

**THE INFLUENCE OF ACCOUNTABILITY ON NEGOTIATION PROCESSES  
AND OUTCOMES IN FAMILY BUSINESSES**

by

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## **ABSTRACT**

### **THE INFLUENCE OF ACCOUNTABILITY ON NEGOTIATION PROCESSES AND OUTCOMES IN FAMILY BUSINESSES**

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Keywords: Negotiation processes, negotiation outcomes, accountability, family businesses.

This study explored the concept of accountability and its influence on negotiation processes and outcomes in family businesses. Data for the research was collected through semi-structured interviews with seven family member managers in five family businesses in Turkey. The Family Business Commitment Scale by Carlock and Ward (2001) was also employed as a tool to assess commitment to the family firm. Interview data was content analyzed to reach three sets of findings: level of accountability of the interviewee, nature of the negotiation process and nature of the negotiation outcome. Accountability findings were determined by codifying relevant data on a scale of 1-5. Nature of the negotiation process was established through the use of the Bargaining Process Analysis (Walcott and Hopmann, 1975) in terms of whether cooperative or competitive processes characterize the negotiations. Finally, negotiation outcomes were determined through the methods used by Beriker and Pegg (2000) in

terms of whether they are competitive or cooperative. Findings revealed that relationships can be established between certain components of accountability and negotiation processes and outcomes. These components were answerability, influence of family on business, family-business congruence and existence of a social relationship with the negotiation counterpart. It was seen that these components of accountability lead the negotiators to go through mixed-motive processes, where they will look neither too dominating nor too strong and finally reach satisfactory outcomes that they can easily account for. It was also observed that pressure is a strong force that is influential on accountability, however the exact implications of pressure within the context of this study could not be isolated.

## ÖZET

### AİLE ŞİRKETLERİNDE HESAP VERME SORUMLULUĞUNUN MÜZAKERE SÜREÇ VE SONUÇLARINA ETKİSİ

Anahtar sözcükler: Müzakere süreçleri, müzakere sonuçları, hesap verme sorumluluğu, aile şirketleri.

Bu çalışma hesap verme sorumluluğu kavramını ve aile şirketlerindeki müzakere süreç ve sonuçlarına etkisini incelemiştir. Araştırmanın datası, Türkiye’de faaliyet gösteren beş aile şirketinin yedi aile üyesi yöneticisiyle yüzyüze görüşmeler yapılması şeklinde toplanmıştır. Buna ek olarak, Aile Şirketi Bağlılık Ölçeği (Carlock ve Ward, 2001) de aile üyelerinin şirkete olan bağlılığını daha iyi anlayabilmek amacıyla kullanılmıştır. Görüşmelerde toplanan bilgiye üç grup sonuca varmak amacıyla içerik analizi uygulanmıştır. Bunlar hesap verme sorumluluğunun derecesi, müzakere süreçlerinin rekabetçi veya işbirlikçi ve son olarak müzakere sonuçlarının bütüncül veya paylaşımcı olmasıdır. Hesap verme sorumluluğu ile ilgili toplanan bilgi 1-5 arası bir ölçekte kodifiye edilmiştir. Müzakere süreçleri ‘Pazarlık Süreç Analizi’ (Walcott ve Hopmann, 1975) yöntemiyle incelenmiştir. Müzakere sonuçları ise Beriker ve Pegg’in (2000) kullandığı yöntemlerle araştırılmıştır. Bulgular hesap verme sorumluluğunun bazı elementleriyle müzakere sonuç ve süreçleri arasında bağlantı kurulabileceğini göstermiştir. Bunlar cevap verme zorunluluğu, ailenin iş üzerinde etkisi, aile iş uyumu ve müzakerede sosyal ilişkinin varlığıdır. Görülmüştür ki, hesap verme sorumluluğu müzakerecilerin ne çok güçlü ne çok zayıf görünecekleri karışık amaçlı süreçler geçirmelerini ama sonuçta rahatlıkla hesap verebilecekleri tatmin edici sonuçlar edinmelerini sağlamaktadır. Son olarak, baskı da hesap verme sorumluluğunu etkileyen güçlü bir factor olarak görülmüştür, ancak tam etkisini bu çalışmada izole etmek mümkün olmamıştır.



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## TABLE OF CONTENTS

<b>List of Tables.....</b>	<b>12-13</b>
<b>List of Figures.....</b>	<b>14</b>
<b>Chapter 1 Introduction.....</b>	<b>15-17</b>
<b>Chapter 2: Literature Review.....</b>	
2.1 Negotiation.....	18
2.1.1 Negotiation Processes and Outcomes.....	19
2.2 Overview of Different Perspectives on Negotiation Research .....	20
2.2.1 Social Context.....	22-24
2.2.1.1 Accountability .....	24-28
2.3 Commitment in Family Business.....	28-31
2.4 Negotiations in Turkish Family Businesses.....	31-33
<b>Chapter 3: Methodology.....</b>	
3.1 Research Design.....	35-36
3.2 Case Selection and Sampling.....	37-38
3.3 Data Collection.....	38-39
3.3.1 Interviews.....	40-44
3.3.2 Family Business Commitment Scale.....	44-46
3.4 Data Categorization.....	46
3.4.1 Accountability.....	47
3.4.1.1 Accountability to the Family Business.....	47



3.4.1.2 Accountability on the Negotiation.....	47-48
3.4.2 Negotiation Processes.....	48-51
3.4.3 Negotiation Outcomes.....	52
3.5 Data Analysis.....	55
<b>Chapter 4: FINDINGS.....</b>	
4.1 Presentation of Cases .....	57-61
4.2 Descriptive Findings.....	61
4.2.1 Accountability.....	61
4.2.1.1 Accountability for the Family Business.....	62-63
4.2.1.2 Family Business Commitment Scale.....	63-64
4.2.2 Accountability to the Family Business.....	65
4.3 Negotiation Processes.....	65
4.3.1 Negotiation Process Findings by Overall Processs .....	66-67
4.3.2 Negotiation Process Findings based on Interviewee Moves.....	67-68
4.4 Data Analysis .....	
4.4.1 Answerability.....	71
4.4.1.1 Answerability and Negotiation Outcome.....	71-72
4.4.1.2 Answerability and Negotiation Process.....	72-73
4.4.1.3 Answerability and Negotiation Pressure.....	73-74

