

FLANDERS DC

INSPIRING CREATIVITY

Knowledge Partner



the Autonomous Management School of
Ghent University and Katholieke Universiteit Leuven

Research Report

The Effect of Negotiator Creativity on Negotiation Outcomes

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July 2010



*A practical guide for
negotiators INCLUSIVE*

FLANDERS DISTRICT OF CREATIVITY

Flanders District of Creativity is the Flemish organization for **entrepreneurial creativity**. It was founded in 2004 by the Flemish Government as a non-profit organization and enjoys broad support. Flemish businesses, academia, and public institutions use Flanders DC as a platform for cooperation in the pursuit of a more creative Flanders region.

Creativity is the key ingredient in making companies more successful and in helping regional governments ensure a healthy economy with more jobs. Flanders DC inspires creativity and innovation:

1. by learning from the most **creative regions** in the world,
2. by igniting **creative sparks** in everyday life and business, and
3. by providing **research, practical business tools and business training**, in cooperation with the Flanders DC Knowledge Centre.

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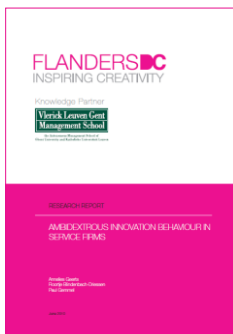
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In addition to these research projects, the Flanders DC Knowledge Centre has also developed the following tools and training sessions:

- **Ondernemen.meerdan.ondernemen**, an online learning platform
- **Creativity Class** for young high-potentials
- **Flanders DC Fellows**, inspiring role models in business creativity
- **Creativity Talks**, monthly seminars on business creativity and innovation
- **Innovix**, online innovation management game
- **Flanders DC Academic Seminars**, research seminars on business creativity and innovation
- **TeamScan**, online tool
- **Web 2.0 Readiness Scan**
- **HR Toolbox**



Table of Contents

| | | |
|----------|---|-----------|
| 1 | The circle of creativity and negotiation | 9 |
| 2 | 'Father of Creativity' | 10 |
| 3 | Research project | 12 |
| 3.1 | Theoretical framework and hypotheses | 12 |
| 3.2 | Method | 14 |
| 3.3 | Analyses and results | 16 |
| 3.4 | Discussion | 19 |
| 4 | What do the experts have to say? | 21 |
| 5 | Your negotiation guide | 26 |
| 6 | Want to read more?..... | 29 |

List of tables

- Table 1 Means, standard deviations and intercorrelations..... 16
- Table 2 Comparison of dyads with agreement (n= 24) and without agreement (n= 11) on mean relational negotiation outcome scores 17
- Table 3 Hierarchical regression analysis of negotiators' creativity on economic negotiation outcome (n=24) 18
- Table 4 Hierarchical regression analysis of negotiators' creativity on relational negotiation outcome for buyer and seller (n=24) 18

1 The circle of creativity and negotiation

Negotiation is an important tool, that all of us use at different times, at a different phase of our life, to achieve different goals. Excellent negotiating is a piece of art. Modern management and leadership are more and more based on negotiation skills, especially in times of change and crisis. Negotiation increasingly gains importance as a popular and constructive way to do business, to settle international disputes, and to manage interpersonal conflict (De Dreu, Weingart, & Seungwoo, 2000). Negotiating is the communication between two or more parties with divergent interests in order to reach an agreement (Pruitt, 1981). Each of us negotiates daily. Negotiation is a pervasive and important form of social interaction and is essential for anyone who must interact with other people to accomplish their objectives (Thompson, 1990).

It is widely assumed that *personal characteristics* of negotiators are highly relevant for the understanding of negotiation processes and outcomes (Barry & Friedman, 1998). Recent research firmly attests that about half of the variance in negotiation performance can be attributed to individual differences (Elfenbein et al., 2008).

Since the essence of negotiation involves the ability to move beyond existing ideas and create alternatives, it inherently relates to individual negotiator differences in creative thinking. The strong tendency amongst negotiators to fixate on the competitive aspects of negotiation, however, all too often leads to the creative aspect of negotiation being largely ignored. Even those negotiators who aim at a win-win approach often fail to appreciate that this approach requires the parties to work together and cooperatively explore all approaches before selecting an approach that is most likely to deliver a mutually beneficial agreement (Thompson, 2005).

The potential implication of creativity upon negotiation however remains to date ill researched, although the negotiation field has developed rapidly (Bazerman, Curhan, Moore, & Valley, 2000; Kramer & Messick, 1995). **The aim of this study is to fill this gap by examining if 'creative' negotiators are able to achieve more successful results in negotiation.** As such we want to contribute to the unlocking of the 'black box' of bargaining behaviours.

We place Paul Torrance's body of thought on creativity central in our research model. The field of creativity as it emerges today is largely due to his pioneering work. As a prolific and tremendously influential author and test developer in the field of creativity, his mental legacy remains highly regarded. To date many authors and scholars in the field build on his research. Consequently this report will take off with a short overview of his life and work (part 2). We describe our research on the potential effect of creativity on negotiation outcomes (part 3) and report on an interview with several experts in the field of creativity and negotiation (part 4). We conclude this report with practical implications for creativity and negotiation.

2 'Father of Creativity'

*Creativity is about divergent thinking, developing fresh views and going beyond the known.
It allows for a 'flexible mind' in negotiations.*



Ellis Paul Torrance^{*} (October 8, 1915 - July 12, 2003) was an American psychologist from Milledgeville, Georgia. After completing his undergraduate degree at [Mercer University](#), he went on to complete a Master's degree at the [University of Minnesota](#), and then a doctorate from the [University of Michigan](#). His teaching career spanned from 1957 to 1984, first at the University of Minnesota and then later the [University of Georgia](#), where he became professor of Educational Psychology in 1966. In 1984, the University of Georgia established the Torrance Center for Creativity and Talent Development.

Paul Torrance is known around the world as the “Father of Creativity” for his nearly 60 years of research that became the framework for the field of gifted education. He invented the benchmark method for quantifying creativity and arguably created the platform for all research on the subject since. The “Torrance Tests of Creative Thinking” helped shatter the theory that IQ tests alone were sufficient to gauge real intelligence. The tests solidified what heretofore was only conceptual – namely that creative levels can be scaled and then increased through practice.

