while defending themselves against an opponent's efforts to do the same. Because competitive strategies produce win-lose results.

Here's a breakdown of key aspects of distributive bargaining negotiation:

Core Principles:

- Fixed Pie: The assumption is that there's a limited amount of resources to be divided. Every dollar one party gets is a dollar less for the other.

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[32] Thompson, Leigh L. (2019). *The mind and heart of the negotiator* (7th ed.). Pearson.

- Competitive Approach: Negotiators see each other as adversaries. The goal is to maximize one's own share of the resource.
- Focus on Positions: Negotiators take firm positions and make concessions reluctantly. They often use tactics like threats, bluffs, and deadlines to pressure the other side.
- Information Concealment: Negotiators are reluctant to share information, as it could weaken their bargaining position.
- Short-Term Relationship: The focus is on the current negotiation, not on building a long-term relationship.

Key Tactics in Distributive Bargaining:

- High Initial Demands: Starting with an extreme demand to create room for concessions.
- Limited Concessions: Making small, gradual concessions to signal resistance and extract reciprocal concessions.
- Deadlines and Pressure: Using time pressure and threats to force the other side to agree.
- Information Control: Withholding information or selectively revealing it to gain leverage.
- Emotional Appeals: Using emotions like anger or guilt to manipulate the other side.

When is Distributive Bargaining Appropriate?

- One-Time Transactions: When there's no expectation of future interaction.
- Limited Resources: When there's a fixed amount of resources to be divided.
- Conflicting Interests: When the parties' interests are fundamentally opposed.

Example:

Buying a used car. The seller wants to get the highest possible price, while the buyer wants to pay the lowest. This is a classic distributive bargaining situation.

Limitations of Distributive Bargaining:

- Damaged Relationships: The competitive nature of this approach can damage relationships and create resentment.
- Missed Opportunities: It can lead to missed opportunities for creating value through collaboration.
- Impasse: If both parties are too stubborn, it can lead to impasse and no agreement.

<u>Conclusion:</u>

In summary, distributive bargaining negotiation is a competitive approach that focuses on dividing a fixed resource. While it can be effective in certain situations, it's important to be aware of its limitations and consider alternative approaches like integrative bargaining when possible.

2.9.8. NOTION OF BATNA IN NEGOTIATION

Fisher and Ury (1981)[33] argue that it is crucial for both parties to know their best alternative to a negotiated agreement **(BATNA)** before and at all stages of a negotiation. Fisher and Ury argue that having a resolved bottom line can be costly. By its nature, a bottom line can be inflexible and expensive. This can prevent creative thinking and lock the parties into positions that can prevent them from reaching a favorable solution.

BATNA stands for Best Alternative to a Negotiated Agreement. It is a crucial concept in negotiation theory, representing the most advantageous course of action a party can take if negotiations fail and an agreement cannot be reached.

Key Aspects of BATNA:

- Outside Option: It is an alternative that exists outside of the current negotiation.
- Best Option: It is the best available option among all the alternatives.
- Evaluation: It requires careful evaluation and comparison of all available alternatives.
- Dynamic: It can change during the course of a negotiation as new information is revealed or circumstances change.
- Source of Power: A strong BATNA gives a negotiator more power in the negotiation.

Importance of BATNA:

- Setting a Reservation Point: BATNA helps to determine the reservation point, which is the minimum acceptable outcome for a negotiator.
- Avoiding Bad Deals: It helps to avoid accepting deals that are worse than the BATNA.
- Improving Negotiation Outcomes: A strong BATNA can lead to better negotiation outcomes.
- Confidence and Power: It provides confidence and leverage in a negotiation.
- Decision-Making Tool: It helps to make informed decisions about whether to accept or reject offers.

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[33] Fisher, Roger, & Ury, William. (1981). *Getting to yes: Negotiating agreement without giving in*. Houghton Mifflin.

How to Determine Your BATNA:

1. Identify Alternatives: List all possible alternatives to the current negotiation.
2. Evaluate Alternatives: Analyze the value and feasibility of each alternative.
3. Select the Best Alternative: Choose the alternative that offers the highest value and is most likely to be achieved.
4. Improve Your BATNA: If possible, take steps to improve your BATNA before and during the negotiation.

Example:

Imagine you are negotiating the sale of your car. Your BATNA might be:

- Selling the car to a different buyer.
- Keeping the car.
- Trading in the car at a dealership.

The best alternative among these options would be your BATNA.

Key Points:

- Always have a BATNA: Never enter a negotiation without a clear understanding of your BATNA.
- Don't reveal your BATNA: Revealing your BATNA can weaken your negotiating position.
- Constantly evaluate your BATNA: Your BATNA can change during the negotiation, so keep it updated.
- Focus on improving your BATNA: The stronger your BATNA, the more power you have in the negotiation.

Understanding and developing your BATNA is essential for successful negotiation. It gives you the power to walk away from deals that don't meet your needs and achieve better outcomes.

Chapter 3. RESEARCH METHODOLOGY

3.1   PHILOSOPHY OF THE RESEARCH

For this essay, the method used is the **qualitative research** which is considered to be the approach where researchers are interested in building based on **people's experience** and not in obtaining information that can be generalized to other larger groups. This approach looks for a pattern of meaning based on the data they collected from the interviews. This involves moving from the specific to the general and qualitative researchers do not base their research on predetermined assumptions. It allows for greater flexibility than in quantitative research.

The thesis is based on the approach of interviews with colleagues, we consider the members of this Leadership team as the designated **participants** who answered the problematic questions of the indispensable link between Leadership and the mastery of negotiation techniques. , the Director of ISD is designated as a leader participating in the research, in particular by describing his approach to using a good communication strategy during the crisis, To define an action plan and communicate with the various staff within the campus and to maintain the continuity of the Faculty's activity.

The author **Michelle Newhart and L. Patten (2018)[34]** defines a search strategy as an overall plan for conducting a research study. A research strategy guides a researcher in planning, executing, and monitoring the study. ... Research methods instruct the researcher on how to collect and analyse data, e.g. through interviews, questionnaires or statistical methods. For Michelle Newhart, there are **four main types** of research strategy:
- case study,
- qualitative interviews,
- quantitative inquiry,
- and action-oriented research.

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[34] Michelle Newhart and L. Patten UNDERSTANDING (2018) RESEARCH METHODS An Overview of the Essentials Tenth Edition Mildred

For this essay, the trial used qualitative research which is seen as the approach where researchers are interested in gaining a rich and complex understanding of people's experience and not in gaining information like numbers and statistics that can be generalized to other broader groups. .This approach looks for a meaning pattern based on the data they have collected. This involves moving from the specific to the general and qualitative researchers do not base their research on predetermined assumptions. It allows for greater flexibility than in quantitative research.

During the research, data is collected in textual form at ISD management team meetings and based on observation and interaction with participants and is not converted into statistical forms for analysis. Thus, the research was freer to go beyond the initial answer that participants give and ask why, how, etc.

In quality, our participants in interviews and research correspond to members of the management team. Thus, the Director of our organization represents the major participant. The theoretical research on the concepts is based on the bibliographies collected in **google Scholars** concerning the theoretical notions of the concepts on Leadership, but also on interviews with the various participants and the various documents from the meetings of the committee of members of the management team who are our participants in this research.

The research process as defined by **Merriam-Webster (1999)**[35] requires diligent research and investigation, interpretation of the facts. Traditionally, the scientific approach to research has been used to establish a theory and then challenge it into a hypothesis. This thesis uses a narrative presentation style. Through interviews with participants, the thesis selected by the ISD leadership team helps **narrative research** on stories.

In accordance with the international **data protection** rules, all information published in the essay is not stamped confidential and is authorized by the management of my organization for publication. For consideration, a test project was shared with participants to ensure the protection of sensitive confidential data.

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[35] Merriam-Webster, Inc. (1999). *Merriam-Webster's Collegiate Dictionary* (10th ed.)

Some of the financial data discussed at the finance committee and board meeting was allowed to be published on the company's website. In the interest of transparency, parents of pupils have the right to access authorised financial data.

For the authors **Creswell & Plano Clark (2007)**[36]**,** a research design is the procedures for collecting, analyzing, interpreting, and reporting data. The approach was to prepare interviews with the participants who were chosen from our organization's leadership team.

We defined a series of questions about the concept of leadership and discussed them with four of our participants involved in the leadership team and the crisis committee. The research has questioned how leadership rules can be applied to an organization and see its effectiveness and results in solving company problems.

3.2.   RESEARCH ETHICS AND DATA COLLECTION

During the process, ethical issues has been considered. Based on our interviews with the participants and as the author **Creswell (2008**)[37] states, the rights of the participants through their declaration were respected because it was confirmed that the subject of this research was in the interest of our company, each participant being an actor who must participate without risk of being judged.

Thus, informed consent was used to ensure that the research remained ethical, confidential, and protected the rights of participants during and after interviews. Another issue was the methods of data collection following Creswell's recommendation, as interviews were conducted with four selected individuals from the management team.

Participants were selected based on their involvement in leadership, their availability and their desire to participate in the research. They knew that the result of the work will allow the organization to have traceability on management styles during this COVID period.

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[36] Creswell, John W., & Plano Clark, Vicki L. (2007). *Designing and conducting mixed methods research*. SAGE Publications.

[37] Creswell, John W., & Poth, Cheryl N. (2018). *Qualitative inquiry & research design: Choosing among five approaches* (4th ed.). SAGE Publications

The data comes mainly from interviews with the participants who are members of the leadership team on a series of questionnaires and also from the minutes of discussions at the finance committee, the budget review and the financial reports and projections. I worked with the participants below at our Finance Committee. These participants are the main staff who have been in charge of steering the organization. They know that I am working on a dissertation on this subject and my report will allow my organization to have traceability on management styles during this period.

The documents and records mainly concern meeting minutes, and financial statements, financial information on the accounting side, budgeting... etc. I used the Google Scholars bibliography a lot to revisit concepts. Other information also comes from my organization's website. Using documents and folders can be efficient and inexpensive, as you mostly use searches that have already been completed.

The conditions for conducting the research were difficult, firstly because of the scarcity of publications on leadership and negotiation. Many works comment on the notion of leadership, but not particularly by insisting on the link between the importance of mastering negotiation techniques and establishing one's leadership.

3.3.   RESEARCH QUESTIONS AND SELECTION FOR THE INTERVIEWS

The participants were chosen according to their function and strategic responsibility in the decision-making and management of our organization. These are mainly:

- Director: 54 years old – PARTICIPANT 1 P1

- HR manager: 57 years old – PARTICIPANT 2 P2

- Chief of Accounting : 46 years old– PARTICIPANT 3 P3

- Executive Assistant: 56 years old– PARTICIPANT 4 P4

During the interviews, we defined a series of questions that the participants answered.

Question Related to the section of the thesis Linked to authorities/references	References
Question 1	
How does the research understand leadership as a management concept and How do different leadership styles (e.g., transformational, transactional, laissez-faire) influence negotiation behaviors and outcomes? What roles as perceived attributes and behaviors as a leader?	Goleman Daniel Leadership That Gets Results harvard business review March–April 2000 Bass, B. M. & Riggio, R. E. Transformational Leadership. Mahwah, New Jersey: Lawrence Erlbaum Associates, Inc; 2008. Jacobs C; Pfaff H; Lehner B, et al. The Influence of Transformational Leadership on Employee Well-Being: Results From a Survey of Companies in the Information and Communication Technology Sector in Germany. J Occup Environ Med. 2013;55(7):772-8. doi:10.1097/JOM.0b013e3182972ee5 Patelarou E. Importance of leadership style towards quality of care measures in healthcare settings: A systematic review. Healthcare (Basel). 2017;5(4). Thomas Carlyle Great Man Theory (1795) Zenger Jack et Joseph Folkman Turning good managers in to great leaders » (2002), Wang H, Guan B. The Positive Effect of Authoritarian Leadership on Employee Performance: The Moderating Role of Power Distance. Front Psychol. 2018;9:357.

		doi:10.3389/fpsyg.2018.00357
		Bass, B. M. & Riggio, R. E. Transformational Leadership. Mahwah, New Jersey: Lawrence Erlbaum Associates, Inc; 2008.
		Burns, J.M. Leadership. New York. Harper & Row; 1978.
Question 2	How do participants view the choice of the leadership model between transactional and transformational as adaptable to an organization?	
Question 3	What is the concept of negotiation and do you think that a good leader must be a good negotiator in finance? What is the link between leadership and negotiation in finance? What are the characteristics of effective financial leaders?	**Lewicki, R. J., Saunders, D. M., & Barry, B. (2020). Negotiation (8th ed.). McGraw-Hill Education.** (A comprehensive negotiation textbook with sections on environmental factors)
		Fisher, Roger and William Ury, Getting to Yes: Negotiating Agreement Without Giving In (Penguin, 2011)
		Raiffa, H., 2002. *Negotiation Analysis*. The Belknap Press of Harvard University Press. Cambridge & London, UK.
Question 4	How to understand the dilemma between Ethics and Negotiation? How can the qualities of a negotiator help in the resolution of conflicts in business?	