4.4.2 Influence of Family on Business-Family Business Congruence.....	74-75
4.4.2.1 Influence of Family on Business-Family Business Congruence Relationship.....	75-76
4.4.2.2 Influence of Family on Business Negotiation Process and Outcome.....	76-77
4.4.2.3 Family Business Congruence and Negotiation Process and Outcome...	
4.4.3 Social Relationship.....	77-79
<b>Chapter 5: DISCUSSION .....</b>	
5.1 Discussion of Findings .....	79
5.1.1 Answerability and Pressure.....	80-81
5.1.1.1 Answerability and Negotiation Outcomes.....	82-83
5.1.1.2 Answerability and Negotiation Process.....	83-85
5.1.2 Influence of Family on Business-Family Business Congruence.....	85-87
5.1.3 Social Relationship.....	88
5.1.3.1 Components of Accountability and Social Relationship.....	88-90
5.2.1.1 Accountability for the Family Business.....	91-93
5.2 Concluding Remarks on Findings .....	94
5.3 Directions for Future Research .....	95
5.4 Limitations.....	96
<b>APPENDIX A.....</b>	<b>99-101</b>

<b>APPENDIX B.....</b>	<b>102-105</b>
<b>APPENDIX C.....</b>	<b>105-108</b>
<b>APPENDIX D.....</b>	<b>111-113</b>
<b>APPENDIX E.....</b>	<b>115-118</b>
<b>APPENDIX F.....</b>	<b>118-121</b>
<b>APPENDIX G.....</b>	<b>121-122</b>
<b>APPENDIX H.....</b>	<b>122-123</b>

## LIST OF TABLES

<b>Table 1: General Information on the Interviewees.....</b>	<b>36</b>
<b>Table 2: General Information on the Companies.....</b>	<b>39</b>
<b>Table 3: BPA Categories, Moves and Operational Definitions.....</b>	<b>52-53</b>
<b>Table 4: Time lapse, nature of negotiation and existence of social relationship....</b>	<b>61</b>
<b>Table 5: Accountability for the Negotiation.....</b>	<b>63</b>
<b>Table 6: Negotiation Process and Outcome Findings.....</b>	<b>70</b>
<b>Table 7: Answerability component of accountability to family business * Negotiation outcome Cross tabulation.....</b>	<b>71</b>
<b>Table 8: Answerability component of accountability to family business * Process by interviewee moves Cross tabulation.....</b>	<b>72</b>
<b>Table 9: Answerability component of accountability to family business * Pressure component of accountability to family business Cross tabulation.....</b>	<b>73</b>
<b>Table 10: Influence of family on business * Family-business congruence Crosstabulation .....</b>	<b>74</b>
<b>Table 11: Influence of family on business * Process by interviewee moves Crosstabulation .....</b>	<b>75</b>
<b>Table 12: Family-business congruence * Process by interviewee moves Crosstabulation .....</b>	<b>76</b>
<b>Table 13: Social relationship with the counterpart * Process by interviewee moves Crosstabulation.....</b>	<b>77</b>

**Table 14: : Social relationship with the counterpart \* Negotiation outcome**

**Crosstabulation.....77**

**Table 15: Answerability component of accountability to family business \* Process  
by interviewee moves Cross tabulation.....78**

## **LIST OF FIGURES**

### **List of Figures**

<b>Figure 1: Family Business Commitment Scale, in Sections.....</b>	<b>64</b>
<b>Figure 2: Accountability for the Family Business .....</b>	<b>65</b>
<b>Figure 3: Negotiation Process Overall .....</b>	<b>67</b>
<b>Figure 4: Negotiation Process by Interviewee Moves.....</b>	<b>69</b>
<b>Figure 5: Components of Accountability .....</b>	<b>95</b>
<b>Figure 6: Accountability, Processes and Outcomes.....</b>	<b>96</b>

## **CHAPTER 1**

### **INTRODUCTION**

This study aims to explore the possible influences of accountability on negotiation processes and outcomes in Turkish family businesses. Accountability, or “the implicit or the explicit expectation that one may be called on to justify one’s beliefs, feelings and actions to others” (Lerner and Tetlock, 1999) is a complex phenomenon with various influences and implications. Previous research on accountability has generally dwelled on its impact in terms of a generic audience, in other words, one that is not in any social context with the negotiator. However, it is true that in certain situations, people may feel accountable to people with whom they are not only in a business relationship with but are socially connected. This research hopes to make a refinement by placing accountability within the unique context of family businesses and thus introducing intricate emotional ties and bonds to the concept.

With this aim, the research was conducted at five family businesses in different cities of Turkey and seven family member managers from these five firms were interviewed in two rounds of interviews. Interview questions were divided in terms of being on the family business and negotiation parts of the study. The family business

questions aimed to elicit information on the accountability created as a result of being in a family business. In the same way, negotiation questions aimed to understand the processes and outcomes of the specific negotiation episode narrated by the interviewee. A second round of telephonic interviews was conducted to obtain information on accountability in the specific negotiation described by the interviewee.

Accountability in this study was determined through the themes elicited from the interviews and through a psychological assessment tool, the Family Business Commitment Scale (Carlock and Ward, 2001). For detailed assessment, interview themes were put in a 1-5 scale as in the Family Business Commitment Scale questions. Negotiation processes were categorized with the use of Bargaining Process Analysis, a coding schema based on interaction coding, which has been used numerously in negotiation studies. This system categorizes negotiations into only competitive and cooperative processes and thus was refined to include mixed-motive processes to provide a more illuminative account of the negotiations. Negotiation outcomes were determined according to methods employed by Beriker and Pegg (2000) in that distributive outcomes were labeled according to their definition and integrative outcomes were determined through the identification of mechanisms associated with them.

