

# The Relationship between Negotiation Skills of Managers and Organizational Health

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## Abstract

The present study is an attempt to survey the relationship between managers' negotiation skills and organizational health. To this end, North Khorasan Health Insurance General Organization was selected as the case study (2013-2014). Regarding the purpose, the study is an applied work and as to methodology and nature, it is descriptive correlative work. Study population was comprised of all employees of the organization. Two standard questionnaires of negotiation skills based on Pierr's model measures and Milez's organizational health questionnaires were distributed among 100 members of the study population. The collected data were examined in SPSS19 using Pearson and Friedman's Correlation based on the proposed hypotheses. The findings supported the main hypothesis of relationship between the elements of negotiation skills and organization health at confidence level of 99%. Therefore, there is a need to take the negotiation skills elements into account when it comes to organizational health.

**Keywords:** Negotiation skills, realistic style, analytical style, normative skills, intuitive skill, organizational health

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## Introduction

The world we are living experiences considerable changes. These changes take place with increasing and unprecedented pace. To keep up with the changes, one needs to develop and utilize information, knowledge, tools, and necessary capabilities.

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The skill of initiating an effective and efficient communication is one of the key skills that any successful manager is expected to possess. More than technical capabilities, it is the abilities to initiate an effective relationship with others that define success of a manager. Results of a research by Fortune Journal on 200 managers from six enterprises indicated that the main factors in failure of the managers are their communication skills. (Ertel, 2009, p. 23)

One of the key and essential factors in triumph of a business is having managers well equipped with negotiation skills, which is a key factor in concluding negotiations and contracts. Thereby, learning negotiation skills is essential for managers.

Recently, organizational health has drawn attention of many scholars and authors in different fields. It is a specific type of health by which one realizes their skills, is enabled to deal with life pressures, and grows as a useful individual for their society. Indeed, health is physical, mental, and social responses to internal and external factors that preserve balance and ease of life. (Seyed Javadin, 2003, p.27)

Today, negotiation is one of the most important and critical task that a manager is supposed to handle. Communicating with subordinates, superior positions and all individuals that may somehow have to do with fulfillment of organizational tasks is inevitable for a manager. Handling these communications needs specific negotiation skills among others. (Khalili, 1994, p.11)

Different sorts of negotiations in terms of pace and complicity are started every day in business so that negotiating is an integral and undeniable part of business. Therefore, lack of negotiating skills, not only place organizational interests at risk, but also put national interests at danger. Thereby, improving and developing negotiating skill is a step toward preservation of micro/macro interests. Unfortunately, the fact is that many managers lack right skills of negotiations while their job can be summarized in continuous negotiation. The mere conclusion of a negotiation does not mean that the job has been done perfectly or at least in a good manner. Handling a negotiation, like any other tasks, needs specific skills and knowledge and the managers need to familiarize themselves with proper skills. Learning the techniques in a scientific way enables the managers to express their points and viewpoints without wasting energy, time, and resources (Hosseini, 2007, p. 44). Azizi Moqadam (2006) examined the relationship between school principals' center of control and organizational health in Mahabad City and concluded that organizational health in schools that had principals with external control center was higher than those with principals with internal control center. There was significant difference between organizational health of girls and boy's schools so that of the former was higher. In addition, in terms of age and degree, the teachers had significantly different attitudes regarding organizational health; so that the higher the education of a teacher, the lower the organizational health reported by them.

## **Hypotheses**

**H<sub>1</sub>:** There is a significant relationship between negotiation style and organizational health in North Khorasan Province Health Insurance General Organization.

