

Research shows lack of negotiation skills detrimental to business

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Organisations are realising that negotiation skills are necessary both to improve bottom line profitability and as a primary tool to resolve differences at all levels.

A new research study has revealed that lack of negotiation skills can lead to dramatically decreased work efficiency, employee loss and eventual loss of profit.

A February 2012 research report, conducted by international business psychology consultancy OPP in conjunction with the Chartered Institute of Personnel and Development (CIPD), surveyed 5 000 employees in various countries across Europe and the Americas, and found that employees spend up to three and a half hours of work hours a week dealing with badly managed conflict, drastically affecting work performance.

Professor Barney Jordaan, Programme Director of the Negotiating Skills course at the University of Cape Town's Graduate School of Business (GSB), believes that "any time spent in dealing with badly managed conflict is time which is not valued and does not contribute to achieving operational targets."

Moreover, negotiating skills are essential for creating more profitable deals, he says. "As conflict involves competition between any interdependent parties who perceive that they have incompatible goals, needs, desires or ideas - the same skill set needed to negotiate these internal conflicts are applied to external negotiations. Ideally, both circumstances are about achieving the most desirable end result for all parties involved."

According to Jordaan, this research builds on previous studies which proved that having a clear and defined approach to negotiation makes a massive bottom line difference - those businesses with conflict resolution or negotiation skills have an edge over those without.

"They are able not just to broker better deals for themselves, but also develop and maintain profitable relationships, both internally and externally to their business," he says.

Research by the Huthwaite Group (UK) shows that from 2007 - 2008, the net income of the world's top 2000 companies declined by over 30%. Yet over the same period, the top 25% of companies adopting a systematic approach to negotiation achieved an average net income increase of nearly 43%. The one common factor among the most successful companies was that they all re-engineered their negotiation capabilities.

Jordaan explains that too often negotiations are entered into with no goal other than simply to "win", and those taking part are often not prepared for all the dynamics and eventualities that can occur in, and owing to, such circumstances. Their thinking is tactical and short-term, instead of strategic and focused on the long-term, or on practising the right skills.

This approach often harms relationships; it increases the likelihood of recurrence of the issues and increases the cost of negotiation.

To minimise the chances of this happening, Jordaan adds that it is important that individuals are taught of the negative impact that their own personal behaviour can bring to a situation. "The first step is teaching people to 'unlearn' certain detrimental unconscious behaviour," he said.

The UCT GSB Negotiating Skills short course uses modern negotiation theory, research, situational, role-playing and

mediation practices to ensure that only the most efficient practices, processes and skills are imparted to the students.

"Good negotiation begins with careful preparation and research about who you need to negotiate with; what assumptions, strategies and tactics should drive the process for optimum results; what you're going to do if there's no deal; and, critically, what the ideal agreement should look like.

"On the Negotiating Skills short course, we unpack the people, process and problem elements of negotiation, focusing particularly on negotiation in longer term commercial relationships. Delegates leave with the ability to manage all three dimensions more effectively for improved results and to apply the learning to most negotiation situations," says Jordaan.

The course, offered by the Executive Education unit at the GSB, runs from 11-13 June. For more information on the course, contact Aniesah Ajam on aniesah.ajam@gsb.uct.ac.za or visit www.gsb.uct.ac.za/negotiation.

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