Through this data, the study drew some conclusions on the interplay between accountability, negotiation processes and outcomes in Turkish family businesses. The most important findings, in this regard, have been that accountability leads negotiators in family businesses to adopt mixed-motive processes where they will not look neither too weak not too dominating but at the same time reach satisfactory outcomes that they will feel comfortable accounting for in front of other family business members. These conclusions have been reached through the relationships that have been observed between answerability, pressure, influence of family on business, family business



congruence and existence of a social relationship between negotiators and negotiation processes and outcomes. As an exploratory study, the research does not claim to make any generalizations on the issues that it explored. However, the researcher has every confidence that some interesting relationships within the context of the study have been observed, which can present fertile ground for future research.

## **CHAPTER 2**

### **LITERATURE REVIEW**

This chapter will address the literature on negotiation, social context and family businesses that have been generated so far that is relevant to the current study.

#### **2.1 Negotiation**

Negotiation is “a form of conflict behaviour, which occurs when two or more parties try to resolve a divergence of interest by means of conversation” (Pruitt and Kim, 2004, pg 56). This general and broad definition perhaps demonstrates the fact that negotiation is one of the most common yet at the same time most complex human activities (Lewicki et al, 1997). People constantly engage in negotiations in their social and professional lives to solve issues that contain both shared and opposed interests (Ury and Fisher, 1981). This means that each negotiation situation contains potential for both competition and cooperation and almost inevitably mutual interdependence (Lewicki et al, 1997).

### **2.1.1 Negotiation Processes and Outcomes**

In negotiation literature, process refers to the events and interactions that occur between parties before the outcome, which includes all verbal and non-verbal exchange among parties, the enactment of bargaining strategies and the external and situational events that influence the negotiation (Thompson, 1997). Process analysis in bargaining has mainly focused on either the back and forth exchanges between the negotiators (Adair and Brett, 2005) or on the broader phases of strategic activity over time (Olekans, Brett and Weingart, 2003). A more recent trend has been to examine the “interplay between moment-to-moment actions and reactions exhibited by negotiators within their broader behavioural/strategic context” (Olekans and Weingart, 2008).

Negotiation outcome, on the other hand, is the “product or endpoint of bargaining” such as an agreement, impasse or deadlock (Thompson, 1997). The most general categorization that comes from such analysis of negotiation outcomes and processes is the distinction between competitive vs. cooperative situations, which is also referred to distributive vs. integrative or hard vs. soft bargaining. Competitive negotiation occurs when “the goals of one party are usually in fundamental and direct conflict with the goals of the other party” and where “resources are fixed and limited and thus each party wants to maximize his own profit” (Lewicki et al, 1997). On the other hand, cooperative negotiation entails that “goals of the parties are not mutually exclusive” (Lewicki et al, 1997). Thus, in cooperative processes, parties can engage in “positive moments to increase the potential gains relative to no agreement” whereas in competitive ones, they utilize moves that “threaten to increase the losses for the other party” (Walcott and Hopmann, 1974). Similarly, in distributive outcomes, a fixed-resource is simply shared whereas in integrative outcomes, interests of both parties are satisfied although there may be concessions on both sides (Lewicki et al, 1997).

However, it is also true that it is limiting and challenging to try to divide a complex human interaction like negotiation into these two clear-cut and opposing categories. Thus, a third category, mixed-motive, is used to refer to bargaining situations where parties use a mixture of competitive and cooperative strategies to pursue their interests which usually are competing and compatible at the same time (Fairfield and Allred, 2007). The addition of the mixed-motive category to negotiation literature also points out to the ever-evolving nature of knowledge creation and how theory and practice constantly feed and shape each other.

## **2.2 Overview of different perspectives on negotiation research**

The last few decades have been witness to the proliferation of negotiation studies with research that feeds from various disciplines such as social psychology, management, political science, anthropology and economics. This development came about as negotiation, with its ubiquity and importance in various arenas of social, political and organizational life, has become an interesting venue of exploration for scholars and researchers. This multi-disciplinary nature of the practice of and research on negotiation manifests itself also in the various perspectives adopted in its study. Carroll and Payne (1991) point out to four different perspectives that have been used in negotiation research: “a normative or prescriptive approach derived from economic and game-theoretic perspectives, an individual differences approach that focuses primarily on personality factors, a structural approach grounded in sociological conceptions of bargaining and a cognitive or information-processing approach that highlights the role of judgmental heuristics and biases in negotiations”.

In keeping with the assumptions of game theory, the economic/game theory perspective in negotiation treats the negotiator as the rational actor, who will choose the course of action that will maximize his expected utility, or the “transformation of psychological and material preferences into hypothetical units of outcome, which can be measured ordinally through the specific conditions that constrain the interaction, such as the number of times the negotiators get to make offers and the exact order in which they will choose” (Nash 1950, Neale and Bazerman, 1991, pg 23). Although such game-theoretic, rational choice models dominated negotiation studies for decades, starting with late 80s and early 90s, many scholars first questioned then challenged the adequacy of these models to capture the plethora of factors that influence negotiator cognition.

The individual differences approach evolved from rational choice models as researchers who initially conducted personality research in negotiation used game-theoretic models (Hamner 1980, Hermann and Kogan 1977). One of the most comprehensive studies, in this regard, was conducted by Rubin and Brown (1975) as the authors screened literature for traits but failed to find generalizable ones. Although individual differences research has moved beyond game theoretic models to focus on process variables after 1970s, conclusive remarks about the exact influence of individual attributes on negotiator cognition is yet to be produced (Neale and Bazerman 1991, Pruitt and Carnevale, 1993). While Barry and Freindman (1998) did find certain traits in this regard, there is also the argument that such findings reflect North American characteristics and cannot be termed personality differences due to their cultural insensitivity (Liu et al, 2005). Finally, Morris et al (1999) point out to a more pragmatic shortcoming of the individual differences approach in that it cannot produce a viable negotiation strategy since it is impossible to estimate the other party’s personality accurately (Morris et al, 1999).