The participants answered the following questions with their own story after several discussions by email or sometimes by direct oral interview. Detailed answers were given to simple questions.

3.4. DATA ANALYSIS AND RESEARCH LIMITATIONS

The research process as defined by Merriam-Webster, (1999) requires diligent research and investigation, interpretation of the facts. This thesis uses a narrative presentation style. Through interviews with participants, the thesis selected by the management team helps narrative research on stories. The stories are collected from individuals and case studies and are intertwined to provide insight into the meaning of leadership. It uses oral descriptions of the leadership experience by the participants.

In accordance with international GDPR data protection rules, all information published in the trial is not stamped confidential and is authorized by the management for publication. For consideration, a test project was shared with participants to ensure the protection of sensitive confidential data. Some of the financial data discussed at the finance committee and board meeting was allowed to be published on the company's website. In the interest of transparency, parents of pupils have the right to access authorised financial data.

The main risk is the confidentiality of the information because it concerns a sensitive area such as when we decide on the staff withdrawal plan and terminate an employee's contract due to the decrease in enrollment.

CONCLUSION

Learning to develop one's own leadership strengths is very important for the manager. Human qualities like charisma, vision, and the ability to coordinate all positive initiatives should be a necessary skill for a leader to create a team spirit. Through the SSBM library, research insists on the fact that the most important thing in managing a crisis is to have a responsible management team, with an open mind capable of facing the problem, facing it with courage and finding realistic and applicable solutions.

Leadership and negotiation skills are essential assets for success in the area of finance. By developing these skills, professionals can improve their effectiveness, influence, and ability to achieve their goals. It should be noted that following our research in the literature on leadership and negotiation, the number of works linking leadership to negotiation was very limited. But most existing research has found a positive relationship between leadership and negotiation.

The research works to respond to the questions on how do different leadership styles (e.g., transformational, transactional, laissez-faire) influence negotiation behaviors and outcomes?It will point the leadership styles specifically by focusing on three common leadership styles:

- Transformational: Inspiring and motivating followers to achieve extraordinary outcomes.
- Transactional: Managing through rewards and punishments.
- Laissez-faire: Providing minimal guidance and allowing followers autonomy.

It will also emphasizes on the Negotiation Behaviors by exploring how these leadership styles impact the way individuals negotiate. For example:

- Do transformational leaders adopt a more collaborative approach?
- Do transactional leaders focus on achieving specific outcomes through bargaining?
- Do laissez-faire leaders avoid active participation in negotiations?

What roles as perceived attributes and behaviors as a leader?

Roles: This explores the functions and responsibilities that participants associate with leadership. For example:

- Are leaders seen as decision-makers, motivators, communicators, or mentors?
- What specific actions do leaders take in their daily work?

Attributes: This investigates the personal qualities that participants believe are essential for effective leadership. For example:

- Do they value integrity, intelligence, empathy, or charisma?
- What personality traits are seen as contributing to or hindering leadership effectiveness?80

Behaviors: This focuses on the observable actions of leaders. For example:

- How do leaders communicate with their team?
- How do they handle conflict?
- How do they recognize and reward performance?

On the Negotiation Outcomes the research investigates how these leadership styles affect the results of negotiations. For example:

- Do transformational leaders achieve more mutually beneficial agreements?
- Do transactional leaders prioritize achieving their own goals?
- Do laissez-faire leaders lead to less favorable outcomes?

Overall, these questions suggest a research project that aims to:

- Gain a comprehensive understanding of leadership within a specific organization.
- Explore the perceptions and experiences of employees regarding leadership.
- Examine the impact of different leadership styles on negotiation dynamics.

QUESTION 1

How does the research understand leadership as a management concept and How do different leadership styles (e.g., transformational, transactional, laissez-faire) influence negotiation behaviors and outcomes? What roles as perceived attributes and behaviors as a leader?

The responses on this question push the research to point out 5 keys aspects necessary for the Leader to get the preliminary skills before being a good negotiator. These five keys are below:

- The leaders should have a **vision**
- The leader should be **strategic**
- The leader should have **communication** skills
- The good leader should have **ethical** values

The traditional leadership literature like **Braker (2008)**[38] considers that the leadership requires vision, personality, and confidence, but not necessarily negotiation skills**)**. Another **author (Russell 2010)**[39] has not approved this theory because leadership often requires negotiations A leader must persuade people to follow, must appeal to their interests, communicate effectively with them, and sell a vision.

The authors **(Siegel 2001; Ulrich, Smallwood & Sweetman 2008)** examine leadership competencies from six strands, namely:

- vision,
- strategy,
- structure,
- process,
- personal skills.

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[38] Braiker, Harriet B. (2008). *Who's pulling your strings?: How to break the cycle of manipulation and regain control of your life*. McGraw-Hill.

[39] Russell, Randy. (2010). *Leading change training: A practical guide to transform your organization*. Pfeiffer

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They consider that leadership skills are not a matter of innate skills or gifted talent as the great man theory suggests. They are a group of talents and behaviors that need to be improved and developed, so that leaders can inspire and influence others to achieve common goals. In this context, a leader must excel at least in his or her personal skills and processes; Personal competence creates the confidence of followers while the process involves negotiation and decision-making which are essential to leadership.

Charisma, vision, and authority can affect how others relate to the leader; but that would not necessarily make them follow. Individuals follow leaders when they are convinced that it is the best choice. Just as effective negotiators focus on the interests of their counterparts, good leaders try to recognize and satisfy the interests of their supporters. This helps the leader achieve the organization's goals. This underscores two fundamental concepts. First, compelling communication is necessary for effective leadership. Second, communication style is important in leadership to address individual concerns and interests (Braker 2008).

Also, currently, many people are looking to their leaders to establish a vision. They believe that the vision of an organization comes from its leader and that without a strong leader, the organization does not have a clear vision. A leader negotiates the support of followers by responding to their interests, communicating with each of them in the right way, and creating a compelling single vision that everyone can follow.

Fells and Savery (1984)[40] suggested that a strong leadership strategy is an important aspect of achieving agreements in negotiation. Fells and Savery likely explored how effective leadership, with its elements of strategic thinking, communication, and influence, can significantly impact the ability of parties to reach mutually acceptable agreements in the often complex and high-stakes environment of industrial relations negotiations. They might have discussed how different leadership styles and approaches can either facilitate or hinder the negotiation process and the likelihood of successful outcomes. While **Politis (2001)**[41] found that leadership styles characterized by participatory behavior, mutual trust and respect for subordinates' ideas and feelings are positively related to negotiation. Politis likely explored how different leadership styles, including participatory ones, influence organizational processes and outcomes. The finding that participatory styles are positively related to negotiation suggests that leaders who involve their

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[40] Fells, R., & Savery, L. K. (1984). *Managing for industrial relations*. Longman Cheshire.
[41] Politis, John D. (2001). *The relationship between leadership styles and management of change*. Emerald Group Publishing.

subordinates, build trust, and value their input create an environment more conducive to successful negotiation and agreement.

4.1.1 LEADERSHIP AND VISION

In reviewing the literature on **visionary leadership**, we identified two authors, **Conger and Kanungo (1998)**[42], who focus leadership on the notion of vision around forward-looking goals. In addition, many authors on leadership have mentioned the image of the future in vision definitions based on the fact that it provides a direction to be persuaded.

The link between leadership and vision is fundamental and deeply intertwined. Vision serves as the compass for leadership, providing direction, purpose, and inspiration.

Figure 17: Leadership and vision

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[42] Conger, Jay A., & Kanungo, Rabindra N. (1998). *Charismatic leadership in organizations*. SAGE Publications.

Vision Provides Direction and Purpose:

- Setting the Course: A clear vision acts as a roadmap, outlining the desired future state of an organization, team, or even a movement. It provides a sense of direction, guiding decisions and actions.
- Creating Meaning: A compelling vision gives people a sense of purpose, connecting their work to something larger than themselves. This fosters motivation and commitment.

Vision Inspires and Motivates:

- Igniting Passion: A strong vision can ignite passion and enthusiasm in followers. It creates a sense of excitement and possibility, motivating people to strive for something greater.
- Building Commitment: When people believe in the vision, they are more likely to be committed to its achievement. This translates into increased effort, dedication, and resilience.

Vision Facilitates Strategic Planning:

- Guiding Decision-Making: A clear vision helps leaders make strategic decisions by providing a framework for evaluating options and prioritizing actions.
- Enabling Alignment: Vision helps align the efforts of individuals and teams towards a common goal. It ensures that everyone is working in the same direction.

Vision Drives Change and Innovation:

- Challenging the Status Quo: Vision often involves challenging the status quo and envisioning a better future. This can drive innovation and lead to significant organizational change.
- Fostering Adaptability: In a rapidly changing world, a strong vision can help organizations adapt and thrive by providing a clear sense of purpose and direction.

5. Vision Enhances Communication and Influence:

- Articulating the Future: Effective leaders are able to articulate their vision in a clear, compelling, and inspiring way. This allows them to communicate their ideas effectively and influence others.

- Building Consensus: A shared vision can help build consensus and foster collaboration among diverse groups of people.

How Leaders Develop and Communicate Vision:

- Scanning the Environment: Leaders need to understand the current situation, identify trends, and anticipate future challenges and opportunities.
- Imagining the Future: Leaders must be able to think creatively and envision a desired future state.
- **Articulating the Vision:** Leaders need to communicate their vision in a way that is clear, concise, and inspiring.
- **Inspiring Action:** Leaders must be able to motivate others to embrace the vision and work towards its achievement.

The vision is an influential instrument of leadership because it helps the leader explain his goals and priorities. Typically, the literature on leadership, especially charismatic transformational leadership, tends to view vision as a core component of leadership that inspires people to a higher level of effort and performance.

In essence, vision is the lifeblood of leadership. It provides the "why" behind the "what" and the "how," inspiring and guiding individuals and organizations towards a brighter future.

4.1.2 LEADERSHIP AND STRATEGY

This section of the research suggests a focus on the strong connection between effective leadership and the development and execution of successful strategies. It implies that leadership is not just about managing people, but also about shaping the direction and future of an organization through strategic thinking and action.

In many circumstances, strategy means a plan to achieve a desired long-term goal. For **(Siegel 2001)**[43] it means the leader's ability to turn a vision into reality or to get things done. In other words, it is the skill needed to implement one's vision, to influence others and at the same time establish correlations for change. Many leaders failed because they could not execute their visions. Good leaders must allow things to be done. There are two critical aspects of strategy for a leader; mastering the details of implementation and the persuasion aspect of the work **(Siegel 2001)**. First, the leader must understand the requirements of implementing the strategy or policy. The second aspect of strategy is how easy it is for a leader to persuade followers.

Figure 18: leadership and strategy

Here's a breakdown of the link between leadership and strategy:

The Intertwined Nature of Leadership and Strategy:

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[43] Siegel, Alan M. (2001). *Simple truths of leadership: 50+ ways to be an inspiring boss*. Kaplan Business

- Setting Direction: Leaders are responsible for defining the organization's vision and mission, which form the foundation for strategic planning.
- Making Strategic Choices: Leaders make critical decisions about resource allocation, market positioning, and competitive advantage.
- Communicating and Inspiring: Leaders must effectively communicate the strategy to their teams and inspire them to work towards its achievement.
- Building a Strategic Culture: Leaders foster an environment where strategic thinking and adaptability are valued.
- Driving Execution: Leaders ensure that the strategy is implemented effectively and that progress is monitored and adjusted as needed.

Key Aspects of Leadership in Relation to Strategy:

- Strategic Thinking: Leaders need to be able to analyze complex situations, identify opportunities and threats, and develop creative solutions.
- Visionary Leadership: Leaders articulate a clear and compelling vision for the future, which guides the development of strategic goals.
- Strategic Planning: Leaders are involved in the process of developing strategic plans, setting objectives, and allocating resources.
- Change Management: Leaders guide the organization through periods of change, ensuring that the strategy is implemented smoothly.
- Decision Making: Leaders make critical strategic decisions that impact the organization's future.
- Communication: Leaders effectively communicate the strategy to all stakeholders, ensuring alignment and buy-in.
- Motivation: Leaders inspire and motivate their teams to work towards the achievement of strategic goals.

Why Leadership is Essential for Strategy Success:

- Strategy without Execution is Futile: Even the best strategy will fail if it is not implemented effectively. Leaders play a crucial role in driving execution and ensuring that the strategy is translated into action.

- People Drive Strategy: Strategies are implemented by people. Leaders need to build and motivate high-performing teams to execute the strategy successfully.

- Change Requires Leadership: Implementing a new strategy often requires significant change. Leaders guide the organization through this change process, minimizing resistance and maximizing adoption.