In addition to developing the most widely used tests of creativity, Torrance also created the Future Problem Solving Program, and developed the Incubation Model of Teaching. He authored dozens of books and more than 2,000 published articles on creativity during the course of his career. Even after his retirement, he remained prolific, writing several new books on creativity. Some of his best known books are *Guiding Creative Talent*, *Rewarding Creative Behaviour*, *The Search for Satori and Creativity*, *The Incubation Model of Teaching*, *Mentor Relationships and Why Fly?* His most recent books are such co-authored works as *Gifted and Talented Children in the Regular Classroom*, *Multicultural Mentoring of the Gifted and Talented*, *Making the Creative Leap Beyond*, and *Spiritual Intelligence: Developing Higher Consciousness*.

Torrance's 2001 book, *Manifesto: A Guide to Developing a Creative Career*, includes the results of his 40-year longitudinal study of creativity – the only one of its kind.

A film, *Manifesto for Children*, documenting Torrance's life and work was broadcast on Georgia Public TV in the fall of 2000. The documentary focused on the longitudinal study which followed 215 young adults who attended two elementary schools in Minnesota from 1958 to 1964.

The students were given creativity tests each year and were followed up with a questionnaire in 1980. On the basis of their responses, the *Manifesto* was developed to describe their ongoing struggle to maintain their creativity and use their strengths to create their careers and provide guidance to children.

^{*} Learn more about the life and work of Paul Torrance: Raina, M.J. (2006). In *My End Is My Beginning: Reflections on the Work of a Lifetime*. *Creativity Research Journal*, 18(1), 103-119.

In 1998, the participants were followed up to get a picture of their creative achievements and to validate the Manifesto. Some of the 101 respondents had attained eminence, while others had attained only mediocre careers.

Paul Torrance: *“I suppose creativity is a part of intellect, but there are many abilities involved in intellect; for the full development of creativity in children and adults, I am convinced they have a better chance in life if their best abilities are identified and encouraged. Originally, people thought a test for measuring creativity could not be created. One issue was creating a test anyone could respond to – regardless of previous experiences. We did that and the test has been translated into over 50 languages.”*

The Torrance Tests take two forms: verbal and figural.

The **Verbal Torrance Test** consists of the person inventing uses for common things, such as a stuffed animal. First, the proctor asks, “How would you make this a better toy?” Individuals’ responses are then evaluated for

- originality (based on past responses),
- fluency (number of ideas),
- flexibility (number of different categories)
- elaboration of the ideas.

The **Figural Torrance Test** requires that persons respond by incorporating simple shapes, like circles or abstract line drawings, into more complete pictures. The results are judged on some of the same criteria as the verbal, with the addition of many more creativity indicators such as humour and emotionality. The figural and verbal together form the complete battery and test different aspects of creative response in addition to being in different formats.

Torrance served as chair of the department of educational psychology at the University of Georgia from 1966-78. The **Torrance Center for Creative Studies**, based in the College of Education’s department of educational psychology, was established after Torrance’s retirement in 1984 to continue his scholarly inquiry into the study, development and evaluation of gifted and creative abilities in individuals from diverse age-groups, cultures, and economic backgrounds.

‘He continually proved himself a genius – and not just in theory, but in application, which has affected thousands of teachers and millions of students,’ says Joan Franklin-Smutney, director for the gifted at National-Louis University in Evanston, Ill. *‘His work will not perish because he genuinely wanted to see humankind progress.’* (Childs, M., 2003; Torrance Center. University of Georgia).

Paul Torrance became a legend in his own lifetime, inspiring others to pursue their own passions and lighten their own paths and in the process providing meaning to their creation and creativity. His lifelong pursuit was to learn how to identify and develop creative potential (Raina, 2006).

‘A vital component of a life filled with growth and change is the conscious effort to think creatively. Creative thinking is a life style, a way of perceiving the world, a way of interacting with others ... Being creative is developing sensitivity to problems of nature and mankind’ (Torrance, 1994)

3 Research project

The research project we conducted **aimed to explore how creativity possibly influences negotiation outcomes**. Based on the underlying theoretical framework, we developed our research design and tested two hypotheses. We report on the research results and conclude with a discussion and implications.

3.1 Theoretical framework and hypotheses

In this section we will give a short overview of our conceptions of creativity and negotiation and how both are inherently linked to one another. We conclude with the delineation of our hypotheses.

Creativity

Creativity is mostly defined as the production of novel, appropriate ideas in any realm of human activity (Amabile, 1996), although a multiplicity of definitions of creativity can be found in the field. The early attempts of Torrance (1966) to define creativity for research purposes centered on problem-solving and described that “creativity thinking takes place in the process of sensing difficulties, problems, gaps in information, missing elements; making guesses or formulating hypotheses about these deficiencies; testing and retesting them; and finally in communicating the results” (p. 6). The term ‘creative thinking abilities’, as used by Torrance, refers to “that constellation of generalized mental abilities that are commonly presumed to be brought into play in creative achievements” (p.1). As such, creativity can be considered as a multidimensional concept (Kim, 2006b), existing of different components.

Guilford (1959) and Torrance (1966) distinguished:

- (1) *fluency*: the number of different ideas generated (e.g., from a glass you can drink water, orange juice, tonic,...);
- (2) *flexibility*: the number of different categories of ideas present, or the number of ideological shifts in thinking (e.g., you can use a glass to drink, you can use it as a trap for insects, you can eavesdrop with a glass by holding it against a door,...);
- (3) *originality*: the rarity, unusualness of each idea generated; and
- (4) *elaboration*: the addition of pertinent details.

As the current field of creativity emerged largely due to the pioneering work of Guilford and Torrance (Sternberg, 2006), we integrated their conceptions and operationalisations of creativity in our research design.

Negotiation

Negotiation appears to involve primarily the exchange of tangible goods and services, yet it also leaves an inherently psychological imprint on the individuals involved (Curhan, Elfenbein, & Xu, 2006). Historically, the negotiation field has been dominated by a focus on *economic outcomes* (Buelens, Van De Woestyne, Mestdagh, & Bouckennooghe, 2008). Successful negotiations, however, build on both economic and relational capital and many scholars have bemoaned that the field offers a largely arelational view of an inherently relational situation (Gelfand, Smith Major, Raver, Nishii, & O'Brien, 2006), emphasising autonomy, competition, and rationality over interdependence, cooperation, and relationality (Gray, 1994). Therefore, a growing body of research argues for the importance of focus on *relational outcomes* among negotiating parties (Curhan et al., 2006; Gelfand et al., 2006). These outcomes will result in the commitment or otherwise to continue the (negotiation) relationship. The integration of both classes of outcomes in the study of negotiation is essential to address critics of arelationality.