The third perspective in negotiation studies is the structural approach, which uses structural variables to provide causal explanations for negotiation processes and outcomes (Lambert 1997). These structural variables may range from power relationships between parties to how many negotiators are on each side, or from the presence of constituencies to pressure of deadlines (ibid, Bazerman, Curhan, Moore and Valley, 2000). According to this perspective, parties may try to alter these variables to obtain more favorable outcomes for themselves. An example could be introducing more parties or attempting to impose a deadline. On the other hand, critics of the approach argue that it is too static, not granting negotiators much incentive to influence the process or outcome (Lambert, 1997). Neale and Bazerman (1995) claim that there is not much chance to actually alter the process in this perspective but rather to simply react to the conditions brought about by the structure of the bargaining situation. That is why the authors believe that although this approach has expanded the understanding of negotiation, it is not adequate to delineate a satisfactory objective picture of negotiation processes.

The final perspective, the information-processing approach, “assumes that cognitive activity may be analyzed conceptually in terms of a series of stages during which abstract information is transformed or recoded by particular components or mechanisms” (Thompson 1995, pg 299). This is a theory that has implications for negotiation study as it provides an account of the mind’s characteristics and functions as well as a link between decision making and negotiation with the insight it gives on everyday cognitive heuristics that may manifest themselves in the form of biases and judgment errors in negotiation (Carnevale and Pruitt 1992, Neale and Bazerman 1991).

### **2.2.1 Social Context**

It is obvious that all these approaches aim to analyze and understand the negotiation process from the perspectives of the schools of thought from which they originate with perhaps some interaction with different fields through the conceptual links that they establish. However, it can be argued that one major link that none of these approaches have adequately addressed is the social context of negotiation as it relates to negotiator cognition and decision-making. Instead negotiation has been treated as a process that takes place almost in a vacuum with its research done in controlled, experimental settings with simulated subjects. Barley (1991) points out; negotiation research has been treated as taking place in “bracketed” or “time-out” episodes which are devoid of the social and organizational contexts in which they are actually embedded. Kramer and Messick (1995), recognizing the dominance of such treatment of negotiation as a purely “rational, calculated and strategic” activity, which neglects the social context, point out to the necessity of developing a viable social-contextualist perspective toward negotiation theory and research.

In their seminal book, *“Negotiation as a Social Process”*, Kramer and Messick (1995) underline this necessity by pointing out to the fact that all bargaining processes are eventually embedded in social and organizational contexts. They emphasize that, in particular opposition to economic/game-theoretic models, a social-contextualist view recognizes negotiators as inherently social actors, thus necessitating a theory that encompasses the variables that come about as a result of the social environment.

Three different types of social context research in negotiation have emerged to address the need for such a theory (Thompson 1995). One is concerned with social cognition, which examines how information from the social world is processed by the individual (Bazerman and Carroll 1987, Carroll and Payne 1991, Neale and Northcraft 1990, Thompson 1990). The second type is contextualized social cognition which dwells

into how the specific individual perceives information and how social context stimulates certain thought and decision-making patterns (Tetlock 1985, Carnevale, Pruitt and Seilheimer 1981). The concepts of accountability and the influence of audiences, which will be elaborated upon in this study fall within this group. Finally, the third type is social context from the perspective of the interaction between the bargainers, where this interaction and the dyad or the polyad within which it takes place becomes the unit of analysis. (Barry and Oliver 1996, Loewenstein, Thompson and Bazerman, 1989).

One of the concepts that can be discussed within contextualized social cognition is audiences and constituencies. In terms of their implication for negotiation studies, constituencies are categorized as a form of audience (Rubin and Brown 1975) and the two terms are used almost interchangeably. The nuance in the definition, which has not been emphasized in practice, is that constituents are dependent on the negotiator in varying degrees for the representation of their interests and may thus provide varying degrees of support (Ikle 1964, Schelling 1960, Stevens 1963). Similarly, negotiators' motives may be different than those of their constituents and thus they may be operating under different incentive schemes such as optimizing outcomes for their constituents or maximizing their own gain (Bazerman, Neale, Valley, Zajac and Kim, 1992; Rubin and Sander, 1988, as quoted in Igor and Rutte, 2000). A common example of such dilemmas is union negotiations where political concerns may get fused with personal profit concerns (Bazerman et al, 1992).

Nondependent audiences, on the other hand, have no vested interest in the outcomes but rather are observers of the bargaining process. Although this may intuitively lead one to deem them as less salient when compared to dependent audiences such as constituencies, they may actually present negotiators with considerable amount of pressure as they provide a feeling of being constantly evaluated and scrutinized (Ikle



1964, Schelling 1960, Stevens 1963). Also, for such pressure to be felt, these audiences do not even have to be physically present since their effect might just be psychological but just equally powerful for the negotiator.

The concept of audiences and/or constituents is of vital importance to the current study as it provides one of the most important components of accountability, which will be elaborated on in the next section.

### **2.2.1.1 Accountability**

Accountability is a concept with applicability in various areas such as politics (March and Olsen, 1995), non-profit organizations (Molnar, 2008) or education (Miller, 1995). It has also become a popular subject in both popular and scholarly publications as the panacea for a wide range of problems from national debt to health care (Lerner and Tetlock, 1999). With such extensive influence, it can be expected that there can be slight variations in the definitions of accountability. In general terms, accountability can be defined as “the implicit or the explicit expectation that one may be called on to justify one’s beliefs, feelings and actions to others” (ibid, pg 255). It is possible to take this definition beyond just answerability and refine it to include also a more proactive notion of self-responsibility (Cornwall, Lucas and Pasteur, 2000). Similarly Erdogan et al (2004) define accountability as “the feeling of responsibility, obligation and the need to justify one’s actions to others or to one’s self”. In this regard, it can be said that accountability is a complex concept brought about by a number of factors such as answerability, enforceability, transparency, commitment, trust and responsibility (Molnar, 2008). The last two, in this regard, are especially important to the present study

since these are the types of accountabilities that one may intuitively expect to find within the family business due to its social and emotional bonds.