- Adaptability is Key: The business environment is constantly changing. Leaders need to be able to adapt the strategy as needed to respond to new challenges and opportunities.

Conclusion:

In conclusion, leadership and strategy are inextricably linked. Effective leaders are not just managers; they are strategic thinkers, visionaries, and change agents. They play a crucial role in shaping the direction of the organization, driving execution, and ensuring that the strategy leads to sustainable success.

4.1.3   LEADERSHIP AND COMMUNICATION

The research highlights the critical link between effective leadership and strong communication skills. It implies that communication is not just a tool for leaders, but an essential component of their role. It's noted that the ability to communicate is the real link between Leadership and negotiation. The research worked on the bibliography of the author **Klann (July 2005)[44]** which insists on the link between leadership and good communication in times of crisis. As an example in our ISD organization, the lived experience of COVID has shown that the leader must know how to communicate with courage and clarity and announce the first steps taken and not spread panic. Compassionate leaders who encourage more loyalty and commitment from their teams can achieve better results. As author Klann argues, it is the manager's responsibility to determine the most reliable and up-to-date information from reliable information sources. In a bad period of similar crisis, checking the credibility of the information is crucial. Awareness of how others feel and vulnerability, empathy, and compassion as role models has been shown to reduce stress. To seek credible information, the leader must verify the most reliable and up-to-date information from reliable information sources.

Negotiation is only possible through communication. The authors (**Fisher and Ury, 1981**) argue that the feeling of being heard is also a key interest for both parties in a negotiation. Good communication can change attitudes, prevent or overcome deadlocks and misunderstandings, and help improve relationships.

For **Kaisupy,** (2021)[45] the Negotiators are expected to have a sharp understanding, a sense of patience and a sense of humor, have the ability to adapt, and be able to focus on the goal of reaching an agreement for profit. In negotiating, negotiators must also be able to choose a good language to communicate, especially in business negotiations, the ability to influence the other person is very important. Negotiators must be able to convey arguments well in a persuasive manner so that information can be well received and easily understood and able to convince the other person.

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[44] Klann, Grant. (2003). *Crisis leadership: How to lead in times of crisis, disaster, and panic*. Center for Creative Leadership.
[45] Kaisupy, J. (2021). *Business Acumen for Negotiators: Understanding How Business Works*. Independently Published. 90

To improve communication skills, Fisher and Ury recommend active listening. This means listening "not to formulate an answer, but to understand [the other part] as it sees itself" (Fisher & Ury, 1981).

Figure 19: Leadership and communication

Here's a breakdown of the connection between leadership and communication:

Communication as a Foundation of Leadership:

- Vision Sharing: Leaders use communication to articulate their vision, inspire others, and build consensus.
- Motivation and Inspiration: Leaders communicate to motivate, encourage, and build morale within their teams.
- Information Dissemination: Leaders are responsible for ensuring that information flows effectively within the organization.
- Feedback and Coaching: Leaders use communication to provide feedback, coach their team members, and support their development.

- Relationship Building: Leaders build relationships through effective communication, fostering trust and collaboration.
- Conflict Resolution: Leaders use communication to mediate disputes, resolve conflicts, and build consensus.
- Change Management: Leaders communicate the need for change, explain the rationale, and guide their teams through the transition.

What are the key Aspects of Effective Communication for Leaders?

- Clarity and Conciseness: Leaders communicate their message in a clear and understandable way.
- Active Listening: Leaders listen attentively to their team members, understanding their perspectives and concerns.
- Empathy and Understanding: Leaders communicate with empathy, demonstrating understanding and respect for others.
- Nonverbal Communication: Leaders are aware of their nonverbal cues and use them effectively to reinforce their message.
- Adaptability: Leaders adapt their communication style to the audience, the situation, and the medium.
- Transparency and Honesty: Leaders communicate openly and honestly, building trust and credibility.
- Feedback Seeking: Leaders actively seek feedback to improve their communication effectiveness.

Why Communication is Essential for Leadership Success?

- Building Trust: Open and honest communication builds trust and strengthens relationships.
- Enhancing Collaboration: Effective communication facilitates collaboration and teamwork.
- Improving Decision-Making: Clear communication ensures that everyone has the information they need to make informed decisions.
- Driving Engagement: Inspiring communication motivates employees and fosters engagement.
- Managing Change: Effective communication helps to manage resistance to change and ensure smooth transitions.

In conclusion, communication is not just a skill for leaders, it is a fundamental aspect of their role. Effective leaders are skilled communicators who use their abilities to inspire, motivate, build relationships, and drive organizational success.

4.1.4.   LEADERSHIP AND ETHICS

What are the ethical considerations involved in the intersection of leadership and negotiation?

Sometimes, the leader is in a situation of conflict between law and ethics in times of crisis. This research points to the crucial connection between leadership and ethical behaviour. It suggests that ethical considerations are not just an optional add-on for leaders, but a fundamental requirement for effective and responsible leadership.

Kevin Sneader and Shubham Singhal (March 2020)[46] explain that, compassionate leaders who encourage more loyalty and commitment from their teams achieve better results.
For author James MacGregor Burns (1978), transformational leadership is defined as one who, with charisma and approach, can transform his or her staff to take on his or her own leadership and responsibilities. James MacGregor Burns explains how a quality of leadership can transform people into leaders who can build their abilities and talents and generate performance. Together with the bibliography of the authors Bass and Riggio (2008), the thesis shows how to unleash energies and reveal the potential that lies dormant in each collaborator. It describes the context of the crisis, how it happens and how a manager can use the different management formats to ensure the continuity of the organization's activity. Thus, the literature shows how crucial the key to communication is for a leader to convey his message and vision.

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[46] Sneader, Kevin, & Singhal, Shubham. (2020, March 19). *The case for compassionate leadership*. McKinsey Quarterly

Figure 20: Leadership and ethics

Here's a breakdown of the link between leadership and ethics:

Ethics as the Foundation of Trust and Credibility:

- Building Trust: Ethical leaders are trusted by their followers, colleagues, and stakeholders. Trust is essential for effective leadership, as it fosters collaboration, commitment, and open communication.
- Establishing Credibility: Leaders who demonstrate integrity and ethical behavior are seen as credible and reliable. This enhances their influence and ability to lead effectively.
- Creating a Culture of Integrity: Ethical leaders set the tone for the organization, creating a culture where ethical behavior is valued and expected.

Ethical Responsibilities of Leaders:

- Making Ethical Decisions: Leaders are often faced with complex ethical dilemmas. They must be able to make sound judgments based on ethical principles and values.
- Acting as Role Models: Leaders are role models for their teams and organizations. Their actions speak louder than words.
- Promoting Fairness and Justice: Ethical leaders treat everyone fairly and equitably, regardless of their background or position.

- Respecting Diversity: Ethical leaders value diversity and create an inclusive environment where everyone feels respected and valued.
- Being Accountable: Ethical leaders take responsibility for their actions and decisions.
- Protecting Stakeholders: Ethical leaders consider the interests of all stakeholders, including employees, customers, suppliers, and the community.

Why Ethics is Essential for Leadership Success:

- Sustainable Success: Ethical leadership leads to long-term sustainable success, as it builds trust, fosters loyalty, and enhances reputation.
- Positive Impact: Ethical leaders have a positive impact on their organizations, their communities, and the world.
- Avoiding Scandals and Crises: Ethical lapses can lead to scandals, crises, and reputational damage.
- Attracting and Retaining Talent: People want to work for ethical leaders and organizations.

Challenges to Ethical Leadership:

- Pressure to Perform: Leaders may face pressure to achieve results at any cost.
- Conflicting Interests: Leaders may have to balance the interests of different stakeholders.
- Ambiguity and Uncertainty: Ethical dilemmas are often complex and ambiguous.
- Personal Biases: Leaders may have unconscious biases that affect their decisions.

In conclusion, ethical leadership is not just about following rules and regulations. It is about making sound judgments, acting with integrity, and creating a culture where ethical behavior is valued and expected. Ethical leaders build trust, enhance credibility, and create a positive impact on their organizations and the world.

CONCLUSION

It is true that the democratic and participatory model is the most used and the most appropriate at the time, since the freedom to think and decide is one of the fundamental principles of our time. Specifically, individuals and employees do not follow through and would like to understand the vision of what they are being asked to do and would like to have more self-esteem (Maslow) in the performance of assigned tasks. This participatory approach brings more quality and

innovation in input and decision-making, but especially in the decision-making phase. Research participants are more likely to favor this model of leadership than authoritarianism. The great constraint is the time factor in times of crisis when everything is urgent and decisions must be made quickly. As a result, the consultation process becomes cumbersome and time-consuming.

The research also raised an interesting point about the comparison between transactional and transformational leadership. As author James MacGregor Burns (1978) explains, transformational leadership emphasizes values and the quality of human resources. In the context of the ISD, the model applied looks more like a mix combining the transactional and the transformational since some decisions were taken directly without consultation since they were aligned with the rules and policies of the School but with the regulatory texts of the Senegalese and American authorities Embassy.

QUESTION2: What is the concept of negotiation and do you think a good Leader should be a good negotiator in finance? What is the link between leadership and negotiation in finance? What are the characteristics of effective financial leaders?

The research highlights the link between leadership and negotiation as essential skills in the field of finance. The financial leader must know how to lead teams, close advantageous deals and navigate a complex and competitive environment. He must have key skills in several aspects, including:

- **Strategic vision i.e. the financial leader must have** the ability to define a clear vision for the team or organization, set long-term goals, and align everyone's efforts towards achieving them. The ability to conduct in-depth research on issues, stakeholders and possible options before entering into negotiations.

- **Analytical thinking i.e. that the financial leader must have** the ability to analyze complex financial data, identify trends, and make informed decisions.

- **Effective communication i.e. the financial leader must have the** ability to communicate clearly and convincingly with different audiences, both internally and externally. They must have the ability to make strong and compelling arguments, actively listen to others, and find mutually beneficial solutions. He must have the sense to adapt to different situations and to find compromises, to remain calm and focused throughout the negotiation process, even in the event of difficulties. A thorough understanding of the financial markets, financial products and regulations is required.

- **Relationship Management:** The ability to build and maintain strong relationships with colleagues, line managers, customers, and partners. The financial leader must be honest and transparent in all interactions, take responsibility and be accountable, be focused on achieving goals and creating value, work as a team, and encourage collaboration between different stakeholders.

Leader as a Good Negotiator in Finance: Absolutely, a good leader in finance should be a good negotiator.

4.2.1 RESSOURCE ALLOCATION: The Heart of Financial Leadership and Negotiation

Resource allocation is a core responsibility of financial leaders. It involves determining how the organization's financial resources will be used to achieve its strategic goals. This process is inherently a negotiation, both internally and externally.

Why Negotiation is Crucial in Resource Allocation:

- Competing Demands:
  - Different departments, projects, and initiatives within an organization will always have competing demands for limited resources.
  - Financial leaders must negotiate with stakeholders to balance these demands and prioritize investments.
- Budget Development:
  - Creating a budget involves negotiating with department heads and project managers to determine their funding needs.
  - This process requires careful consideration of priorities, potential returns, and risk.
- Funding Acquisition:
  - Financial leaders often need to negotiate with external stakeholders, such as investors, lenders, or government agencies, to secure funding.
  - This involves presenting a compelling case for investment and negotiating favorable terms.
- Prioritization:
  - Not all projects or initiatives can be funded equally.
  - Financial leaders must negotiate with stakeholders to prioritize investments based on strategic alignment and potential impact.
- Cost Control:
  - Negotiating with vendors and suppliers to obtain favorable pricing and terms is essential for controlling costs.
  - This helps to maximize the organization's financial resources.

Financial Management and Resource Allocation

01 Understanding Cash Flow		**04** Investment Decisions	
02 Budgeting and Forecasting		**05** Capital Structure	
03 Cost Control		**06** Financial Performance Evaluation	

Figure 20: Negotiation for resource allocation

What key Negotiation Skills are required for Resource Allocation?

- Understanding Stakeholder Needs: Financial leaders must be able to understand the needs and priorities of different stakeholders.
- Communication and Persuasion: They must be able to communicate their recommendations clearly and persuasively.
- Conflict Resolution: They must be able to resolve conflicts and build consensus among stakeholders.
- Analytical Skills: They must be able to analyze financial data and make informed decisions.
- Strategic Thinking: They must be able to align resource allocation decisions with the organization's strategic goals.

Examples of Resource Allocation Negotiations:

- Budgeting: A financial leader negotiates with department heads to determine their annual budgets.
- Capital Expenditures: A financial leader negotiates with the board of directors to approve funding for a major capital investment.
- Debt Financing: A financial leader negotiates with lenders to obtain favorable terms on a loan.
- Project Funding: A financial leader negotiates with project managers to allocate resources to specific projects.