Hence, we distinguish two categories of *negotiation outcomes* in our research design: economic and social-psychological outcomes (Thompson, 1990). *Economic outcomes* refer to the explicit terms or products of the negotiation, such as whether an agreement has been reached, how much joint benefit has been created, and how resources are divided or claimed by the individual parties. *Social-psychological outcomes* are based on social perception and consist of three important elements: perceptions of the negotiation situation, perceptions of the other party, and perceptions of the self (Thompson & Hastie, 1990). They can be defined as the subjective value negotiators attach to the negotiation process, being the social, perceptual, and emotional consequences of a negotiation (Curhan et al., 2006). These subjective outcomes also indicate to what degree a negotiator is satisfied with the relational aspect of the negotiation, termed relational negotiation outcome, and his proneness to continue this relationship in future collaboration.

Negotiation and creativity

Most creativity research concerns the nature of creative thinking, the distinctive characteristics of the creative person, and the development of creativity across the individual life span, and the social environments most strongly associated with creative activity (Simonton, 2000). The effects of creativity remain ill researched (Mumford, 2003) and have not been linked to negotiation, apart from the study of Kurtzberg (1998), nor to negotiation outcomes in particular (Carnevale, 2006).

Nevertheless previous research found that creative people are able to keep their mind open long enough to make mental leaps, whereas less creative persons tend to prematurely leap to conclusions (Torrance, 1984; 1990; 1998). Since negotiators' ability to create alternatives is inherently linked to successful negotiations (Thompson, 2005), we propose that negotiation outcomes will significantly relate to negotiators' creativity.

To examine how creativity as individual difference affects these negotiation outcomes, defining the *negotiation context* is of utmost importance. Various characteristics of situations have the capability to restrict the expression of individual differences (Mullins & Cummings, 1999; Snyder & Ickes, 1985; Weiss & Adler, 1984). The negotiation context as such can influence the expression of creativity of individual negotiators, and thus exert an indirect effect on negotiation outcomes. The context of a negotiation can be defined as integrative or distributive. Expanding the value of the agreement, termed *integrative negotiating*, increases the relative efficiency of the agreement for all parties (Lax & Sebenius, 1986; Neale & Bazerman, 1991; Raiffa, 1982). *Distributive negotiation* on the contrary implies the 'who gets how much' division. Only by departing from the distributive paradigm are negotiators able to deliver more creative solutions that not only meet the interests of both parties, but also increase the overall value of the final settlement (Galinsky, & Mussweiler, 2001). Given the unique and complex nature of integrative solutions, creativity is most likely to occur in these negotiation processes (Neale & Bazerman, 1991). Therefore the focus of this study concerns the link

between negotiators' creative thinking and negotiation outcomes in a situation with integrative potential.

Based upon this theoretical framework, we formulate the following hypotheses:

- ✓ **Hypothesis 1:** Negotiators with higher levels of creativity will reach higher economic outcomes in a situation with integrative potential.
- ✓ **Hypothesis 2:** Negotiators with higher levels of creativity will reach higher relational outcomes in a situation with integrative potential.

3.2 Method

Sample

Research data are collected by means of a random sample of management students ($n = 12$) and part-time MBA (Master in Business Administration) students ($n = 58$), engaged in working life, from a leading European business school. The study fitted within their negotiation course program and participants were asked for their voluntarily cooperation.

Respondents' ages ranged from 22 to 40 years ($M = 30.6$, $SD = 4.89$ years). Eighty percent were men, and 20% were women. The majority of the participants had no negotiation experience (48.5%) to some negotiation experience (48.5%). Three percent of the participants had a lot of negotiation experience.

Measures and procedure

Data collection took place in two successive assessments, performed on the same sample of participants. Data of the first assessment included a self-report on creativity. For the second assessment participants performed a simulated negotiation task in purposely assigned dyads and filled out two post-negotiation questionnaires.

Creativity

Creativity was measured with the Torrance Figural Test of Creative Thinking (TTCT) (Torrance, 1998). The TTCT is highly recommended in the educational field and is often used in corporate environments. It is the most widely used test of creativity (Davis, 1997), also for research purposes (e.g. Kim, 2006a; Lissitz & Wilhoft, 1985; Oral, 2006).

Its use is supported by more evidence of validity than any other creativity test (Kerr, Gagliardi, & Shane 2003). It has one of the largest norming samples, valuable longitudinal validations and high predictive validity over a very wide age range (Cropley, 2000). The TTCT addresses essential constructs of creative behaviours reflective of Torrance's definition of creativity (Johnson & Fishkin, 1999) and is regarded to be a good measure for discovering and encouraging everyday life creativity in the general population (Kim, 2006). The test has reasonable reliability for research applications, given the complexity of creative thinking (Treffinger, 1985).

The TTCT (1998) uses three picture-based tasks to assess five mental characteristics* relating to creativity: fluency, elaboration, originality, resistance to premature closure (the degree of psychological openness), and abstractness of titles (the degree beyond labelling). The TTCT –Figural has two parallel forms, A and B, both consisting of three activities: picture construction, picture completion, and repeated figures of lines or circles (Torrance, 1966, 1974, 1984, 1990, 1998). Each participant was randomly assigned to complete the form A or form B of the TTCT during a group session. The test yielded a composite score (Creativity Index CI), as an overall indicator of creative potential, which is

* The measure of flexibility was eliminated in the third edition of the TTCT in 1984

obtained by using the standard scores of each of the five characteristics (Torrance, 1998). Artistic quality does not receive credit (Chase, 1985). This total CI is a highly significant predictor for quality of creative achievement (Torrance, 2002). Before the negotiation exercise, participants were purposely assigned to dyads according to their normalised Creativity Index score on the TTCT. We created two groups of dyads, based on the mean normalised Creativity Index (M= 48.9) of the sample. The first group of dyads consisted of individuals with scores on the TTCT above the sample mean; they were regarded as highly creative individuals. The second group was composed of participants with scores below the mean; they were considered to be low creative individuals. As such, 35 dyads were composed, consisting of individuals with equally high or equally low scores.

Negotiation exercise

In this session participants performed a negotiation simulation. Although the ecological validity of employing a role-play methodology to study spontaneous interactions or interactions that involve deep personal feelings may be questionable, this methodology is less problematic in a study of negotiation, given that negotiating is a task requiring impressions to be consciously stage-managed (Goffman, 1969).