That is perhaps why one should not fall into the common mistake of treating accountability as a unitary phenomenon (Lerner and Tetlock, 1999). That is because different situations bring about different accountabilities depending on accountability by whom, to whom and under which ground rules (ibid; Brodtkin, 2008). Beyond that, even in similar situations of accountability, variations may occur due to the individual's expectations/ assumptions/knowledge about the situation. To be more specific, accountability may vary according to whether people expect their performance to be observed ((Guerin, Reducing Evaluation Effects in Mere Presence, 1989)(Guerin, Social Facilitation, 1993)(Goering, 1997), 1993), to be evaluated (Guerin 1989), to be personally linked to them (Schopler 1995) and to be justified with reasons (Simonson and Nowlis, 1998). These components are crucial to the present study since they will be the indicator of elusive nuances for understanding under what kind of accountability a family business member-manager may be operating.

Although these conditions render accountability quite a complex phenomenon to explore, research has presented even further refinement. In this regard, it is imperative to examine the aforementioned conditions in light of the following distinctions: whether accountability is to the process or outcome, whether it is legitimate or not and whether the views of the audience that will observe, evaluate, personally link and ask to justify with reasons the performance of the accountable individual are known or not (Lerner and Tetlock, 1999).

Outcome accountability occurs when the individual is held accountable solely for the outcome of his situation whereas process accountability manifests itself when he is

evaluated on the basis of his performance in the overall process. In this regard, both experimental studies and field research have shown that outcome accountability leads to commitment to prior courses of action (Simonson and Shaw, 1992; Doney and Armstrong, 1996), heightened stress, judgmental inconsistency and thus overall detrimental results (Siegel-Jacobs and Yates, 1996). In negotiation, outcome accountability has been shown to create competitive bargaining situations where negotiators are not willing to make concessions for the sake of appearing tough to their constituents (Carnevale, Pruitt and Britton, 1979). On the other hand, process accountability leads people to think more critically about their judgments and thus improve the quality of their decisions (Simonson and Staw, 1992). There are again numerous studies on negotiation that corroborate these findings. For example, De Dreu, Koole and Steinel (2000) found that process accountability leads negotiators to engage in systematic and thorough encoding and recoding of information; reduces fixed-pie perceptions and thus results in more integrative outcomes.

Legitimacy vs. illegitimacy is another key component of accountability. In organizations, legitimacy forms as a result of a “generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of values, beliefs and definitions” (Suchman, 1995, pg 574). At a more individual level which may still take place within organizations, legitimacy determines whether people will obey authorities, in other words whether they will give consent or not (Walker, 1984). In terms of accountability, Lerner and Tetlock (1995) explain that when people do not think accountability is legitimate, they may commit more strongly to their views even when they are not certain of their accuracy, lose their motivation and perform poorly on their tasks due to heavy surveillance and intrusion (Sutton and Galunic, 1996 as quoted in Lerner and Tetlock, 1999). The effects of legitimacy on accountability, on the other hand, are harder to detect through empirical study. Tetlock (1992) argues that legitimacy becomes too intertwined with other factors

that are operational on accountability such as power or trust and thus are difficult to isolate.

Accountability to an audience with known versus unknown views is another important distinction that has been identified in accountability studies (Lerner and Tetlock, 1999). Tetlock, Skitka and Boettger (1989) found that when people know the views of the audience to whom they feel accountable beforehand, they will engage in a “low-effort acceptability heuristic” and just change their opinions to conform with those of the audience. However, this is not possible when the opinions of the audience are not known to the individual. In this situation, the authors found discrepancies depending on whether people are committed to a particular position or not. To be more specific, if people do not know the views of the audience but do not have a past commitment to a particular position in relation to this audience, they will engage in open, flexible thinking and evaluation. When they do have such a commitment, however, they will spend their cognitive energies to justifying the positions they have taken (ibid). Obviously, this is one of the distinctions that is most crucial within the context of negotiation since it may influence the behavior of the negotiator substantially in the directions that have been described above. Thus, it may either endow the negotiator with flexibility or present with considerable restraint.

As it is obvious from these past studies, accountability may manifest itself in various forms and outcomes in organizational environments. In this regard, family businesses provide an interesting venue to examine accountability due to dependencies and emotions brought about by the unique relationships present in this type of organization. That is why it is necessary to briefly screen past research on family businesses in order to formulate possible accountabilities and influences on negotiation.

### **2.3 Commitment in Family Businesses**

The family business is another area of organizational studies that has witnessed much proliferation in the recent years. “A company is considered a family business when it has been closely identified with at least two generations of a family and when this link has had a mutual influence on company policy and on the interests and objectives of the family” (Neubauer and Lank, 1998, pg 6). Neubauer and Lank (1998) elaborate this definition and state that one or more of the following conditions must also exist for a company to be considered a family business: family relationship in management succession, the presence of wives or sons of the current or former chief executive officers, the identification of important institutional values of the firm with a family, the association of the actions of family members with family reputation and prestige, the influence of the position of the family member in the firm on his standing in the family and the interaction of relationship to the enterprise and one’s own career. This discussion suggests that there basically are various definitions of what a family business is because there are many different perspectives as to the components that eventually constitute a family business.