Conclusion:

In essence, the ability to effectively negotiate resource allocation is a critical skill for financial leaders. It enables them to maximize the organization's financial resources and achieve its strategic objectives.

4.2.2 NEGOTIATION FOR DEAL MAKING (contracts, partnerships…)

When the organization has a Deal Making, a Negotiation-Intensive Domain is activated and financial leaders are frequently involved in complex transactions that require skillful negotiation. These deals can significantly impact the organization's financial health, growth, and long-term strategy.

Types of Deals Financial Leaders Negotiate:

- Contracts:
    - Negotiating terms with suppliers, vendors, customers, and other business partners.
    - This includes pricing, payment terms, delivery schedules, and service level agreements.
- Mergers and Acquisitions (M&A):
    - Negotiating the purchase or sale of companies or assets.
    - This involves complex valuations, due diligence, and deal structuring.
- Partnerships and Joint Ventures:

- o Negotiating agreements with other organizations to collaborate on projects or ventures.
    - o This includes defining roles, responsibilities, and profit-sharing arrangements.
- Financing Agreements:
    - o Negotiating loans, lines of credit, and other financing arrangements with banks and investors.
    - o This involves interest rates, repayment terms, and collateral requirements.
- Licensing Agreements:
    - o Negotiating the terms of licensing intellectual property.

Figure 21: Negotiating and structuring the deal

What key Negotiation Skills in Deal Making?

- For the Valuation Expertise, the financial leaders need to have a good understanding how to value assets and businesses.This is crucial for determining fair prices and deal terms.
- Regarding the Financial Modeling the financial leaders
    - o Developing financial models to assess the potential impact of deals.
    - o This helps to evaluate risk and return.

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- Legal Acumen:
    - Understanding the legal implications of contracts and agreements.
    - This is essential for protecting the organization's interests.
- Strategic Thinking:
    - Aligning deals with the organization's overall strategic goals.
    - This ensures that deals create long-term value.
- Relationship Building:
    - Building rapport and trust with counterparties.
    - This facilitates communication and cooperation.
- Creative Problem-Solving:
    - Finding innovative solutions to complex deal structures.
    - This helps to bridge gaps and reach mutually beneficial agreements.
- Due Diligence:
    - Knowing what information to gather, and how to use that information to your advantage in the negotiation.

Why Effective Negotiation is Critical in Deal Making?

- Maximizing Value: Skillful negotiation can help to secure favorable deal terms and maximize the organization's financial return.
- Minimizing Risk: Effective negotiation can help to mitigate risks and protect the organization from potential losses.
- Building Strategic Partnerships: Successful deal making can lead to valuable strategic partnerships that drive growth and innovation.
- Protecting the Organization's Interests: Strong negotiation skills are essential for protecting the organization's interests in complex transactions.

Conclusion:

In summary, deal making is a high-stakes arena where financial leaders must leverage their negotiation skills to achieve strategic objectives and create long-term value for their organizations.

4.2.3. NEGOTIATING ON THE STAKEHOLDER MANAGEMENT

On the Stakeholder Management when the organization navigating diverse interests, financial leaders operate within a complex web of relationships, each stakeholder having distinct interests and expectations. Effective stakeholder management requires understanding these diverse perspectives and negotiating mutually acceptable outcomes.

What key Stakeholders Financial Leaders Negotiate with?

- Investors:
  - Negotiating investment terms, returns, and reporting requirements.
  - Addressing investor concerns and maintaining confidence.
- Lenders:
  - Negotiating loan terms, interest rates, and repayment schedules.
  - Maintaining strong relationships with financial institutions.
- Regulators:
  - Negotiating compliance agreements and resolving regulatory issues.
  - Maintaining a positive relationship with regulatory bodies.
- Employees:
  - Negotiating compensation, benefits, and performance incentives.
  - Addressing employee concerns and fostering a positive work environment.
- Customers:
  - Negotiating pricing, payment terms, and contract agreements.
  - Building strong customer relationships.
- Suppliers:
  - Negotiating pricing, delivery schedules, and contract agreements.
  - Maintaining reliable supply chains.
- Community:
  - Negotiating community engagement initiatives and addressing environmental concerns.
  - Maintaining a positive public image.
- Board of Directors:
  - Negotiating for budget approvals, and the presentation of financial information.
  - Providing and receiving input on financial strategy.

What are the key Negotiation Skills in Stakeholder Management?

- Relationship Building:
    - Establishing and maintaining strong relationships with diverse stakeholders.
    - This requires trust, empathy, and effective communication.
- Active Listening:
    - Understanding the needs and concerns of each stakeholder.
    - This involves paying attention to both verbal and nonverbal cues.
- Communication and Persuasion:
    - Articulating the organization's financial position and strategic goals.
    - This involves presenting compelling arguments and addressing stakeholder concerns.
- Conflict Resolution:
    - Mediating disputes and finding mutually acceptable solutions.
    - This requires diplomacy and problem-solving skills.
- Influence and Advocacy:
    - Advocating for the organization's interests and influencing stakeholder decisions.
    - This involves building coalitions and leveraging relationships.
- Transparency and Accountability:
    - Being open and honest with stakeholders.
    - Being accountable for financial actions.

Why Effective Negotiation is Essential in Stakeholder Management?

- Building Trust and Credibility: Strong stakeholder relationships are built on trust and credibility.
- Minimizing Conflict and Risk: Proactive negotiation can help to prevent conflicts and mitigate risks.
- Achieving Strategic Alignment: Effective stakeholder management ensures that stakeholders are aligned with the organization's strategic goals.
- Enhancing Reputation: Positive stakeholder relationships enhance the organization's reputation.

In essence, financial leaders must be adept at navigating the complex web of stakeholder relationships. Negotiation is a key tool for building trust, resolving conflicts, and achieving mutually beneficial outcomes.

4.2.4. NEGOTIATING FOR CONFLICT RESOLUTION

Conflict is a process that begins when a person or party considers the other party to thwart or hinder their interests **(Lestari, 2016**)[47]. Conflict Resolution is a vital skill for financial leaders, and it's heavily reliant on negotiation. Let's explore why:

Financial Matters: A Breeding Ground for Conflict

Financial decisions often involve high stakes, limited resources, and differing opinions. This creates a fertile ground for conflict. Financial leaders must be equipped to navigate these disputes effectively.
Types of Financial Conflicts Financial Leaders Resolve:

- Budgetary Disputes:
    - o Departments disagreeing over budget allocations.
    - o Disputes about spending priorities and resource allocation.
- Investment Disputes:
    - o Disagreements about investment strategies and risk tolerance.
    - o Conflicts over the allocation of investment funds.
- Contract Disputes:
    - o Disagreements with suppliers, vendors, or customers over contract terms.
    - o Disputes over payment, delivery, or performance.
- Compensation Disputes:
    - o Disagreements about salary, bonuses, and benefits.
    - o Disputes over performance evaluations and promotions.
- Regulatory Disputes:
    - o Disagreements with regulatory bodies over compliance issues.
    - o Disputes over fines or penalties.

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[47] Lestari, S. (2016). *Manajemen Konflik* (Conflict Management). Deepublish.

- Interdepartmental Conflicts:
    - Disagreements between departments over financial responsibilities.
    - Conflicts over shared resources or expenses.
- Shareholder/Investor Disputes:
    - Disagreements over financial performance, dividends, or company direction.

Accommodating /
Yielding

Problem Solving /
Collaborating /
Integrating

Compromising

Avoiding / Inaction

Contending /
Competing
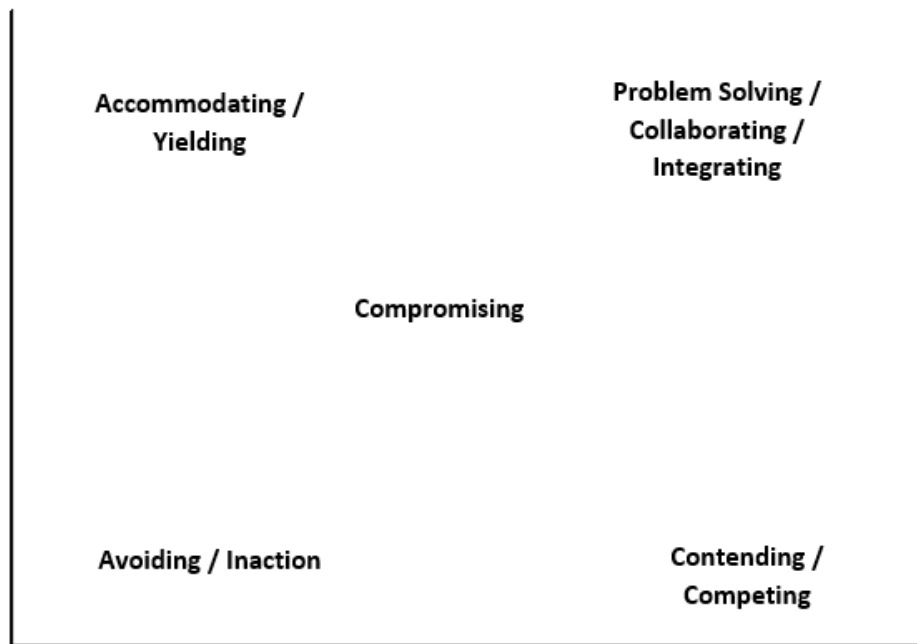
Figure22: Framework of conflict resolution

Figure 23: conflict resolution

What key negotiation skills in conflict resolution?

- **Mediation and Facilitation:**

  → Acting as a neutral third party to facilitate communication and find common ground.

  → This involves guiding discussions and helping parties reach their own solutions.

- **Active Listening and Empathy**:

  → Understanding the perspectives and concerns of all parties involved.

  → This involves paying attention to both verbal and nonverbal cues.

- **Problem-Solving and Collaboration**:
  o Working with parties to identify the root cause of the conflict and develop mutually acceptable solutions.
  o This involves brainstorming, generating options, and evaluating alternatives.
- **Communication and Persuasion**:
  o Articulating the organization's financial position and strategic goals.

- o This involves presenting compelling arguments and addressing stakeholder concerns.
- **Conflict Management Techniques:**
  - o Knowing how to de-escalate tensions and manage emotions.
  - o This involves using appropriate communication and negotiation strategies.
- **Principled Negotiation:**
  - o Focusing on interests rather than positions.
  - o Using objective criteria to evaluate potential solutions.

Why Effective Conflict Resolution is Crucial for Financial Leaders?

- Maintaining Productivity: Unresolved conflicts can disrupt operations and reduce productivity.
- Preserving Relationships: Conflicts can damage relationships and erode trust.
- Protecting Financial Resources: Disputes can lead to costly litigation or financial losses.
- Building a Positive Work Environment: Effective conflict resolution fosters a positive and collaborative work environment.

Conclusion:

In essence, financial leaders must be skilled at resolving conflicts in a fair and efficient manner. Negotiation is a key tool for finding mutually acceptable solutions and maintaining positive relationships.

Chapter 5   *DISCUSSIONS*

Many managers see negotiation as a tool to be used outside the organization to deal with customers, suppliers, and creditors. In fact, leadership almost always involves negotiation, and good leaders are invariably effective negotiators. But several conditions are required to succeed the exam of negotiation. The financial leaders should have :

- Have a good framework for effective negotiation
- Good Structure and Competence for Successful Negotiation
- Established Ground Rules: Setting guidelines for communication, decision-making, and behavior.
- Defined Roles and Responsibilities: Clarifying who is responsible for what during the negotiation.

5.1. FRAMEWORK FOR EFFECTIVE NEGOTIATION

Many integrative theorists have emphasized the role of **framing** in effective communications. In addition, **Fisher and Ury** argue that proper framing of a topic can foster a shared definition of a problem and the process needed to resolve the dispute. For Fisher and Ury, negotiators need to be aware of the need to learn how to skillfully manage difficult emotions, which frequently arise during negotiations, including allowing their counterpart in a difficult negotiation to express the emotions they are feeling.

For the author **(Siegel 2001), structure** means management, meaning that the leader must be able to set up an effective organizational structure and surround himself with good people
so that it can use them effectively in a way that helps the organization achieve its goals. Hiring well-qualified people is important and valuable in creating an environment of trust, allowing the leader to confidently delegate some of the tasks.

Have a Good Structure and Competence for Successful Negotiation

The author **Lewicki, R. J., Saunders, D. M., & Barry, B. (2020)**[48] introduces the idea that successful negotiation requires both good structure and competence. It also specifically references the work of an author named Siegel (2001) and indicates that the text will elaborate on what "structure" means according to Siegel.

Implications:

- The importance of structure in negotiation: What elements contribute to a well-structured negotiation?
- The role of competence in negotiation: What skills and knowledge are essential for successful negotiation?
- Siegel's (2001) perspective on negotiation structure: What specific insights does Siegel offer?