The negotiation case 'The Tendley contract' (Wheeler, 2003) is a two-party, multi-issue negotiation involving a consulting contract between a school (buyer) and a consultant of computer software (seller). The parties are at an apparent impasse, since the consultant's bid far exceeds what the school has in its budget. The specific case context as such offers virtually no zone of possible agreement (ZOPA) but has potential for reaching an integrative solution. Within the dyads, participants were randomly assigned to the experimental roles of the negotiation simulation. They were given background information on their roles and instructed to learn their role priorities and preferences. Case instructions obliged participants to go beyond a plain distributive outcome ('simply splitting the difference is not a viable option'). This encouraged the use of creative, option-generating thinking to get to a successful agreement.

Negotiation outcomes

We measured two classes of negotiation outcomes (economic and relational), as stated in the theoretical framework.

Economic negotiation outcomes were measured with a post-negotiation questionnaire, in which negotiating dyads reported on their joint outcomes, with the final settlement price (euro amount that they settled upon in the negotiation simulation) as a measure of economic outcome.

Relational negotiation outcomes were measured with the Subjective Value Inventory (SVI; Curhan et al., 2006). Research results suggest that the SVI is a promising tool to systemize and encourage research on the subjective outcomes of negotiation (Curhan et al., 2006). The SVI contains 16 items on a 7-point Likert scale and consists of four subscales (Instrumental, Self, Process and Relationship), measuring: (1) the value of negotiation *process* (fairness and voice); (2) the *instrumental* outcome (outcome satisfaction and distributive fairness); (3) the *relationship* (trust and establishing a good foundation for the future); and (4) the *self* (saving face and living up to one's standards)

The subscale Relationship captures feelings about the relationship among the negotiators, including positive impressions, trust and a solid foundation for working together in the future. This subscale is used as a measure for negotiators' relational outcome of the negotiation.

3.3 Analyses and results

Descriptive statistics

Table 1 presents descriptive statistics, alpha reliabilities and correlations of the study variables. All participating negotiators reported a relational negotiation outcome. As only 24 out of 35 negotiating dyads came to an agreement by means of defining a settlement price (economic negotiation outcome), we present the descriptives in two parts. The first part of Table 1 shows the statistics for all negotiating dyads (n = 35). The variable 'agreement' is a categorical variable, indicating whether the dyad reached an agreement (1) or not (0).

Table 1 Means, standard deviations and intercorrelations

| Variable | M | SD | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|-------------------------------------|--------|--------|--------|--------|-------|-------|------|---|---|
| <i>35 dyads</i> | | | | | | | | | |
| <i>(with and without agreement)</i> | | | | | | | | | |
| 1. Creativity dyad | 49.36 | 26.96 | | | | | | | |
| 2. Creativity buyer | 51.20 | 26.99 | .97*** | | | | | | |
| 3. Creativity seller | 47.51 | 28.54 | .97*** | .89*** | | | | | |
| 4. Relational outcome seller | 4.98 | 1.20 | -.26 | -.25 | -.25 | | | | |
| 5. Relational outcome buyer | 4.86 | .99 | -.25 | -.22 | -.26 | .45** | | | |
| 6. Economic outcome dyad | - | - | - | - | - | - | - | | |
| 7. Agreement | - | - | .11 | .04 | .17 | .43** | .36* | - | |
| <i>24 dyads (with agreement)</i> | | | | | | | | | |
| 1. Creativity dyad | 51.38 | 27.44 | | | | | | | |
| 2. Creativity buyer | 51.92 | 28.09 | .99*** | | | | | | |
| 3. Creativity seller | 50.83 | 27.65 | .98*** | .94*** | | | | | |
| 4. Relational outcome seller | 5.32 | .98 | -.13 | -.15 | -.11 | | | | |
| 5. Relational outcome buyer | 5.10 | .98 | -.48* | -.44* | -.50* | .46* | | | |
| 6. Economic outcome dyad | 61,938 | 21,033 | .11 | .07 | .15 | .28 | .23 | | |

Note: * $p < .05$, ** $p < .01$, *** $p < .001$.

'Creativity' is a percentile score

'Relational outcome' is measured on a 7-point scale

'Economic outcome' is expressed in euro amount

'Agreement' is a categorical variable, indicating whether the dyad reached an agreement (1) or not (0).

Creativity of the buyer ($r = .97$, $p < .001$) and seller ($r = .97$, $p < .001$) both very strongly correlate with the dyad's joint creativity score, obtained by meaning creativity scores of buyer and seller, since individual negotiators were purposely assigned to a dyad based on equal creativity scores.

Relational negotiation outcomes of both buyer ($r = -.25$, $p = .15$) and seller ($r = -.26$, $p = .13$) are negatively correlated to dyads' joint creativity score, but these correlations are non-significant. Relational outcomes of buyer and seller also negatively correlate to negotiators' creativity score, in a non-significant way. These findings point to a negative relationship between negotiators' creativity and relational negotiation outcomes: **the higher negotiators' creativity, the less they will be satisfied of the negotiation relationship.**

Furthermore, a significant correlation between the relational negotiation outcome of buyer and seller ($r = .45, p < .01$) is observed. This means that **the more satisfied the buyer is of the negotiation relationship, the more satisfied the seller will be, and the other way round.**

We cannot draw conclusions for the economic negotiation outcome (variable 'settlement price') for the total sample of negotiators, since not all dyads in the total sample reached an agreement. Therefore, no correlations were calculated for this variable.

Other results show a strong and significant correlation of the variable 'agreement' with individual negotiators' relational outcome, both for the buyer ($r = .36, p < .05$) and for the seller ($r = .43, p < .01$). Therefore the effect of creativity on the relational negotiation outcome might be affected by the reaching or otherwise of an agreement, as the correlations indicate. To test this assumption we compared these two groups (dyads with an agreement or no agreement) on relational negotiation outcomes. We performed an **independent samples t-test**, comparing the means for relational outcome (see Table 2).