The prominence of family firms in the global context is noteworthy, as Dreux (2001) states, “the proportion constituted by business enterprises owned or managed by families is conservatively estimated to be between 65-70%” worldwide (Dreux 1990) with rates around 85% in the European Union (Harvey, 1994 as quoted in Dreux, 2001) and 80-90% in Asia (Lee 1996 as quoted in Dreux, 2001). This is interesting since these numbers seem exaggerated at first glance. However, that is perhaps because one does not necessarily think of the highly institutionalized, international giants such as Wal-Mart,

Hyundai or the Carrefour group as family businesses whereas they still are although their stocks are publicly traded (Family Business Magazine 2004). As it will be elaborated on later, in keeping with their international counterparts, Turkish family firms also dominate the domestic business context.

By definition, one characteristic that deems all family businesses unique no matter in which part of the world they may be situated is the interdependence of and interaction between family and business (Kepner 1991; Davis 1983). This creates a situation that is exceptional to the point of being termed “oxymoronic” (Ozbasar 2001) since “...the nature of the business often seems to contradict the nature of the family. Families tend to be emotional; businesses are objective. Families are protective of their members; businesses much less so. Families grant acceptance unconditionally whereas business grant is according to one’s contribution” (Ward 1987, pg 54). It is obvious then that such unique characteristics of the family business are likely to yield situations that would not be seen in a non-family enterprise, where management is in the hands of salaried professionals without any ownership rights (Chandler 1929).

The most obvious of these situations is the existence of relationships and of “the social ties among family members” which exert the most influence on the operation of the business (Aronoff and Ward, 1995). Lee argues that in order to understand the importance of family relationships on the family business, it is necessary to examine the former in terms of specific variables, one of which is family cohesion (Lee 2006). This concept can be defined as “the degree of closeness and emotional bonding experienced by the members in the family” (Olson 1988). It is also possible to refer to family cohesion in varying degrees, which are described by Olson as 1) disengaged (very low); 2) separated (low to moderate) 3) connected (moderate to high); and 4) enmeshed (very high). The author elaborates on these degrees by stating that the second and third levels

of cohesion (separated and connected) people can find a balance between their individual and family lives. In such families, where spending time with the family, being included in joint decision-making and providing mutual support are very important but there is still a certain level of “emotional separateness” which enables the family member to realize her individuality (Olson 1988). However, at the extreme ends of disengaged and enmeshed, it is not possible to find such balanced levels since the former contains very little commitment to the family whereas the latter contains very limited independence for the individual.

The concept of family cohesion is crucial for family businesses because of its implications for organizational commitment for the members of the family that are involved in the family company. Organizational commitment refers to the identification of the employees with the company in that they adhere to its mission and policies and believe it to be a good place to work, i.e. a place in which one does not feel the need to seek for alternative work opportunities (Miller et al 2000). (Kanter, 1997) argues that family cohesion can influence business through its implications on “work orientation, motivation, abilities, emotional energies and the demands people bring to the work place” (1997, p.54). Olson has observed that highly cohesive families devote a considerable amount of time to discussing business in terms of goals, aspirations or motivations among family members, especially between parents and children (1988). Such practices lead to an increased feeling of inclusion and identification with the family business, which can be considered an increase in organizational commitment. Previous research has been able to demonstrate a positive correlation between these two concepts (Lee 2006). This argument once again brings back the issue of the unique interaction and interdependence of family and business issues in family-owned firms.

To summarize, it can be observed that family companies constitute a very prominent kind of business organization around the world. What is unique about family firms and which also render them a viable venue for this particular research is the intersection of family and business. The interaction and the interdependence experienced in family firms provide a number of consequences. For the purposes of this study, the most important of such consequences is implications for organizational commitment. It is this unique environment and type of commitment that family businesses create that makes them a curious social context research ground.

#### **2.4 Negotiations in Turkish Family Businesses**

In the recent years, there has been growing research on family businesses in Turkey, utilizing various research methodologies with data collected from different parts of the country. However, most of this research focuses on issues that fall under the broader themes of institutionalization (Gumustekin and Adsan 2005), effective management (Genc and Deryal 2006) and generational transfer (Dikmen et al 2006). It is also true that studies that dwell less on the management and more on social aspects of business, such as those on conflict and conflict resolution have also started to appear (Ozbasar 2001, Kilic and Ozgen 2006).

However, research into the literature shows that negotiation studies in the organizational context in Turkey are considerably limited except for studies on conflict management (Hofstede 1983, Kozan 1994, Kozan and Ergin 1999). Besides these works, most research that focuses on negotiation in the Turkish business context has been in



Turkish and focused on collective bargaining, especially in terms of labor relations (Gokdere, 1995). Thus, it can be said that negotiation research in Turkey, especially when considered within the context of the proliferation of these studies around the globe, has been scarce except for a qualitative study on negotiation styles, processes and outcomes in the Turkish financial sector (Ismet 2007) and a comparative study on negotiation tendencies across five countries (Metcalf et al, 2006). Therefore, it is possible to argue that negotiation and how negotiations are being carried out as either mechanisms to reach agreements or resolve conflicts within the Turkish family business context has not been shed much light on. However, as Metcalf et al (2006) posits, we live in an era of global cooperation where negotiations are conducted across cultures, which thus necessitates a thorough understanding of negotiation tendencies.

With such issues and questions, this study will explore whether family business members/managers experience accountability along the dimensions that have been recognized in the accountability literature. That is, in broad terms, to what extent components such as answerability, responsibility, trust and commitment are present. Furthermore, the more elaborate aspects of accountability that have again been recognized in the literature will also be explored. Thus, it will also be examined whether accountability is perceived to be legitimate by the interviewee, whether it is to the negotiation process or outcome and to audiences with known or unknown views. Lastly, it will also be determined how the performance of the accountable person is to be evaluated.

Following these categorizations, it will then be examined whether such accountability has bearing on negotiation processes, in terms of making them more competitive, cooperative or mixed-motive and on negotiation outcomes, in terms of rendering them integrative or distribute.