Figure 25: structure of negotiation

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[48] Lewicki, R. J., Saunders, D. M., & Barry, B. (2020). Negotiation (8th ed.). McGraw-Hill Education. (A comprehensive negotiation textbook with sections on environmental factors)

Elements of Negotiation Structure:

Clear Agenda: Defining the issues to be discussed and the order in which they will be addressed. Clear Agenda: Defining the issues to be discussed and the order in which they will be addressed.

Research highlights a key element of a well-structured negotiation: a clear agenda.

Analysis of the Text:

- **Clear Agenda**: This emphasizes the importance of having a pre-defined plan for the negotiation.
- **Defining the Issues**: This means identifying and articulating all the topics that need to be discussed and resolved during the negotiation.
- **Order of Discussion**: This refers to the sequence in which the issues will be addressed.

Implications:

- A clear agenda is essential for effective negotiation.
- It provides structure and direction to the process.
- It helps to ensure that all important issues are addressed.
- It can help to prevent misunderstandings and wasted time.

Why is a Clear Agenda Important?

- Focus and Efficiency: A clear agenda keeps the negotiation focused and prevents it from veering off-topic. It helps to use time efficiently.
- Organization and Flow: It provides a logical structure and flow to the discussion, making it easier to follow and manage.
- Clarity and Transparency: It ensures that all parties are aware of the issues to be discussed and the order in which they will be addressed.
- Prevention of Overlooking Issues: It helps to prevent important issues from being overlooked or forgotten during the negotiation.

- Preparation: It allows all parties to prepare adequately for each issue on the agenda.
- Control: It gives the parties a sense of control over the negotiation process.

How to Develop a Clear Agenda?

- Collaborative Development: Ideally, the agenda should be developed collaboratively by all parties involved.
- Prioritization: Prioritize the issues based on their importance and urgency.
- Flexibility: While a clear agenda is important, it should also be flexible enough to allow for adjustments as needed.
- Communication: The agenda should be communicated to all parties in advance of the negotiation.

Conclusion:

In conclusion, a clear agenda is a crucial element of a well-structured negotiation. It provides focus, organization, and clarity, helping to ensure that the process is efficient, productive, and leads to a successful outcome.

Roles and Responsibilities: Clarifying who is responsible for what during the negotiation.

Lewicki, R. J., Saunders, D. M., & Barry, B. (2020 highlights another key element of a well-structured negotiation: defined roles and responsibilities.

- **Defined Roles and Responsibilities**: This emphasizes the importance of clarity and understanding regarding who is accountable for what during the negotiation process.
- Clarifying Who is Responsible for What: This means explicitly outlining the tasks, duties, and decision-making authority of each participant or team involved in the negotiation.
- During the Negotiation: This specifies that the roles and responsibilities are relevant to the duration of the negotiation process itself.
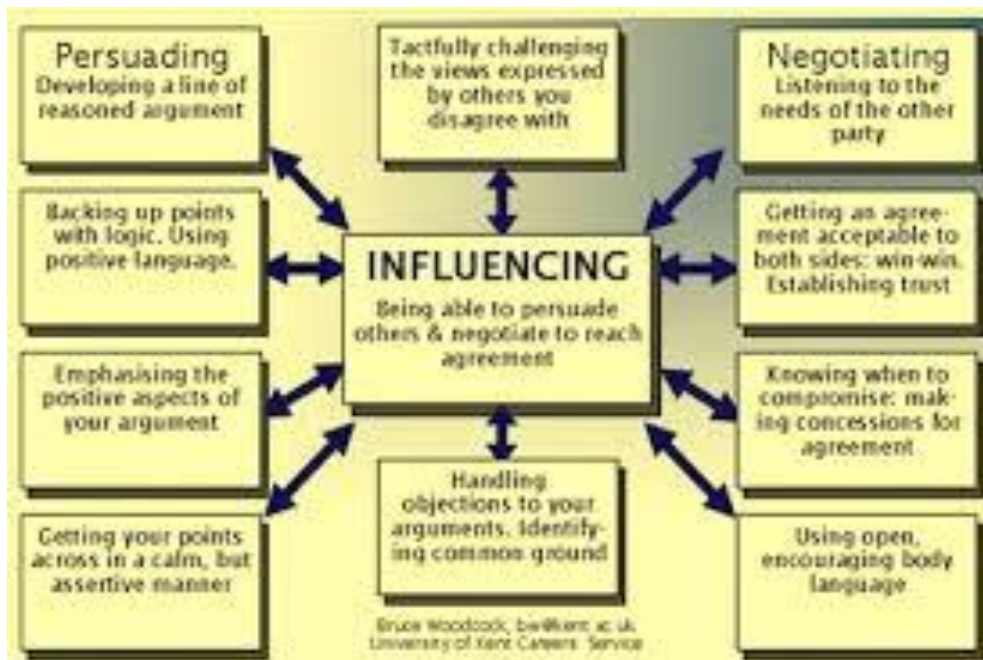
Figure 26: Roles and responsibilities in Negotiation

Implications:

Research suggests that:

- Clearly defined roles and responsibilities are crucial for effective negotiation.
- They prevent confusion, duplication of effort, and potential conflicts.
- They ensure accountability and efficient use of time and resources.
- They contribute to a more organized and productive negotiation process.

Why are Defined Roles and Responsibilities Important?

- Avoids Ambiguity: Eliminates uncertainty about who is in charge of different tasks or decisions.
- Promotes Efficiency: Prevents duplication of effort and ensures that tasks are assigned to the most appropriate individuals.
- Enhances Accountability: Makes it clear who is responsible for specific outcomes.
- Reduces Conflict: Minimizes the potential for disagreements about roles and responsibilities.

- Facilitates Communication: Clarifies who is the point of contact for different issues.

- Ensures Balanced Participation: Helps to ensure that all parties have a fair opportunity to contribute.

Examples of Roles and Responsibilities in Negotiation:

- Lead Negotiator: Responsible for overall strategy and decision-making.

- Spokesperson: Communicates the team's position to the other party.

- Analyst: Gathers and analyzes data to support the team's arguments.

- Note-Taker: Records key points and decisions made during the negotiation.

- Subject Matter Expert: Provides specialized knowledge on specific issues.

How to Define Roles and Responsibilities?

- Discuss and Agree: The parties involved should discuss and agree on the roles and responsibilities before the negotiation begins.

- Clearly Document: Roles and responsibilities should be clearly documented and communicated to all participants.

- Consider Expertise and Strengths: Roles should be assigned based on the expertise and strengths of the individuals involved.

- Flexibility: While defined roles are important, there should also be some flexibility to adapt to changing circumstances.

In conclusion, clearly defined roles and responsibilities are essential for a well-structured and effective negotiation. They promote clarity, efficiency, and accountability, contributing to a more productive and successful outcome.

5.2   Ground Rules: communication, decision-making, and behavior

The author **Lewicki, R. J., Saunders, D. M., & Barry, B. (2020). Negotiation (8th ed.). McGraw-Hill Education**) highlights another key element of a well-structured negotiation: established ground rules.

- **Established Ground Rules**: This emphasizes the importance of setting clear guidelines and expectations for how the negotiation will be conducted.
- Setting Guidelines: This means defining the parameters and boundaries within which the negotiation will take place.
- Communication, Decision-Making, and Behavior: This specifies the key areas where ground rules are essential.

What Implications?

Research suggests that:

- Established ground rules are essential for a productive and respectful negotiation.
- They help to prevent misunderstandings, conflict, and unproductive behavior.
- They create a level playing field and ensure fairness.
- They contribute to a more efficient and effective negotiation process.

Why are Established Ground Rules Important?

- Promotes Respectful Communication: Ground rules can encourage active listening, discourage interruptions, and promote respectful language.
- Manages Emotions: They can help to manage emotions and prevent personal attacks.
- Ensures Fairness: They can ensure that all parties have an equal opportunity to participate and contribute.
- Facilitates Decision-Making: They can establish a process for making decisions and resolving disagreements.

- Maintains Focus: They can help to keep the negotiation focused on the issues at hand.

- Builds Trust: They can help to build trust and create a more collaborative atmosphere.

Examples of Ground Rules:

- Confidentiality: Agreeing to keep the information shared during the negotiation confidential.

- Time Limits: Setting time limits for each agenda item or for the overall negotiation.

- Decision-Making Process: Agreeing on how decisions will be made (e.g., consensus, majority vote).

- Communication Protocol: Establishing how communication will take place (e.g., face-to-face meetings, email, phone calls).

- Respectful Language: Agreeing to use respectful language and avoid personal attacks.

- Breaks and Interruptions: Setting guidelines for breaks and interruptions.

- Use of Technology: Agreeing on the use of technology during the negotiation.

How to Establish Ground Rules:

- Collaborative Development: Ideally, ground rules should be developed collaboratively by all parties involved.

- Clear Communication: Ground rules should be clearly communicated and understood by all participants.

- Written Agreement: It's often helpful to document the ground rules in writing.

- Flexibility: While ground rules are important, they should also be flexible enough to allow for adjustments as needed.

Conclusion:

In conclusion, established ground rules are a crucial element of a well-structured and effective negotiation. They promote respect, fairness, and efficiency, contributing to a more productive and successful outcome.

5.3 TIME MANAGEMENT FOR NEGOTIATION

Lewicki, R. J., Saunders, D. M., & Barry, B. (2020) highlights another key element of a well-structured negotiation: time management.

- Time Management: This emphasizes the importance of effectively utilizing time throughout the negotiation process.
- Setting Deadlines: This means establishing specific timeframes for completing tasks, reaching agreements, or concluding the negotiation itself.
- Managing the Pace: This refers to controlling the speed and rhythm of the negotiation to ensure progress and avoid unnecessary delays.

Figure 27: Time management in negotiation

Implications:

Research suggests that:

- Time management is crucial for efficient and effective negotiation.
- It helps to prevent delays, keep the negotiation on track, and ensure timely outcomes.
- It can create a sense of urgency and encourage parties to focus on reaching an agreement.
- It contributes to a more organized and productive negotiation process.

Why is Time Management Important?

- Prevents Stalling: Deadlines can prevent the negotiation from dragging on indefinitely.
- Creates Urgency: Time pressure can motivate parties to make concessions and reach an agreement.
- Ensures Timely Outcomes: Deadlines help to ensure that the negotiation concludes within a reasonable timeframe.
- Manages Resources: Effective time management helps to use negotiation resources (e.g., people, money) efficiently.
- Maintains Focus: Time limits can help to keep the negotiation focused on the most important issues.
- Avoids Delays: Managing the pace of the negotiation can prevent unnecessary delays and disruptions.

Examples of Time Management Strategies:

- Setting a Time Limit for the Entire Negotiation: Agreeing on a specific date and time by which the negotiation must be concluded.
- Setting Time Limits for Each Agenda Item: Allocating a specific amount of time to discuss each issue on the agenda.
- Taking Regular Breaks: Scheduling regular breaks to allow for reflection and regrouping.

- Using a Timer: Using a timer to keep track of time and ensure that discussions stay on schedule.

- Adjourning and Rescheduling: If necessary, adjourning the negotiation and rescheduling for a later time.

How to Implement Time Management:

- Collaborative Agreement: Ideally, time management strategies should be agreed upon collaboratively by all parties involved.

- Clear Communication: Time limits and deadlines should be clearly communicated to all participants.

- Flexibility: While time management is important, there should also be some flexibility to adapt to changing circumstances.

- Monitoring and Adjustment: Time management should be monitored throughout the negotiation, and adjustments should be made as needed.

Conclusion:

In conclusion, time management is a crucial element of a well-structured and effective negotiation. It helps to ensure efficiency, prevent delays, and promote timely outcomes, contributing to a more productive and successful negotiation process.

Location and Setting for the negotiation.

The research with **Lewicki, R. J., Saunders, D. M., & Barry, B. (2020** highlights the importance of the **physical environment** in which a negotiation takes place.

Analysis of the Text:

- **Location and Setting:** This emphasizes that the physical space where the negotiation occurs can significantly impact the process and outcome.

- **Choosing a Neutral and Conducive Environment:** This specifies the desired characteristics of the location:

- o **Neutral:** The location should not give an unfair advantage to either party.
- o **Conducive:** The location should be comfortable, free from distractions, and conducive to productive discussion.

Figure 28: stages of negotiation importance location

Implications:

- The physical environment should be carefully considered when planning a negotiation.
- A neutral and conducive environment can facilitate communication, build rapport, and promote a more collaborative atmosphere.
- The location can influence the power dynamics and psychological state of the parties involved.

Why is Location and Setting Important?

- **Psychological Impact:** The environment can influence mood, stress levels, and perceptions.

- **Power Dynamics:** The location can symbolize power and influence.
- **Distractions:** A noisy or uncomfortable environment can distract from the negotiation.
- **Comfort and Convenience:** A comfortable and convenient environment can facilitate open communication.
- **Neutrality:** A neutral location can help to level the playing field.