Table 2 Comparison of dyads with agreement (n= 24) and without agreement (n= 11) on mean relational negotiation outcome scores

| Variable | Dyads with agreement | | Dyads without agreement | | Comparison | |
|---------------------------|----------------------|-----|-------------------------|------|------------|------|
| | M | SD | M | SD | t | df |
| Relational outcome Buyer | 5.10 | .98 | 4.34 | .84 | -2.24* | (33) |
| Relational outcome Seller | 5.32 | .98 | 4.23 | 1.33 | -2.74** | (33) |

Note: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

We observe a significant difference in relational outcome between negotiating dyads who reached an agreement and those who did not both for the buyers group ($t(33) = -2.24, p < .05$) and for the sellers group ($t(33) = -2.74, p < .01$). Dyads with an agreement score significantly higher on the relational outcome than dyads without an agreement. This means that **persons who reach an agreement in the negotiation process are more satisfied of the negotiation relationship than persons who do not reach an agreement.**

To isolate the potential effect of 'agreement' on relational negotiation outcome, we decided to include only the dyads who reached an agreement in further data analysis. We present the descriptive statistics, alpha reliabilities and correlations of the study variables for this subsample of 24 dyads with an agreement in the second part of Table 1.

The significant positive correlation between the relational negotiation outcome of buyer and seller, which we also found in the total sample of 35 dyads, was corroborated ($r = .46, p < .05$). This may indicate an underlying interdependence between both negotiators in one dyad.

As for economic outcome we found a positive, though non-significant, correlation between negotiators' creativity and joint settlement price.

For relational negotiation outcomes, we find the same negative tendency of correlations with negotiators' creativity as in the total sample, both for buyer and seller. For the buyers' relational outcome we observe very strong significant negative correlations with creativity of buyer ($r = -.44, p < .05$) and seller ($r = -.50, p < .05$). Thus, higher levels of negotiators' creativity relate to lower relational outcomes in a situation with integrative potential. Concrete: **the higher the negotiator creativity, the lower his/her satisfaction with the negotiation relationship. This counts especially when this negotiator is the buyer** (versus the seller).

To examine causality and analyze the extent to which negotiators' creativity can predict relational negotiation outcomes we performed hierarchical regression analyses, with negotiators' creativity score as independent variable and negotiators' relational negotiation outcome as dependent variable. We conducted separate analyses for buyers and sellers, with respect to economic and relational outcomes. Table 3 shows the results of these analyses.

Table 3 Hierarchical regression analysis of negotiators' creativity on economic negotiation outcome (n=24)

| Variable | β | <i>t</i> | R^2 |
|-------------------|---------|----------|-------|
| Creativity dyad | | | |
| | .11 | .53 | .01 |
| Creativity buyer | .07 | .34 | .01 |
| Creativity seller | .15 | .72 | .02 |

Note: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

Table 3 shows no significant effect of negotiators' joint creativity on economic negotiation outcome ($\beta = .11$, $p = .60$). As such, we could not find indication for the positive effect we predicted in hypothesis 1: **higher levels of creativity in negotiators do not lead them to attain a higher joint settlement price.**

Table 4 Hierarchical regression analysis of negotiators' creativity on relational negotiation outcome for buyer and seller (n=24)

| Variable | β | <i>t</i> | R^2 |
|-------------------|---------|----------|-------|
| <i>Buyer</i> | | | |
| Creativity dyad | -.48 | -2.56* | .23 |
| Creativity buyer | -.44 | -2.33* | .20 |
| Creativity seller | -.50 | -2.70** | .25 |
| <i>Seller</i> | | | |
| Creativity dyad | -.13 | -.63 | .02 |
| Creativity buyer | -.15 | -.72 | .02 |
| Creativity seller | -.11 | -.52 | .01 |

Note: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

In **Table 4** we observe a significant negative effect of negotiators' creativity ($\beta = -.48$, $p < .05$) on relational negotiation outcome for the buyer, whereby creativity of the seller ($\beta = -.50$, $p < .01$) adds significantly more to the variance in relational outcome than the creativity of the buyer ($\beta = -.44$, $p < .05$). Thus **the more creative negotiators (especially the seller) are, the less the buyer is satisfied of the relationship among the negotiators.**

For the seller, we find the same negative tendency, though no significant effect of negotiators' joint creativity ($\beta = -.13$, $p = .54$) on relational negotiation outcome, nor for the individual buyer's creativity ($\beta = -.15$, $p = .48$) or the seller's creativity ($\beta = -.11$, $p = .61$). Hypothesis 2, predicting a positive effect of negotiators' creativity on relational negotiation outcome, thus cannot be corroborated.

3.4 Discussion

This study set out to examine the effect of negotiators' creativity on relational and economic negotiation outcomes. We find no support for our first hypothesis, predicting a positive effect of negotiators' creativity on economic negotiation outcomes. However, a positive trend can be observed in our research results. Further research, with a larger sample, is needed to confirm a significant effect. Our second hypothesis, predicting that creativity of negotiators will affect relational negotiation outcomes positively, is not supported. On the contrary, we find a significant negative effect of both negotiators' creativity on relational outcome for the buyer, whereby creativity of the seller adds significantly more to the variance in relational outcome than the creativity of the buyer. Past research has found that negotiation outcomes tend to be affected more by individual characteristics of the person in the high-power versus low-power role (e.g., Allred, Mallozi, Matsui, & Raia, 1997; Anderson & Thompson, 2004). In our study the seller is in the higher power role by virtue of a better BATNA (Best Alternative to a Negotiated Agreement). This can explain the stronger significant effect of sellers' creativity on relational outcome. Our finding is highly relevant for any negotiation situation, in which two individuals work together towards a common goal.

Contributions

First, this study highly contributes to negotiation literature by addressing a gap in research. To date there has been little research that focuses on the potential effect of creativity on relational and economic negotiation outcomes, although negotiation is inherently linked to creative thinking (Thompson, 2005).

Results of this study show a contradiction between a negative effect of creativity on relational negotiation outcomes and no significant effect of creativity on economic outcome. These results indicate that the effect on negotiation outcomes may be linked with *negotiators' specific skills*. Possibly the skills one needs to maximize economic gain differ from the skills needed to maximize relational gain. **For economic outcomes problem-solving skills and rational thinking may be needed, whereas to obtain relational gain emotional intelligence or relational orientation might be more central.** Thus in the maximization of both types of negotiation outcomes creativity may interact with these different negotiator skills. A large body of research has already examined the possibility that creativity is affected by a variety of individual difference characteristics (e.g., Rodan & Galunic, 2004; Tierney & Farmer, 2002), however not yet in the context of negotiation. This is an important avenue for future research.

Secondly, our study adds to creativity literature, since the effects of creativity have remained rather ill researched (Mumford, 2003). It also extends previous creativity research by Kurtzberg (1998). His research already demonstrated the strength of association between creativity and economic negotiation outcomes. Our study shows a negative effect of creativity on relational negotiation outcome.

Limitations and future research

The findings in this study are subject to a number of limitations, pointing out the need for future research.