Thus, in broad terms, the research questions can be formulated as:

How is accountability manifested in Turkish family businesses and how does it influence negotiation processes and outcomes?

## **CHAPTER THREE**

### **METHODOLOGY**

This section will outline the methods used to collect and analyze data for this study and the rationale as to why those specific methods were chosen.

Content analysis (Druckman 2005) is the main method used in this research. It was used in categorization of the nature of processes and outcomes of negotiations as well as partially to assess commitment to family business. The data to be content analyzed was collected through semi-structured, in-depth interviews with family-member managers from family businesses in Turkey, as shall be explained in more detail in subsequent sections. In addition to content analysis, The Family Business Commitment Scale by Carlock and Ward (2001) was used as a psychological assessment tool to complement the interviews in the assessment of the commitment of the family member manager to the business.

The subjects of the research were seven family member managers from five companies. A brief description of the interviewees, including their company, the industry

of the company, the interviewee's position in the company and relation to the founder(s), has been provided in table 3-1.

Table 3-1: General information on the interviewees

Interviewee	Company	Industry	Position in the company	Relation to founder
Ozgur Metin	Merih Dugmecilik	Textiles	Manager in charge of sales	Son
Omer Aydin	Aysan Gida	Food	General Manager	Co-founder with father
Hakan Sayar	Sayar Insaat	Construction	General Manager	Founder
Avni Ozel	Kuzey Insaat	Construction & Printing	General Manager of the Construction branch	Co-founder with brother
Zeki Ozel	Kuzey Insaat	Construction & Printing	General Manager of the Printing branch	Co-founder with brother
Bugra Sayar	Sayar Insaat	Construction	Manager	Son
Orhan Bayramoglu	Bayramoglu Tekstil	Textile	General Manager	Co-founder with brother

### 3.1 Research Design

While there are various different methods used in the study of negotiations, including case studies, laboratory experiments and mathematical modeling or computer simulations, business negotiation research is usually conducted through experimental studies (Carnevale and De Dreu, 2005). It is true that laboratory research has high levels of internal validity due to their tightly controlled environments. However, a possible drawback of experiments is that they may lack “mundane realism”, in other words fail to capture the essence of real-life dynamics on which they are supposed to shed light, thus fail to achieve “mundane realism” Another important reason what the experimental research method, despite its popularity in negotiation studies, would not be a feasible choice for this particular research because the family aspect is difficult to simulate. Subjects could be given scenarios that precisely describe their roles, motivations and concerns and thus could be manipulated to assume certain positions but it would still be questionable if they would be able to step into the shoes of the family-business negotiator, who, as described in previous parts of the study, embodies unique concerns based on the social context in which he operates. In the same way, the audience that this negotiator feels accountable to is also a unique audience as another family member. Simulating all these aspects would be almost impossible, thus necessitating field work for this study.

Another important reason why qualitative methods are more feasible in this particular research is the fact that negotiation is an area of study that has not been subject to much research in the Turkish business context. While it is true that family business research has witnessed some growth over the last decade, negotiation has been an aspect

within this context that has been ignored. In such a situation, an exploratory approach is appropriate due to the need to provide as much descriptive data as possible, which can be only achieved through qualitative methods. Perhaps it may later be possible to conduct experimental studies with hypotheses that can be formulated from the findings of this research.

### **3. 2 Case Selection and Sampling**

Data for this study were collected through seven semi-structured interviews conducted with managers of family businesses who are also family members. The firms are operational in Istanbul, Ankara, Ordu and Alanya. Five of the interviewees were first generation managers, meaning they were the ones that founded the firm either on their own or with another family member. The remaining two were second generation managers that were sons of a founding manager (Table 3-1). Consistent with the purposes and qualitative nature of the study, cases were identified and selected through non-random methods. The criteria for the selection were for the firm to have at least three family members as managers in at least two generations. The reason for this choice was to be able to get the family business aspect as resonant as possible. In this regard, more family members indicate more intersection of the family and the business. In a similar light, having at least two generations will more likely set the family business apart from just a firm established by entrepreneurs that happen to be related. Purposeful sampling (Neuman 2006, pg 227), therefore, was employed to identify the cases to be examined through the personal contacts of the researcher. Snowball sampling (ibid, pg 229) was also used for two cases, to which the researcher was referred by previous contacts.

Table 3-2 General Information on the Companies

Company	Founding Date	Number of family members	Number of 1 <sup>st</sup> generation managers	Number of 2 <sup>nd</sup> generation managers	City where located
Merih Dugmecilik	1984	4	2	1	Istanbul
Aysan Gida	1989	3	2	1	Ordu
Sayar Insaat	1997	2	1	1	Antalya
Kuzey Insaat	1993	3	2	1	Ordu
Bayramoglu Tekstil	1982	3	2	1	Istanbul

In addition to being able to choose cases that are suitable for the present research, it can be argued that another benefit of purposeful sampling is that it creates an open, comfortable and information-rich interview atmosphere. It is true that when business is in question, people are usually quite reluctant to share information with strangers no matter how much confidentiality guarantees may be provided. In a study like this, where not only business but also emotions related to that business are being examined, such levels of reluctance may be expected to rise even higher. Therefore, the familiarity with the interviewees either on a personal level or through trusted intermediaries has enabled an open and illuminative interview atmosphere. On the other hand, it is also true that some may argue this to be a bias or an obstacle. However, it should be stated that this was not the case in these interviews since the familiarity with the subjects were not at that close level. Another bias introduced by the sampling method is that the researcher comes

across similar cases. However, for this study, this was again not a major obstacle since the family business aspect requires similar cases.

### **3. 3 Data Collection**

There were two main tools that were used to collect data for this research. The first is a questionnaire comprised of eleven questions, The Family Business Commitment Scale (Carlock and Ward, 2001), available in Appendix A. The second method was semi-structured interviews that were used for to elicit more information than the scale can provide and also to collect the data for negotiation processes and outcomes.