Factors to Consider When Choosing a Location:

- **Neutrality:** Is the location perceived as neutral by both parties?
- **Privacy:** Is the location private enough to allow for confidential discussions?
- **Comfort:** Is the location comfortable and conducive to productive discussion?
- **Convenience:** Is the location easily accessible to all parties?
- **Resources:** Does the location have the necessary resources (e.g., technology, refreshments)?
- **Symbolism:** What message does the location convey?

Examples of Location Choices:

- **Neutral Third-Party Office:** A professional meeting space that is not affiliated with either party.
- **Conference Room:** A dedicated meeting room within an organization.
- **Hotel Lobby or Restaurant:** A public space that offers privacy and convenience.
- **Virtual Meeting Space:** An online platform that facilitates remote negotiations.

Conclusion:

In conclusion, the location and setting of a negotiation are important factors that can influence the process and outcome. By carefully choosing a neutral and conducive environment, negotiators can create a more positive and productive atmosphere.

5.4 NEGOTIATION AND DECISION MAKING

Kahneman, D. (2011)[49] highlights the close relationship between these two critical processes. It implies that negotiation is not simply about bargaining, but also about making informed decisions. There are two important functions of leadership, which are **negotiation and decision-making.** For the purposes of this study, it refers to the leader's ability to actively listen to opinions and make clear decisions, as well as the ability to resolve conflicts between followers. The process is about making decisions, resolving conflicts, and ensuring that the best information needed to make the right decision. Decision-making is central to the execution of the leader's tasks and a leader must develop processes, techniques, and strategies to be effective in decision-making and negotiation.

Figure 29: Negotiation and decision making

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[49] Kahneman, D. (2011). Thinking, fast and slow. Farrar, Straus and Giroux. (A must-read on how our minds work, with implications for understanding decision-making in negotiation)

Here's a breakdown of the connection between negotiation and decision-making:

Decision-Making as an Integral Part of Negotiation:

- Throughout the Process: Decision-making occurs at every stage of a negotiation, from initial planning to final agreement.
- Individual Decisions: Each negotiator must make decisions about their goals, strategies, concessions, and BATNA (Best Alternative to a Negotiated Agreement).
- Joint Decisions: Negotiations often involve joint decisions, where parties must agree on the terms of a settlement.

How Decision-Making Impacts Negotiation:

- Influences Strategies: The way negotiators make decisions about risk, information, and priorities shapes their negotiation strategies.
- Determines Concessions: Decision-making processes influence how and when negotiators make concessions.
- Affects Outcomes: The quality of decisions made during a negotiation determines the outcome.

Key Aspects of Decision-Making in Negotiation:

- Information Gathering and Analysis: Negotiators need to gather and analyze information to make informed decisions.
- Risk Assessment: Negotiators must assess the risks and potential consequences of different options.
- Value Creation: Negotiators must make decisions that create value for all parties involved.
- Trade-offs: Negotiators must make trade-offs between different issues and priorities.
- BATNA Evaluation: Negotiators must constantly evaluate their BATNA to determine when to walk away from a deal.

Factors that Influence Decision-Making in Negotiation:

- Cognitive Biases: Cognitive biases can lead to irrational or suboptimal decisions.

- Emotions: Emotions can influence judgment and decision-making.

- Time Pressure: Time pressure can lead to hasty or impulsive decisions.

- Relationship Dynamics: The relationship between the parties can influence decision-making.

- Power Imbalances: Power imbalances can affect the decision-making process.

Improving Decision-Making in Negotiation:

- Preparation: Thorough preparation can help to avoid hasty decisions.

- Objective Criteria: Using objective criteria can reduce the impact of biases.

- Multiple Options: Generating multiple options can increase the chances of finding a creative solution.

- Devil's Advocate: Assigning someone to play devil's advocate can help to identify potential weaknesses in a decision.

- Post-Negotiation Analysis: Analyzing past negotiations can help to improve future decision-making.

Conclusion:

In conclusion, negotiation and decision-making are closely linked. Effective negotiators are skilled decision-makers who are able to gather information, assess risks, create value, and make sound judgments. By understanding the factors that influence decision-making, negotiators can improve their ability to reach successful outcomes.

How to Deal with Difficult Clients in Negotiation?

Patterson, K., Grenny, J., McMillan, R., & Switzler, A. (2012)[50] directly addresses a common and challenging aspect of negotiation. Dealing with difficult clients requires specific strategies and approaches to maintain a productive and respectful dialogue.

Here's a breakdown of the key considerations and strategies for dealing with difficult clients in negotiation:

Understanding "Difficult" Clients:

First, it's important to recognize that "difficult" can mean different things. It might include:

- Aggressive or Hostile: Clients who are verbally abusive, demanding, or threatening.
- Unrealistic Expectations: Clients who have unreasonable demands or are unwilling to compromise.
- Indecisive or Avoidant: Clients who struggle to make decisions or avoid committing to agreements.
- Emotional or Irrational: Clients who are driven by emotions rather than logic.
- Manipulative or Dishonest: Clients who use tactics to gain an unfair advantage.

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[50] Patterson, K., Grenny, J., McMillan, R., & Switzler, A. (2012). Crucial conversations: Tools for talking when stakes are high. McGraw-Hill Education.

Figure 30: Dealing with difficult client or partner

Strategies for Dealing with Difficult Clients:

1. Stay Calm and Professional:
   - o Maintain composure even when provoked.
   - o Avoid reacting emotionally or defensively.
   - o Focus on the issues, not the personalities.

2. Listen Actively and Empathetically:
   - o Give the client your full attention.
   - o Acknowledge their concerns and feelings.
   - o Try to understand their perspective, even if you disagree.

3. Establish Clear Boundaries:
   - o Be firm and assertive about what is acceptable behavior.
   - o Don't tolerate abuse or manipulation.
   - o Clearly state the consequences of unacceptable behavior.

4. Focus on Interests, Not Positions:
   - o Try to understand the client's underlying needs and motivations.
   - o Look for creative solutions that address both parties' interests.
   - o Avoid getting bogged down in positional bargaining.

5. Use Objective Criteria:
   - o Base your arguments on facts, data, and industry standards.
   - o This can help to depersonalize the discussion and reduce emotional bias.

6. Document Everything:
   - o Keep detailed records of all communications and agreements.
   - o This can protect you in case of future disputes.

7. Know When to Walk Away:
   - o If the client is completely unreasonable or unwilling to negotiate in good faith, be prepared to end the negotiation.
   - o Sometimes, the best outcome is no agreement.

8. Seek Mediation or Facilitation:
   - o If negotiations are at an impasse, consider bringing in a neutral third party to help facilitate the process.

Specific Tactics for Different Types of Difficult Clients:

- For Aggressive Clients:
  - Use a calm and firm tone of voice.
  - Don't interrupt or argue.
  - Redirect the conversation to the issues at hand.
- For Unrealistic Clients:
  - Present facts and data to support your position.
  - Explain the limitations and constraints of the situation.
  - Explore alternative solutions.
- For Indecisive Clients:
  - Provide clear and concise information.
  - Offer options and recommendations.
  - Set deadlines for decisions.
- For Emotional Clients:
  - Acknowledge their feelings without validating irrational behavior.
  - Use a calm and reassuring tone.
  - Take breaks if necessary.
- For Manipulative Clients:
  - Be aware of common manipulation tactics.
  - Don't be afraid to ask direct questions.
  - Verify information and claims.

Remember:

- Preparation is Key: The better prepared you are, the more confident you will be in handling difficult clients.
- Patience is Essential: Dealing with difficult clients can be time-consuming and frustrating.
- Self-Care is Important: Don't let difficult clients take a toll on your well-being.

By understanding the different types of difficult clients and implementing these strategies, you can navigate challenging negotiations more effectively and achieve positive outcomes.

Leadership and negotiation, while often viewed as distinct domains, are intrinsically linked in achieving successful outcomes, particularly in complex and dynamic environments. This thesis explores the multifaceted relationship between these two critical functions, arguing that effective leadership relies heavily on adept negotiation skills, and conversely, successful negotiation is often contingent upon strong leadership. The interplay between leadership and negotiation can vary depending on the specific context. In some situations, leaders may need to adopt a more directive approach, while in others, a collaborative or facilitative style may be more appropriate. Similarly, the negotiation strategies employed will depend on the nature of the issues at stake, the power dynamics involved, and the desired outcomes.

By understanding and leveraging the synergies between leadership and negotiation, the thesis describes the existing models of leadership, the necessity to acquire the qualities of leadership and in plus adding the skills for a good negotiator and the tactics and strategy to combine all and get good results. The research describes the negotiation as a key skill in the finance sector. Negotiate agreements with customers, suppliers, investors, and other stakeholders, needs to have technical competencies, analytical thinking and also good capacities in communication, making successful the negotiation results.

Charisma can be a powerful tool for leaders, enhancing their ability to inspire, motivate, and influence others. However, charisma is not a substitute for other essential leadership qualities like vision, strategy, competence, and integrity. Leaders should strive to develop their charisma in a way that is authentic and aligned with their values. It's important to be aware of the potential downsides of charisma and to ensure that it is used ethically and responsibly. Charisma can be a valuable asset for a leader, but it's not the only thing that matters. True leadership is about more than just personality; it's about character, competence, and a genuine commitment to serving others. But it's important to acknowledge that charisma can also have a dark side. Some leaders may use their charisma to manipulate or exploit others, or to promote their own self-interest rather than the good of the organization. Charisma without integrity can be dangerous.

The research noted that Authoritarian leadership is best applied to situations where there is little time for group decision-making or when the leader is the most competent member of the group.

The autocratic approach can be good when the situation calls for quick decisions and decisive action.This approach is characterized by individual control over all decisions and low participation of group members. It allows little or no input from group members, gives leaders the ability to dictate work methods and processes, discourages creativity, and sets strict rules for all teams to apply without exception. The team may be discouraged and react as subordinates without any effort to find creative solutions. As an advantage, authoritarian leadership allows for quick decision-making, especially in an emergency. A clear list of orders and omissions is defined and the management's strong decision is clearly identified. Decision-making can be streamlined by establishing clear processes in advance, and any frustration with choices made can be minimized by making those processes as transparent and equitable as possible.

The research noted also that Democratic leadership comes with its share of challenges and risks as well. Some employees may lack the knowledge or experience necessary to effectively contribute in certain situations. Critical decisions might take longer to reach as relevant stakeholders gather their thoughts, and certain team members may be unhappy with the result or the process used to reach it. In large organizations, actually giving every team member a seat at the table might not always be feasible, resulting in some employees feeling left out and resentful. Delegative/Laissez-faire Leadership style offers significant autonomy and empowerment to team members. While it can be highly effective with experienced and self-motivated teams, it's crucial to ensure clear expectations, provide adequate resources, and offer support when needed. It's not a "hands-off and forget" approach, but rather a carefully balanced delegation of responsibility.

Many authors such as **Barling J (2017)**[51] find many **disadvantages** to this model of leadership. Barling J considers this because the laissez-faire style depends so much on the abilities of the group. If employees didn't understand the leader's vision and lacked clarity in their role, they might not be really sure of their role. In addition, when a leader seems carefree, employees express less attention and interest in the project. Laissez-faire leadership represents passivity or even outright avoidance of true leadership. Some leaders use this model to avoid responsibility and may then blame their employees for not completing tasks.

The research mentioned also that **transformational leadership** is a powerful leadership style that can lead to significant positive outcomes for individuals and organizations. It's about inspiring and

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[51] Barling, Julian. (2014). *The science of leadership: What evidence-based practice reveals about effective leadership*. Oxford University Press.

empowering followers to achieve extraordinary things by creating a shared vision and fostering a culture of growth and development. Although transformational leadership is mainly viewed positively, there are potentially negative aspects to this style. For example, transformational leaders often struggle with detail, and while carried away by passion and enthusiasm, they may miss what the facts are telling them and end up leading the organisation in the wrong direction. Their approach may not meet the needs of all their followers, so they can end up working more closely with a small cohort and isolating other team members. Their enthusiasm might lead them to expect too much from their followers, such as working long hours.

Contrary to the transformational model, the research noted that the **transactional leadership** is a results-oriented approach that uses rewards and punishments to motivate followers to achieve specific goals. While it can be effective in certain situations, it may not be suitable for fostering long-term engagement, creativity, or adaptability.   While authoritative leadership is certainly not the best choice for every situation, it can be effective and beneficial in cases where followers need a lot of direction and rules and norms must be followed to the letter. Another often overlooked benefit of the authoritarian style is the ability to maintain a sense of order. When this style is a role model, leaders should listen to their employees because subordinates should be seen as respected and involved and not rejected. The leader should set clear rules and confirm that the guidelines are clearly set and that everyone on your team is fully aware of them. Employees must be trained and motivated.