*H<sub>1a</sub>: There is significant difference between managers' realistic style of negotiation and organizational health in North Khorasan Health Insurance General Organization.*

*H<sub>1b</sub>: There is significant difference between managers' analytical style of negotiation and organizational health in North Khorasan Health Insurance General Organization.*

*H<sub>1c</sub>: There is significant difference between managers' normative style of negotiation and organizational health in North Khorasan Health Insurance General Organization.*

*H<sub>1d</sub>: There is significant difference between managers' intuitive style of negotiation and organizational health in North Khorasan Health Insurance General Organization.*

Man is a social creature and having a social life means communicating with others. The necessity of communicating and living with others lies with the fact that all man's needs including physical and spiritual, survival, reproduction, livelihood, peace, economic welfare, learning, social welfare, progress, enjoying results of others' work and achievements all are met through living in society. The society is comprised of families as the smallest social unit. Although, human children are born in family, development of social, cultural, political, scientific, and industrial communication has turned the world into a small village even for children. Therefore, children need to learn how to live in this village. (Ershad, 1998, p.25)

Negotiation is a process through which two or more individuals/groups with consistent or inconsistent goals express their ideas and try to achieve a not-guaranteed agreement. (Hellreigel et al., 2005, p.446)

Parsons (2004) defined a healthy organization as follows: all social systems needed for survival and development coordinate themselves with their environment, mobilize resources toward realization of their goals, coordinate their affairs, and motivate their members/employees. If so, health of the systems is guaranteed. By introducing three organizational control levels (institutional, administrative, technical) Parsons considers an organization healthy, when the three levels are coordinated. That is, in addition to satisfaction of expressive and institutional needs, the organization effectively deals with external forces and redirects them toward main goals of the organization.

The concept of positive health in an organization draws attention to the situation where organizational development and growth is facilitated or organizational dynamism is ensured- which is not a new concept. Average organizational health is defined by seven specific interaction models:

#### **Institutional level**

1. Institutional integrity: the organization has integrity in programming.

#### **Administrative level:**

2. Manager's reach: The manager's ability to influence the superiors. A strong manager is good at convincing and interacting with top managers, while preserving his/her independence.

3. Considerate: a manager characterized with friendly, supportive, open, and cooperative attitudes.

4. Inducing structure: the top manager is task/success-oriented. The manager expresses their expectation to the training board and keeps following accurate standards.

5. Resource support: The organization has the needed resources and tools and extra means that are easy to acquire.

### **Technical level**

6. Spirit: sense of confidence, trust, sympathy, and friendship among employees. The employees have good feeling toward each other and believe that things are going well.

7. Scientific emphasis: The learning environment is serious and disciplined, the employees work hard, and the employees who reach scientific achievements are recognized. (Latifi and Kiani, 2009, p. 58)

A research by Levey (2005) titled “culture of cooperation and organizational health” concluded that there was significant relationship among cooperative and management culture, employees health and attachment, productivity, honesty, customer’s loyalty, and business results. Healthier organizational culture attenuates the stress and pressure felt by the workforce and improves health, productivity, performance, and attachment of the employees. Such culture leads to considerable positive professional results. The present study makes recommendations to leaders toward improving job effectiveness through improving healthy and fundamental organizational culture and concludes by some ideas for future works.

Miller and Griffin (2002) conducted a study titled “organizational health and personality: role of responsiveness” and concluded that as to organizational health, organizational processes are a mixture of work environment and personal differences that influence personal and organizational results. In addition, responsiveness employee, job pressure, professional performance, and organizational atmosphere play key roles in organizational health.

Haqiqatjo and Nazem (2007) surveyed creativity of managers, organizational health, and productivity of employees in Iranian Medical Universities and concluded that there was a relationship between organizational health and performance. That is, increase of organizational healthy leads to increase of productivity. In addition, they showed inverse relationship between organizational health and creativity of managers. In other words, increase of organizational health leads to decrease of creativity of managers. Moreover, there was direct relationship between creativity of manager and performance so that increase of creativity leads to increase of productivity.

### **Methodology**

The present study is an applied work and the author tries to find the rules and principles that are followed in practical and real situations. The results could be helpful to improve

performance of executive methods and different products. The findings are highly time/place dependent.

As to the nature and method of the study, it is a descriptive-survey work aimed at uncovering the relationship between two variables (i.e. negotiation skills and organizational health) in the Health Insurance General Organization. The author tries to provide an objective, real, and orderly description of the situation or topic. In other words, the author gives a picture the reality far away from subjective viewpoints.