First, in this study we obtained a general, non-particularized creativity score for each negotiator based on his results on the Figural TTCT. Creativity, however, can be perceived as a multi-faceted construct (Amabile & Mueller, 2008) and one could wonder whether we adequately captured the specific facets of creativity linked to the different classes of negotiation outcomes. Furthermore, Clapham (2004) stated that different types of creativity tests seem to predict different types of creative performance. Fitting in with this viewpoint both Torrance (Treffinger, 1985) and Cropley (2000) suggested that assessments of creativity should be based on several tests, considering the multidimensional nature of the concept. Johnson and Fishkin (1999) recommend using a minimum of two measures.

Future research should thus not only identify which aspects of creativity are crucial to negotiators for enhancing effective negotiation outcomes but also determine how they can be adequately measured. This notwithstanding the fact that creativity, as a multifaceted phenomenon, is complex and has many elements that interact on its manifestation (Isaksen, Puccio, & Treffinger, 1993), what makes it very difficult to adequately capture the crucial elements.

Second, previous research that examined creativity and individual level outcomes has found positive associations with performance, innovation, job satisfaction, and a reduction in strain. However, taken as a whole the relationships between individual creativity and outcomes are not direct, but rather appear to be predicted upon a fit or congruence between an individual and the job and/or the individual's job and the organization (Gilson, 2008). Consequently, a (mis)fit between individual and negotiation task can have a potential effect upon negotiation outcomes. As such, our research results are potentially influenced by the particularity of the negotiation case. Also the time pressure laid upon participants for finalizing the negotiation task might have had an impact upon negotiation performance. Consistent with previous research (Shalley, Zhou, & Oldham, 2004) we hypothesize that the presence of both negotiation task type and time pressure as multiple competing contextual conditions lead to lowered negotiator creativity levels. Therefore, further research should include creativity process measures in its design to capture the interaction of creativity as an individual difference variable with situational variables (Elfenbein et al., 2008; Mohammed, Rizzuto, Hiller, Newman, & Chen, 2008). To study this interaction is highly important as it may determine the positive or negative impact creativity has on outcomes (Gilson, 2008) and thus lend us more insight in how creativity transforms into high quality economic and relational negotiation outcomes.

Despite these limitations, we believe that this study has extended our understanding of the relationship between negotiators' creativity and negotiation outcomes. Nevertheless, this is a preliminary study and more extensive research, with a larger sample size is needed.

Practical implications

The results of this study demonstrate that the effects of individual creativity on negotiation outcomes are difficult to capture. Situational variables potentially interact with creativity and thus moderate the effect of creativity on performance (Shalley et al., 2004), more specifically negotiation outcomes. For instance, several researchers found that motivation (Bamber, 1973; Halpin & Halpin, 1973; Torrance, 1966, 1974) and exposure to diverse information (Clapham 2000) influence creativity, as measured with TTCT Figural scores. In a similar vein, other research (Torrance, 1972a; 1972b; 1974) evidences that when individuals possess high degrees of creative abilities this only increases the chances that this person may behave creatively. This does not guarantee however that an individual will behave creatively.

These findings have important implications for negotiations as they involve that **negotiation situations can be purposely designed to encourage accessibility of negotiators' creative abilities**. We are convinced that this intervention potentially improves negotiation outcomes, since creative thinking is inherently linked with negotiation.

This manipulation of the negotiation context will evidently contribute to negotiators' creative thinking, but providing the conditions for creativity manifestation is not enough. Direct creativity teaching and training is needed as well (Torrance, 1972c). Results of our study confirm that individuals significantly differ in creative thinking. However this does not imply that creativity is a stable characteristic and cannot be developed. Scott, Leritz, and Mumford (2004) concluded in their review that creativity training is effective and positively related to divergent thinking, problem solving, performance, attitudes, and behaviours. Moreover domain-specific training that is realistic, focuses on component skills, and allows for feedback is most strongly correlated with improved performance. These results have an important impact on negotiation in general and negotiators' creative skills in specific. It demonstrates the feasibility of **creativity training, when specifically related to the domain of negotiation, to ameliorate negotiators' problem solving skills and enhance their engagement in creative thinking patterns**.

4 What do the experts have to say?

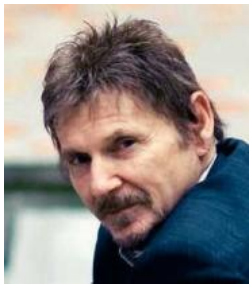
The results of the research were discussed with some critical experts and gurus in the field of creativity and negotiation. They looked at the results and gave their opinion on the importance of creativity in negotiation processes.

These are the experts and gurus that were interviewed:

Prof David Venter was born in South-Africa, has been involved in numerous international negotiations and is a full professor to Vlerick Leuven Gent Management School. His negotiation expertise is widely recognized and he has trained hundreds of negotiators on behalf of many multi-national companies, public sector bodies and government departments.



Dr Kobus Neethling is founder and director of the South African Creativity foundation and the Kobus Neethling Group. He gives creativity training and development programs to most of South-Africa's leading companies and organizations and to numerous international companies. He was a personal friend of Paul Torrance, who mentored him in the field of creativity.



Prof Dr Herman Van den Broeck is Doctor in Pedagogical Sciences and Partner of Vlerick Leuven Gent Management School. He is professor at the Faculty of Economics and Business Administration of Ghent University. His main interests focus on creativity, social skills and emotional intelligence.



Prof Dr Katia Tieleman is professor in Negotiation and Conflict Management at the Vlerick Leuven Gent Management School and is affiliated with the Harvard Program on Negotiation at the Harvard Law School. She is an international trainer, consultant and leading expert in the field of negotiation. She has worked with a variety of international corporations and organizations.



What is creativity to you? Can you summarize this in one phrase?

David Venter: Creativity is the ability to think divergently, transcending existing boundaries.

Kobus Neethling: Creativity is shaking hands with tomorrow. It is about developing a fresh pair of eyes, looking at the world with a new vision. Creativity involves the art of connecting, both people and things.

Herman Van den Broeck: Creativity is going beyond the known, creating a new approach (vision, product, service, experience) that makes life more worth living.

Katia Tieleman: The ability to refrain from premature thought closure and engage in divergent thinking.

What is the relevance of creativity in a negotiation context?

Kobus Neethling: Creative individuals are able to develop a multi-dimensional mindset: they can not only understand how other persons think differently from themselves, but are also able to engage in their thinking pattern. This is what negotiation is all about. Flexibility of the mind can get you anywhere and allows you to make better deals.