To be prepared for a good leadership and negotiator, the **vision** is an influential instrument of because it helps the leader explain his goals and priorities. Typically, the literature on leadership, especially charismatic transformational leadership, tends to view vision as a core component of leadership that inspires people to a higher level of effort and performance. It's the lifeblood of leadership.

On the second part of the research related to the necessity to be a good negotiator , it's noted that the structural approach to negotiation provides a valuable framework for understanding the complexities of negotiation by focusing on the underlying elements that shape the process and its outcomes. It encourages a more analytical and strategic approach, moving beyond personalities and tactics to examine the fundamental forces at play.

Also a strategic approach to negotiation is a proactive and deliberate process that involves careful planning, analysis, and communication. By focusing on your goals, understanding the other party,

and developing a comprehensive plan, you can increase your chances of achieving successful outcomes and building strong relationships.

The behavioral approach to negotiation emphasizes the human element. It recognizes that negotiation is not just a rational process but also a complex social and psychological interaction. By understanding the cognitive biases, emotions, communication patterns, and relationship dynamics at play, negotiators can gain a deeper understanding of the process and improve their ability to reach mutually beneficial agreements.

The concession-process negotiation approach provides a structured and strategic framework for making concessions. By carefully planning and managing concessions, negotiators can increase their chances of reaching a mutually acceptable agreement while protecting their interests and potentially creating value. The inherent risk of this approach is that participants engaged in concession trading may **miss opportunities** to find new mutually beneficial solutions to their common dilemma and instead find themselves in a purely **regressive** process that leaves both sides with fewer gains than they could have had. whether they had pursued a more creative approach [for more details, see the section on integrative negotiation.

The integrative approach to negotiation is a collaborative process that focuses on creating value and building mutually beneficial agreements. By understanding interests, fostering open communication, and prioritizing the long-term relationship, negotiators can achieve outcomes that are superior to traditional compromise or competitive approaches. Interest-based negotiation, as a core component of the integrative approach, emphasizes understanding and addressing the underlying needs and motivations of all parties. By focusing on interests rather than positions, negotiators can unlock creative solutions, maximize joint gains, and build stronger relationships.

Taking the time to negotiate the process before diving into the talks is beneficial for all parties involved. **Timing** is seen as another important factor in negotiations. Zartman argued that the parties are unlikely to begin talks until a situation is "ripe for a solution," a condition that does occur when the parties realize that the status quo "is a lose-lose situation, not a win-lose situation.

The research mentioned that Leadership and strategy are inextricably linked. Effective leaders are not just managers; they are strategic thinkers, visionaries, and change agents. They play a crucial role in shaping the direction of the organization, driving execution, and ensuring that the strategy leads to sustainable success. The **communication** is not just a skill for leaders, it is a fundamental aspect of their role. Effective leaders are skilled communicators who use their abilities to inspire, motivate, build relationships, and drive organizational success.

Ethical leadership is not just about following rules and regulations. It is about making sound judgments, acting with integrity, and creating a culture where ethical behavior is valued and expected. Ethical leaders build trust, enhance credibility, and create a positive impact on their organizations and the world.

In essence, the ability to effectively negotiate **resource allocation** is a critical skill for financial leaders. It enables them to maximize the organization's financial resources and achieve its strategic objectives. Deal making is a high-stakes arena where financial leaders must leverage their negotiation skills to achieve strategic objectives and create long-term value for their organizations. Financial leaders must be adept at navigating the complex web of stakeholder relationships. Negotiation is a key tool for building trust, resolving conflicts, and achieving mutually beneficial outcomes.

The research noted that the Financial leaders must be skilled at resolving conflicts in a fair and efficient manner. Negotiation is a key tool for finding mutually acceptable solutions and maintaining positive relationships. A clear agenda is a crucial element of a well-structured negotiation. It provides focus, organization, and clarity, helping to ensure that the process is efficient, productive, and leads to a successful outcome. In conclusion, clearly defined roles and responsibilities are essential for a well-structured and effective negotiation. They promote clarity, efficiency, and accountability, contributing to a more productive and successful outcome. Time management is a crucial element of a well-structured and effective negotiation. It helps to ensure efficiency, prevent delays, and promote timely outcomes, contributing to a more productive and successful negotiation process.

The research mentions that there are two important functions of leadership, which are **negotiation and decision-making.** For the purposes of this study, it refers to the leader's ability to actively listen to opinions and make clear decisions, as well as the ability to resolve conflicts between followers. The process is about making decisions, resolving conflicts, and ensuring that the best information needed to make the right decision. Decision-making is central to the execution of the leader's tasks and a leader must develop processes, techniques, and strategies to be effective in decision-making and negotiation.

Negotiation and decision-making are closely linked. Effective negotiators are skilled decision-makers who are able to gather information, assess risks, create value, and make sound judgments. By understanding the factors that influence decision-making, negotiators can improve their ability to reach successful outcomes.

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Appendix 1: Interview with Director on Leadership

Appendix 2: Interview with HR Manager on Leadership

Appendix 3: Interview with HR Manager on Negotiation skills

Appendix 4: Interview with the chief of account

Appendix 5: Interview with Director on the link between Leadership approach and negotiation skills

Appendix 1: Interview with Director on Leadership Participant 1 P1

Leadership - Focus on Impact:

- **Question:** "Describe your leadership philosophy."

- **Response:** "My leadership philosophy is centered around empowerment, vision, and execution. I believe in creating a clear and compelling vision for the organization and then empowering my team to achieve it. I focus on fostering a culture of trust, open communication, and accountability. I believe in delegating effectively, providing the necessary resources and support, and then holding people accountable for results. Ultimately, I believe a leader's role is to inspire and motivate their team to achieve extraordinary things, both individually and collectively."

- **Question:** "Tell me about a time you had to make a difficult decision that impacted the entire organization."

- **Response:** "In my role as Director, we were facing a significant disruption in our enrollment due to COVID . We had two options: adapt and innovate, or risk the ongoing of the school ISD. This required a difficult decision: to pivot our business model, which meant significant short-term financial risk and potential job losses in certain areas. I gathered input from across the organization, including from those who would be most affected. I communicated transparently about the challenges and the potential risks and rewards of each option. After careful consideration, I made the decision to reorganize the staff positions and reduce the charges of functioning and invest money on the banks with short term deposit and earn interests revenues. I then worked closely with my team to develop a detailed implementation plan, focusing on retraining and redeploying employees where possible. While the transition was challenging, we ultimately emerged stronger and more competitive by maintaining the level of enrollment. This experience taught me the importance of decisive leadership, even in the face of uncertainty, and the importance of communicating transparently with all boards members."

- **Question:** "How do you build and motivate high-performing teams?"

- **Response:** "Building high-performing teams is a top priority for me. I focus on several key elements: First, I believe in hiring the right people – individuals with the skills,

experience, and cultural fit necessary to succeed. Second, I create a clear vision and set ambitious but achievable goals. Third, I foster a culture of open communication, trust, and mutual respect. Fourth, I empower team members to take ownership of their work and provide them with the resources and support they need to succeed. Fifth, I recognize and reward individual and team accomplishments. Finally, I believe in continuous development and provide opportunities for team members to grow and learn. I regularly solicit feedback and make adjustments as needed. I aim to create a work environment where people feel challenged, valued, and motivated to do their best work."

- **Question:** "How do you handle conflict within a team?"

- **Response:** "Conflict is inevitable in any team. My approach is to address it promptly and directly. I first create a safe space for all parties to express their perspectives without interruption. I actively listen to understand the root cause of the conflict, rather than focusing on assigning blame. I then facilitate a discussion to explore potential solutions, encouraging compromise and collaboration. I focus on finding a win-win solution that addresses the needs of all involved. If the conflict escalates, I may involve HR or other resources to mediate. I believe that unresolved conflict can be detrimental to team performance, so addressing it effectively is a priority."

- **Question:** "How do you stay informed about competitors, COVID discrepancies and adapt your leadership accordingly?"

- **Response:** "Staying informed is crucial for any leader. I actively engage in several strategies: I read publications, attend conferences, and participate in online forums. I network with other leaders and experts in the field. I encourage my team to do the same and share their insights. I also believe in fostering a culture of continuous learning within the organization, encouraging employees to stay up-to-date with the latest trends and technologies. Finally, I believe in being open to new ideas and adapting my leadership style as needed to respond to changing market conditions. I recognize that what worked yesterday may not work today, so adaptability is essential."

- **Question:** "How do you measure the success of your leadership?"

- **Response:** "I measure the success of my leadership through a combination of quantitative and qualitative metrics. Quantitatively, I look at key performance indicators such as enrollment growth, profitability, and employee retention. Qualitatively, I assess team morale, employee engagement, and the overall culture of the organization. I also solicit feedback from my team, my peers, and my superiors. Ultimately, I believe the success of my leadership is measured by the positive impact I have on the organization, my team, and the Boards we serve."

Appendix 2: Interview with HR Manager on Leadership Participant 2 – P2

Leadership:

- **Question:** "Tell me about a time you had to lead a team through a difficult situation."
- **Response:** "In my previous role, we were implementing a new HRIS system, and the project was significantly behind schedule. My task was to get the project back on track and ensure a smooth transition. I first held individual meetings with each team member to understand their challenges and concerns. I then facilitated a team workshop to brainstorm solutions and re-prioritize tasks. We established clear communication channels and implemented a weekly progress tracking system. I also recognized and celebrated small wins to boost team morale. As a result, we were able to successfully launch the HRIS system just two weeks behind the original schedule, and the user adoption rate was higher than anticipated. This experience taught me the importance of open communication, collaboration, and recognizing individual contributions when leading a team through a challenging period.
- **Question:** "Describe your leadership style."
- **Response:** "I believe in a collaborative and empowering leadership style. I strive to create an environment where team members feel comfortable sharing their ideas and taking ownership of their work. I focus on clear communication, setting achievable goals, and providing regular feedback and support. I believe in delegating tasks based on individual strengths and providing opportunities for professional development. While I am decisive when necessary, I also value input from my team and believe that collective intelligence often leads to the best outcomes. I adapt my style based on the situation and the needs of the team, recognizing that different contexts may require different approaches."
- **Question:** "How do you motivate your team?"
- **Response:** "I believe motivation is multifaceted. First, I focus on understanding what drives each individual team member. Some are motivated by recognition, others by

challenging assignments, and others by opportunities for growth. I try to tailor my approach accordingly. I also believe in creating a positive and supportive work environment where people feel valued and appreciated. Regular feedback, both positive and constructive, is essential. Finally, I believe in linking individual contributions to the overall organizational goals, so team members understand how their work makes a difference."

- **Question:** "How do you handle conflict within a team?"

- **Response:** "I address conflict promptly and directly. My first step is to create a safe space for all parties to express their perspectives without interruption. I actively listen to understand the root cause of the conflict, rather than focusing on assigning blame. I then facilitate a discussion to explore potential solutions, encouraging compromise and collaboration. I focus on finding a win-win solution that addresses the needs of all involved. If the conflict escalates, I may involve HR or other resources to mediate. I believe that unresolved conflict can be detrimental to team performance, so addressing it effectively is a priority."

Appendix 3: Interview with HR Manager on Negotiation skills Participant 2- P2

Negotiation:

- **Question:** "Tell me about a time you successfully negotiated a difficult situation."

- **Response:** With Business Manager we were negotiating a contract with a new benefits provider. The provider's initial an insurance company for the health coverage of the staff, offer was significantly higher than our budget. My task was to negotiate a more favorable contract while maintaining a positive relationship with the provider. (Action) I researched industry benchmarks and prepared a counter-proposal that outlined our budget constraints and the value we brought as a client. I focused on building rapport with the provider's representative and understanding their priorities. Through open communication and creative problem-solving, we were able to reach a mutually beneficial agreement that met our budgetary needs and provided comprehensive benefits for our employees.

- **Question:** "What is your approach to negotiation?"

- **Response:** "I approach negotiation with a focus on understanding the other party's needs and interests, as well as my own. I believe in thorough preparation, including researching the other party and the issues at hand. I strive to build rapport and establish a collaborative environment. I am a strong advocate for my position but also willing to listen and compromise. I focus on finding win-win solutions that create value for both parties. I am comfortable walking away from a negotiation if the terms are not favorable, but I always aim to maintain a professional and respectful relationship."

- **Question:** "How do you handle a negotiation when the other party is being unreasonable?"

- **Response:** "If the other party is being unreasonable, I remain calm and professional. I try to understand the reasons behind their behavior. I reiterate my own position clearly and respectfully, focusing on facts and data. I might suggest alternative solutions or explore areas of common ground. If the negotiation becomes unproductive, I may

suggest taking a break or involving a neutral third party to mediate. I believe that maintaining composure and focusing on the issues, rather than personalities, is crucial in these situations."

Appendix 4: Interview with Director on the link between Leadership approach and negotiation skills Participant 1- P1

Leadership & Negotiation - Intertwined:

- **Question:** "How do you see the connection between leadership and negotiation, particularly in a leadership role like this?"