Study population was comprised of all employees of North Khorasan Province Health Insurance General Organization including lifetime and contractual employees between 2013 and 2014. As per organizational classification, the employees were classified as managerial employees, non-managerial employees (routine jobs) and expertise (expert and expert in charge) (n = 100).

## Results

Table 1 The relationship between style of negotiation skill and organizational health

	Organizational health	
	Pearson Correlation	Sig.
Negotiation style	0.899	0.000

As listed in the Table 1, Pearson Correlation (0.899) and sig. = 0.000 (>0.05) indicate that the correlation is significant. That is, there is significant relationship between negotiation skill and organizational health.

Table 2 The relationship between realistic negotiation skill and organizational health

	Organizational health	
	Pearson Correlation	Sig.
Realistic style	0.807**	0.000

As listed in the Table 2, Pearson Correlation (0.807) and sig. = 0.000 (>0.05) indicate that the correlation is significant. That is, there is significant relationship between realistic negotiation skill and organizational health.

Table 3 The relation between analytical negotiation skill and organizational health

	Organizational health	
	Pearson Correlation	Sig.
Analytical style	0.799**	0.000

As listed in the Table 3, Pearson Correlation (0.799) and sig. = 0.000 (>0.05) indicate that the correlation is significant. That is, there is significant relationship between analytical negotiation skill and organizational health.

Table 4 The relation between normative negotiation skill and organizational health

	Organizational health	
	Pearson Correlation	Sig.
Normative style	0.822**	0.000

As listed in the Table 4, Pearson Correlation (0.822) and sig. = 0.000 (>0.05) indicate that the correlation is significant. That is, there is significant relationship between normative negotiation skill and organizational health.

Table 5 The relation between intuitive style of negotiation skill and organizational health

	Organizational health	
	Pearson Correlation	Sig.
Intuitive style	0.773	0.000

As listed in the Table 5, Pearson Correlation (0.733) and sig. = 0.000 (>0.05) indicate that the correlation is significant. That is, there is significant relationship between intuitive negotiation skill and organizational health.

## Conclusion

Fisher (2006) argued based on a research in Harvard University that negotiation is renewal of trainings and revival of humanistic, work, and management relationships. Miler and Griphine (2002) maintained that verbal communication is a definite measure of man's potentials. In other words, verbal communication is important because it is one of the effective tools to control and affect the environment.

According to Rabinz (2008), effective listening and giving proper feedback improve communication network and performance of members of the organization consequently. This is consistent with Gorton (2004) who argued that speaking, listening, and questioning skills are parts of characteristics of strong managers.

In general, and given the scientific findings and our daily experiences, one may say that 80% of a manager's time is spent on communicating with others. Therefore, a manager's skill of communicating with colleagues, superior positions, and external resources plays key role in his/her performance.

As mentioned, communicating skills are the key elements of negotiation and there would be no negotiation without communication. Thereby, our conclusion regarding relationship between style of managers' negotiation and organizational health is consistent with other researchers' findings and empirical findings.

Catler (2009) concluded that managers' interests make them to learn negotiation skills, as negotiating is part of their daily work. In fact, when interests and perception of two parties are diverging and they need each other, negotiating is the only way to reach an agreement. Theoreticians have argued that one of many hardships that managers

encounter with is due to lack of effective negotiations skills. Thereby, establishing an effective and efficient communication needs negotiation as the main communication tool.

As the results showed, realistic negotiation style obtained the highest point and had the highest correlation with organizational health. One recommendation to those who follow realistic negotiation style is to express realities accurately. They also need to examine the current situation or possess knowledge/experience about the subject. Using experiences and drawing conclusion based on facts also help these managers. They should be cautious about what they would say and based their comments on reliable documents.

Managers who follow intuitive negotiation style would be more successful in their negotiation if they pay attention to the future opportunities and pay attention to the other parties' imaginations and thoughts. They need to demonstrate calm and moderate reactions and avoid changing mind easily. Managers who follow normative negotiation styles must show themselves interested in what the other side says and justify themselves to reach agreement. As to individuals who follow analytical style, being patient and analyzing the situation, relationship among elements, and cause and effect relationships are the best approach to follow. They should bring rational reasons in negotiations and analyze different options and alternative through logical reasoning.

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