Katia Tieleman: Creativity impacts our competitive edge, especially in negotiations. It opens doors in deadlocked situations. It is the difference maker between merely dividing the pie and enlarging it.

David Venter: Negotiation is the art of creating alternatives. Consequently it is most reliant on divergent thinking which enables negotiators to resist premature thought closure. This allows them to make mental leaps needed to develop and explore innovative solutions.

Herman Van den Broeck: People who have blinkers on are not at all good negotiators. As a consequence people who show a flexible attitude (content and relationship) excel in solution finding. Negotiation is the art of finding creative solutions so that both parties profit from this 'creative cooperation'.

Can creativity affect the economic outcomes of a negotiation?

David Venter: Creativity will definitely affect economic negotiation outcomes since seeking and finding better ways of in future interacting and doing business, will deliver results at a better level. Although this might not be true for distributive, competitive negotiation, it is most definitely true for integrative, value-enhancing negotiation. Training in integrative negotiation is shown to improve negotiators' performance and the training cost is recovered six-fold in the first few months.

Kobus Neethling: We have more than a thousand case studies proving that whole brain creativity training leads to a more productive force, more sales and a stronger bottom line. Hereby some testimonies to confirm my viewpoint:

Avroy Shlain (Large Cosmetic Company)

'It was not long after implementing The Kobus Neethling Whole Brain Programmes when we started to experience positive results on many fronts. Our sales people were able to communicate remarkably better with our clients; we all understood the needs of our clients so much clearer and the ability to use our whole brain in problem solving changed everything for us. Six months after implementing the KN programme our profits rose by 54 percent' (Marinda le Roux; Regional Manager)

Anglo Platinum (Anglo American Platinum Mine; Swartkop)

'We started production on this mine 50 years ago. During the past 3 years we were able to equal the production of the previous 47 years. This miracle was due to two factors: new technology and the introduction of the Kobus Neethling Creativity Programmes. The employees were more able find creative solutions. They started a spontaneous anti-negativity campaign and the production hours per person increased dramatically. The managers on the mine initiated additional creativity programmes to sustain creativity at all levels - the whole brain spouses programme and the creativity course for teachers on the mine were of critical importance.' (Clem Sweet: General Manager Barplats Mine)

'I was asked by the Canadian owners of a South African platinum company if I would try to change a mine which had been showing losses for 18 months, into a profitable business. I did it at one mine and so even coming out of retirement, I believed I could do it again. I contacted Kobus Neethling and we started to implement the Kobus Neethling creativity programmes immediately. Once again the miracle happened and a mine which no one believed was a viable proposition started to make a profit after four months after I took over and now 12 months later the profits and miracle continue.' (Clem Sweet: General Manager Barplats mine, 2006)

Can creativity affect the relational outcomes of a negotiation?

Kobus Neethling: Depending on the creative flexibility of the seller/manager/leader and the integrity of the creative methodologies applied, we have experienced over the past 15 years not only greater satisfaction but an overall 'above the line-ness' (positive attitude) that very few other approaches can deliver. As a negotiator, when it comes to relationally satisfying and serving your client superbly, you must integrate several kinds of creativity, for instance social creativity and idea creativity.

Katia Tieleman: I do not think that there is necessarily a strong correlation between creativity and relational satisfaction. I would hypothesize relational satisfaction is more influenced by other factors, such as a sense of empathy, rather than by creativity. The fact that this effect plays for the buyer and not for the seller may be due to the buyer's perception of having been 'fooled' into a deal with higher tangible payment and a variety of creative intangibles. If not well elaborated and rightly framed this kind of a deal can lead to relational dissatisfaction.

David Venter: A creative approach should lead to increased value for both parties and consequently to an enhanced relationship.

Can you give a testimonial or case in which creativity had an effect upon business negotiation outcomes?

David Venter: In a negotiation I conducted some five years ago, I broke a total deadlock by creatively using the current unemployment situation in that area as the opportunity to redesign a major dam project that had been flatly refused by the community. It was not only accepted but also completed on time and well below the estimated cost. What was seen as a scourge, turned out to be a major economic stimulus, greatly helping to resolve the intractable unemployment problem with its consequences of a steep increase in crime and social dislocation.

Kobus Neethling: *'We were so inspired by the creativity training we received from Kobus Neethling and his colleagues that we eventually sent more than 200 of our managers to be trained. This training did not only increase our ability to think and do creatively but had a positive effect on relationships, customer care and the general climate in our company. Growing our business also meant negotiating*

contracts and deals with domestic and foreign companies - our Kobus Neethling training had a major impact on securing business that we previously thought to be impossible. I believe that Kobus Neethling's Whole Brain Approach opens up the mind in a way that no other training does. It is not something that disappears overnight – the effect lasts for a very long time." (Gustav Pistorius: Senior Manager at Foskor (Large Phosphate Company))

Katia Tieleman: My case is situated in the context of a merger deadlock based on price negotiations. By clarifying mutual interest in the context, a variety of value resources could be found in the mutual network of both sides, in the future course the company was taking, in the name (legacy) of the company etc. As such the deadlock could be lifted.

How does the work of Paul Torrance add to the creativity field?

Kobus Neethling: I believe that Torrance gave creativity research an integrity boost that lifted the creativity phenomenon to a new and highly admired level during the second half of the 20th century. Torrance made children and adults alike feel comfortable with their creativity. His approach was inclusive and his emphasis on the creativity of young children as the point of departure in understanding one's own creativity opened up the door for 'teaching and learning' creativity at all levels. Simply put: his philosophy (stated 50 years ago), that eventually it is the creativity of the individual, the organization and the community that will provide the cutting edge, has become the slogan of the 21st century.

How can creativity influence the mind and heart of the negotiator?

Kobus Neethling: 'Beyond' creativity means that you are so empowered that you move between radically opposite views and ideas with gentle flow; incorporating all the angles and integrating them into positions which become unique, acceptable and simple. The ease in which you are able to move between different ideas and solutions (creativity of the mind) while respecting different points of view and demonstrating a genuine positive attitude (creativity of the heart) is the indicator of your mind/heart flow. Creativity of the mind and heart has to be balanced.

What is the riddle of creativity and negotiation?

David Venter: In negotiation the point of departure should be framing the negotiation for mutual gain, thus inspiring the parties to look beyond the problem to the possibilities it inspires. Parties must move the negotiation from merely aspiring to a decision to choosing between alternatives in their quest to explore and find truly innovative, value-enhancing outcomes. Parties need to move away from characterising negotiation as a problem-solving exercise to an opportunity-finding experience. This is where creativity comes in.