- **Response:** "I see leadership and negotiation as intrinsically linked, especially at the CEO/Director level. Effective leadership requires constant negotiation – not just with external parties like vendors or competitors, but also internally with the board, executive team, employees, and even shareholders. A leader must be able to articulate a vision, persuade others to embrace it, and negotiate the resources and support needed to achieve it. Negotiation skills are essential for building consensus, resolving conflicts, and forging strategic alliances. In essence, leadership *is* negotiation on a larger scale, focused on achieving organizational objectives."

- **Question:** "Describe a time when your leadership and negotiation skills were critical to achieving a strategic goal."

- **Response:** During COVID we were facing declining market share. My strategic goal was to maintain the level and enrollment. This required significant internal negotiation – securing buy-in from the board for the investment, negotiating resource allocation with different departments, and persuading the sales team to embrace a new product line. Externally, I had to negotiate partnerships with potential distributors and suppliers. I started by clearly articulating the vision and the rationale behind the diversification strategy. I then engaged in active listening, addressing concerns, and negotiating compromises where necessary. With external partners, I focused on building mutually beneficial relationships, emphasizing the long-term potential of the partnership. (Result) As a result, we successfully saved money on the purchases, reducing the costs budgeted

the first year. This experience solidified my belief that effective leadership hinges on the ability to negotiate effectively at all levels of the organization."

- **Question:** "How do you balance the need for decisive leadership with the collaborative nature of negotiation?"

- **Response:** "That's a critical balance. While decisive leadership is essential, especially in times of crisis, it shouldn't come at the expense of collaboration. I believe that the best decisions are often made through a process of informed negotiation and consensus-building. My approach is to first gather diverse perspectives and encourage open debate. I then use my negotiation skills to synthesize those perspectives, identify common ground, and forge a path forward. Ultimately, the leader must be accountable for making the final decision, but that decision should be informed by the input and buy-in of key board members. Even when a decision needs to be made quickly, clear communication and a willingness to explain the rationale behind the decision are crucial for maintaining trust and fostering support."

- **Question:** "How do you approach negotiation in situations where there is a significant power imbalance?"

- **Response:** "Power imbalances are a reality in many negotiations. My approach is to focus on preparation, building rapport, and understanding the other party's needs and interests. Even when the other party has more leverage, thorough research and a clear understanding of your own value proposition can level the playing field. I also focus on building strong relationships and demonstrating integrity. Sometimes, the best way to address a power imbalance is to find creative solutions that create value for both parties, even if the initial distribution of power seemed unequal. Finally, I'm not afraid to walk away from a negotiation if the terms are unacceptable, even if it's difficult."

- **Question:** "How do you develop negotiation skills within your team/organization?"

- **Response:** "I believe in fostering a culture of negotiation and collaboration. I encourage team members to participate in training programs and workshops on negotiation skills. I also provide opportunities for them to practice these skills in real-world situations, such as vendor negotiations or internal project discussions. I believe in mentoring and coaching team members, sharing my own experiences and providing constructive

feedback. Creating a safe space for people to practice and learn from their mistakes is essential. Finally, I believe in recognizing and rewarding successful negotiation outcomes, which reinforces the importance of these skills within the organization."

Appendix 5: Interview with the chief of accountant in leadership approach Participant 3- P3

Leadership in an Accounting Context:

- **Question:** "Describe your understanding of leadership, and how it applies to the role of an accountant."

- **Response:** "I believe leadership isn't just about managing people; it's about influencing and guiding others towards a common goal. In accounting, this can mean leading a project, mentoring junior colleagues, taking initiative to improve processes, or even influencing stakeholders with financial insights. It's about demonstrating expertise, communicating effectively, and fostering collaboration to achieve accurate and insightful financial reporting. Even without direct reports, an accountant can be a leader by taking ownership and driving positive change within the team and organization."

- **Question:** "Tell me about a time you took initiative to improve a process within your team or department."

- **Response:** I noticed our month-end closing process was often delayed due to bottlenecks in reconciling bank statement and transactions. My task wasn't to manage anyone directly, but I recognized this inefficiency was impacting the entire team and create a delay on the monthly financial report. I took the initiative to map out the current process, identify the bottlenecks, and propose a streamlined approach using automated reconciliation tools. I presented my findings and recommendations to my colleagues, explaining how the new process would save time and reduce errors. I then collaborated with the IT department to implement the changes and provided training to my team members. As a result, we reduced the month-end close by several days and significantly improved the accuracy of our financial statements. This experience demonstrated my ability to lead process improvement initiatives, even without formal authority, and my commitment to enhancing team efficiency.

- **Question:** "Have you ever mentored or trained a junior colleague? Describe the situation."

- **Response:** "While I haven't formally managed anyone, I've had opportunities to mentor junior accountants. For example, when a new team member joined, I volunteered to help them get up to speed with our accounting software and internal procedures. I patiently explained complex concepts, shared best practices, and answered their questions. I also provided constructive feedback on their work, helping them to improve their skills and confidence. Seeing their progress and their increased contribution to the team was very rewarding. This experience taught me the importance of clear communication, patience, and a willingness to share knowledge – all key aspects of leadership."

- **Question:** "How do you handle a situation where you disagree with a senior colleague's approach to a financial issue?"

- **Response:** "I believe in open and respectful communication. If I disagree with a senior colleague's approach, I would first seek to understand their reasoning. Then, I would clearly and professionally present my alternative perspective, backing it up with relevant data and accounting principles. I would focus on the facts and the potential impact on the financial statements, rather than making it personal. Ultimately, I would respect their decision, but I would also ensure that my concerns have been heard and documented. This demonstrates leadership by ensuring ethical and accurate accounting practices are upheld."

- **Question:** "How do you stay up-to-date with changes in accounting regulations and best practices?"

- **Response:** "I believe continuous learning is essential in accounting. I actively participate in professional development activities, such as webinars, conferences, and online courses. I subscribe to publications and follow relevant regulatory updates. I also collaborate with my colleagues to discuss and share insights on new accounting standards. This proactive approach ensures that I can provide informed and accurate guidance to my team and board members."

- **Question:** "How do you handle pressure and tight deadlines, especially during busy periods like month-end close?"
- **Response:** "I thrive in fast-paced environments. I prioritize tasks, break down large projects into smaller, manageable steps, and communicate proactively with my team about progress and potential roadblocks. I focus on staying organized and detail-oriented, even under pressure. I also believe in supporting my colleagues and working collaboratively to ensure we meet deadlines as a team. This collaborative approach demonstrates leadership by fostering a positive and productive work environment, even during challenging times."

Appendix 6: Interview with the chief of accountant in negotiation approach Participant 3- P3

Negotiation in an Accounting Context:

- **Question:** "Describe your understanding of negotiation and how it applies to the role of an accountant."

- **Response:** "Negotiation, to me, is about finding mutually beneficial solutions. In accounting, it's not always about big contracts; it's about navigating various situations where different parties have different needs. This could involve negotiating deadlines with a client, agreeing on a budget with a department head, or even discussing the interpretation of a complex accounting standard with a colleague or auditor. It's about understanding the other party's perspective, clearly communicating your own, and finding common ground that allows everyone to achieve their objectives."

- **Question:** "Tell me about a time you had to negotiate a deadline with a client or internal stakeholder."

- **Response:** we were preparing financial statements for a client who had a very tight deadline. However, we encountered some unexpected complexities in reconciling certain accounts, which threatened to delay the process. I needed to negotiate an extension with the client without jeopardizing our relationship. I proactively communicated the situation to the client, explaining the reasons for the potential delay and outlining the steps we were taking to address the issues. I also proposed an alternative timeline that was realistic for us while still meeting their essential reporting needs. I emphasized our commitment to delivering accurate and reliable financial statements and highlighted the potential risks of rushing the process. The client appreciated our transparency and willingness to work with them, and we were able to negotiate a mutually acceptable extension.

- **Question:** "Have you ever had to negotiate a budget with a department head or project manager?"

- **Response:** "Yes, I've been involved in budget negotiations. For instance, when our department was implementing a new accounting software, the initial budget proposed by the project manager was insufficient to cover all the necessary training and implementation costs. I analyzed the budget in detail and identified the gaps. I then met with the project manager to discuss my findings, presenting data and justifications for the additional funding required. I also explored alternative solutions to reduce costs where possible. Through constructive dialogue and a focus on finding a solution that met both the project's needs and the overall budget constraints, we were able to negotiate a revised budget that was approved by senior management.

- **Question:** "How would you handle a situation where you disagree with a colleague about the interpretation of an accounting standard?"

- **Response:** "I would approach this situation with professionalism and a focus on finding the correct answer. I would first consult the relevant accounting literature and pronouncements to ensure I have a solid understanding of the standard. Then, I would discuss the issue with my colleague, explaining my interpretation and providing supporting evidence. I would be open to hearing their perspective and consider their arguments. If we couldn't reach an agreement, I would escalate the matter to a senior accountant or manager for guidance. My goal would be to ensure that the accounting treatment is consistent with GAAP and reflects the true economic substance of the transaction."

- **Question:** "How do you handle a negotiation when the other party is being unreasonable or aggressive?"

- **Response:** "I would remain calm and professional. I would focus on the facts and the issues at hand, rather than getting drawn into emotional arguments. I would reiterate my position clearly and respectfully, emphasizing the rationale behind it. I would listen carefully to the other party's concerns and try to understand their underlying motivations. If the negotiation becomes unproductive, I would suggest taking a break or involving a neutral third party to mediate. I believe that maintaining composure and focusing on finding a mutually acceptable solution is crucial, even in challenging situations."

- **Question:** "How do you prepare for a negotiation?"
- **Response:** "Preparation is key to a successful negotiation. I start by clearly defining my own goals and objectives. I then research the other party's perspective, their needs, and their potential points of leverage. I gather all relevant data and information to support my position. I also anticipate potential objections and prepare responses. Finally, I consider different negotiation strategies and choose the one that I believe will be most effective in the given situation."

Appendix 7: Interview with the executive assistant in leadership approach Participant 4- P4

- **Interviewer:** "Thank you for taking the time to speak with me today. I'm interested in learning more about leadership approaches from the perspective of executive assistants. Your insights will be valuable to my research."
- **EA:** "No problem, I'm happy to share my experiences."
- **Interviewer:** "To start, could you tell me a bit about your experience as an executive assistant?"
- **EA:** "Sure, I've been an EA for about 8 years now, working with various leaders in different industries. I find it to be a very dynamic and rewarding role."

II. Observing Leadership Style

- **Interviewer:** "How would you describe your current leader's overall leadership style?"
- **EA:** "I'd say my current leader is very collaborative. They really value input from the team and are always open to new ideas. For example, in our weekly meetings, they always make sure to give everyone a chance to speak and share their thoughts."
- **Interviewer:** "What are some of their key strengths as a leader?"
- **EA:** "Definitely their communication skills. They're very clear and concise, and they're also great at active listening. People feel heard and understood by them."
- **Interviewer:** "Have you observed any changes in their leadership approach over time?"
- **EA:** "Yes, I think they've become more decisive over time. In the beginning, they sometimes hesitated to make decisions, but now they seem more confident in their judgment."

III. Communication & Interpersonal Dynamics

- **Interviewer:** "How would you describe their communication style?"
- **EA:** "Very open and approachable. They have an 'open door' policy and encourage people to come to them with any questions or concerns."

- **Interviewer:** "How do they typically provide feedback or guidance?"
- **EA:** "They're very good at providing constructive feedback. They focus on specific behaviors and outcomes, and they always offer suggestions for improvement."

IV. Delegation & Empowerment

- **Interviewer:** "How do they approach delegation of tasks?"
- **EA:** "They delegate effectively, matching tasks to people's strengths. They also provide clear expectations and deadlines, but they also give people the autonomy to get the work done in their own way."

V. Decision-Making & Problem-Solving

- **Interviewer:** "How would you describe their decision-making style?"
- **EA:** "It's a mix of collaborative and decisive. They gather input from the team, but ultimately they're not afraid to make the final call."
- **Interviewer:** "How do they typically handle conflict?"
- **EA:** "They're very good at mediating conflicts. They bring people together, encourage them to listen to each other, and help them find common ground."

VI. Vision & Strategic Thinking

- **Interviewer:** "How would you describe their vision for the team/organization?"
- **EA:** "They have a clear vision for the future, and they're able to articulate it in a way that inspires others. They also make sure that the team's goals are aligned with the overall organizational strategy."

VII. Work-Life Balance & Well-being

- **Interviewer:** "How do they promote work-life balance?"
- **EA:** "They lead by example. They take breaks throughout the day, and they encourage the team to do the same. They also respect people's personal time and don't expect them to be available 24/7."

VIII. Closing

- **Interviewer:** "Thank you so much for sharing your insights. This has been very helpful."
- **EA:** "You're welcome. I'm glad I could contribute."