Katia Tieleman: To emphasize the importance of creativity in negotiation, I want to quote Marcel Proust: 'The real voyage of discovery consists not in seeking new landscapes, but in having new eyes'. Some additional tips for a creative approach in negotiations are:

- ❖ dig for interests
- ❖ avoid jumping to conclusions, avoid assumptions
- ❖ create as many options as possible, preferably together

Herman Van den Broeck: I deduced some valuable insights from past and present experiences with negotiation and creativity:

- ❖ One can be wrong or having no solution till 5 to 12, as long as both parties invest in the search for creative options, a definitive breakthrough will surface.
- ❖ There is always another possibility.
- ❖ My vision is valuable, but I also realise every negotiation is a possibility to enrich it.

Kobus Neethling: Developing a flexible mindset is essential. To enable this in a negotiation situation you have to create a stimulating environment. This is your responsibility as a negotiator.

5 Your negotiation guide

Negotiation is something we do all the time and is not only used for business purposes. Negotiation is often considered as a compromise to settle an issue to benefit ourselves as much as possible. But is that really the purpose of a negotiation?

Based on the research and literature on creativity and negotiation, we come up with this practical guide for managers, leaders or persons that negotiate. This guide can help you in the negotiation process. It offers you some steps, techniques and tips to negotiate even better!

Be aware of the importance of the negotiation situation!

Creativity is 'shaking hands with tomorrow'.

When you are creative this only increases the chances that you may behave creatively. This doesn't guarantee that you will behave creatively. But is creativity always efficient in negotiations? As situational conditions are found to exert a major impact on the flow of creativity, negotiators can **design the negotiation situation** in such a way to eliminate all factors known to negatively impact creativity.

If you have to negotiate, try to do the following:

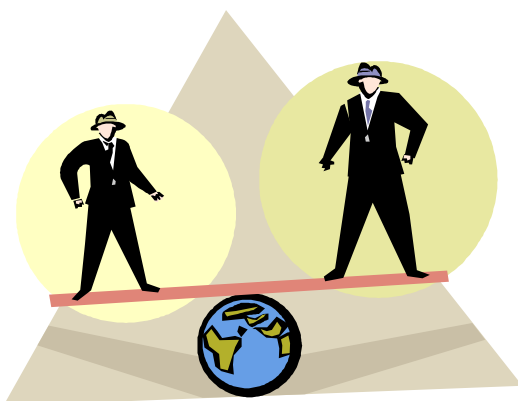


- ✓ Avoid time pressure
- ✓ Negotiate in rooms with enough space
- ✓ Minimise presence of noise
- ✓ Avoid expected interruptions
- ✓ Make sure there is no apparent presence of negotiating competitors

Negotiation is 'the art of the possible'

It is in itself is the art of creating alternatives.

Pay attention to the power gap!



There can be a **power difference** between negotiators. The relationship between both negotiators is imbalance. One is in power, the other is not. If you are in power, you set the frame and you are in charge to close off the relationship or not! Try to avoid such power versus non-power relationships in your negotiation! You need the other in the long term as well! Good negotiators are long term thinkers!

A better alternative to the deal (BATNA) frequently leads to you having more power than the other. This power discrepancy may prevent creativity to have a meaningful effect on the negotiation outcomes. When you - in the higher power role - display creative behaviour, this can be perceived by the other party (in the lower power role) as manipulation. You are perceived as being manipulative, paying no attention for the other person, even overwhelming. The logical reaction of the other person is a defensive behaviour, risk averse.

By putting yourself in a dominant power role, you push the other person in a submissive position. That person becomes defensive! There is a negative sphere/dynamic in the negotiation process. Critical thus for negotiators is to be aware of this power gap and try to close it as much as possible.

Remember the following if you negotiate:



- ✓ Avoid the pitfall of the power gap
- ✓ Remember that power in negotiation is not a winning factor
- ✓ Creativity in imbalanced relationships is perceived as manipulation
- ✓ Give space to the non-power person
- ✓ Good negotiators = long term thinkers

Create a common ground

Create a stimulating negotiation context, thus enabling creativity to come in

Negotiation is an exploration of your position and the other person's position, with the goal of finding a mutually acceptable compromise. The most important in the negotiation process is to develop a '**common ground**'. You focus not only focus on the content of the negotiation but also on the relationship aspect.

As a negotiator, it is important to give space to your counterpart, create a context in which a common solution can be found. One can argue that this involves a considerable investment from both parties. However, the Golden Rule is: '*loose time to win time*'. Time pressure will not help you to create a common ground.

By investing in the relationship aspect, one will more easily conclude a successful business deal. Therefore negotiators should take the following three steps:

1. CREDIBILITY:

Establish credibility and build trust between negotiators by showing politeness, by recognising them as equal and understanding their frame of reference.

2. RELATION:

Build the relationship by giving them space to talk, searching a joint venture and by giving their point of view and options.

3. CONTENT/DEAL:

Get into the content (hard part) of the negotiation

As you can see, the first two steps are paying attention to the relationship (soft part). The third step is the negotiation itself (hard part). If you are not in a common ground, then creativity can be a treat. So, first focus on the relationship to build up a common ground. Increase the power of the other. Give away your power on the relationship. You will not lose your power within the negotiation process.



Remember the following tips:

- ✓ Create a common ground!
- ✓ Pay attention for the relationship and the content.
- ✓ 'Loose time to win time'
- ✓ Create trust, you will benefit in the short and the long term.
- ✓ Move from a "I – I" frame to a "we" frame

✓ Increase the power of the other. It will not take your power!

Presentation of your ideas

"Take it or leave it!"

"This proposal is non-negotiable."

"This is it. If you don't want to accept it at that price, forget it."

"Negotiating with you is a waste of time."

How do you feel when you hear statements like this?

Negotiators should pay attention to the way they **present their ideas**. They should not formulate them as statements, but rather as questions, potential solutions. Do not oppose your ideas, but you search for a common ground. This gives the other person the feeling he/she can participate. They become owners of the ideas. By not imposing their ideas, they can increase the power of the counterpart. He/she feels equally valued in the negotiation and is offered space to lay down his/her ideas.



Remember the following tips:

- ✓ Use the Q format instead of the statement format
- ✓ Listen to the other person
- ✓ Be empathic, be open, this creates trust (common ground)

6 Want to read more?

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