#### **3.3.1 Interviews**

The interview method was chosen in this study to collect qualitative data for two main reasons. First is the fact that the reasons that have been explained in more detail before, mainly the fact that the subject of this study has not been researched adequately, if at all, which brings about the need to obtain as much rich data as possible. In an exploratory study, the most feasible method to accomplish such a goal is to conduct interviews, where it is possible to obtain data that is not directly observable such as feelings, thoughts, intentions or behaviors (Patton, 2002). In this particular research, the interview method is especially suitable for this reason since there is no other means of



understanding how much commitment a family member manager has for the family business, or how accountable or under pressure he feels in front of other family members. The second reason is the fact that in Turkey, people are usually reluctant to release information about their business in a formal way due to privacy concerns. However, interviews, which enable the researcher to establish a certain familiarity and mutual trust with the subject, provide a solution to this obstacle.

With the aforementioned concerns due to the exploratory nature of the study and the need to obtain as much descriptive detail as possible from the interviewees, the semi-structured interview method was chosen. The semi-structured interview style follows an interview guide, which covers certain topics of interest to the researcher through open-ended questions (Bryman, 2004). In this way, the semi-structured interview provides a considerable amount of flexibility to both the researcher and the interviewee. The researcher gets the chance to cover a broad array of topics, from which she can elicit the information that is useful to her, without falling into the trap of asking leading questions. In the same way, the interviewee has the chance to talk about issues without being confined to a certain area. This is important because there is always the danger that the researcher may overlook the fact that the interviewees are not familiar with the topics in question in the same systematic way that the researcher is. However, it is also true that the semi-structured interview provides the researcher with the ability to intervene to ask follow-up questions to elicit more information when necessary. Therefore, the semi-structured interview is the best method in this type of research with the two-way flexibility it provides in terms of both questions and answers.

The interviews conducted for this research were recorded and later transcribed. The transcribed data was content analyzed to elicit themes and trends. The questions that were asked during the interviews for the Family Business portion were as follows:

### ***Family Business Questions***

1. What does involvement in the family business mean to you?
2. How would you comment on the relationship between the family and business?  
(More information can be given to get answers about feeling of responsibility to the family)
3. What does it mean to you to be successful in the family business?
4. How would you comment on the pressure or influence of the family in your business decisions? (Do you feel scrutinized, watched, evaluated etc?)
5. How would you say an involvement in the family business is different than working for another firm?

In the same way, the interview method was employed for the collection of data for negotiation processes and outcomes. As it shall be explained in the next section, the methods of analysis of negotiation processes and outcomes in this study require almost verbatim descriptions of the bargaining situation being explored. That is why semi-structured interviews were again used so that interviewees would be able to narrate the negotiation process as accurately as possible. After the initial analysis of the data collected through these interviews, there came about a necessity to ask further questions, aimed to establish links between accountability and negotiation processes and outcomes. This necessity mainly was based on a deeper examination of the accountability literature with the aim of capturing its more elusive aspects that could be operational at family businesses. In addition to a closer survey of the literature, as the research progressed following the transcriptions of the first round of interviews and initial data analysis, it was understood that dynamics within family businesses with regards to accountability are much more complex than anticipated and thus require more data to be understood comprehensively. Therefore, a second set of interviews were conducted. The questions asked during these interviews were more mechanic and close-ended and thus could easily be asked through the telephone. However, as it can be seen from the questions, there is some terminology or terms that would not be clear to someone without knowledge of the

context. Therefore, adequate explanation and clarification of the questions were provided as needed to obtain the most accurate answers as possible. Thus, the questions for the first and second round of interviews were as follows:

First round of interviews:

1. What was the negotiation issue? What were the sub-issues?
2. What was the position of each party regarding the issue/sub-issues?
3. What were the reasons behind the positions that each party took regarding the issue/sub-issues?
4. What were the priorities of each party regarding the issue/sub-issues?
5. What did each party get at the end of the negotiation process?

Second round of interviews:

1. Regarding the interview that you had formerly described, did you have to explain or justify how it went to another family business member?
2. If you had to categorize this explanation within the lines that I will describe now, where do you think it would best fit? An evaluation, justification with reasons, simple observation or personal linkage?
3. Who did you need to make this explanation to? And did you know beforehand that you would need to make this explanation?
4. Was your explanation asked to be based on the process or outcome of the negotiation?
5. Did you know what was expected of you in this negotiation? Or as a result of this negotiation?
6. Did you think that whoever asked you to make these explanations had a right to do so? Did you find this situation agreeable?

As it can be seen when thought in conjunction with the information on accountability in the Literature Review chapter, the questions for the second round of

interviews are structured to capture the aspects of accountability that has been subject of previous research.

### **3.3.2 The Family Business Commitment Scale**

This psychological assessment tool is designed for family businesses and aims to measure how much commitment family member managers have to the business. The validity of this scale has been established with its popular use in family business research (Venter, Kruger and Herbst, 2007; Holt, Rutherford and Kuratko, 2007; Westhead and Cowling, 2002).

Carlock and Ward (ibid, pg 35) argue that “the family’s commitment and vision of itself are shaped by what family holds as important ... For these reasons, core family values are the basis for developing a commitment to the business”. According to this view, it is the families that have a strong commitment to the business that also have a substantial impact on the business. Such commitment comprises of three main factors: a personal belief and support of an organization’s vision, a willingness to contribute to the organization and a desire for a relationship with the organization (Klein, Astrachan and Smrynios, 2005). In addition to these points, Carlock and Ward’s scale also measures whether involvement in the family business has a positive contribution to the family member manager’s life. With such assessment points, The Family Business Commitment

Scale is a useful tool to measure at least some aspects of the family business portion of the study.

In order to get more illuminative data, the family business commitment scale was broken down into four sections which can be seen in the graph below. These categorizations were made by grouping content-wise similar questions and labeling them as below. Only the question on influence of family on business could not be satisfactorily related to any other questions and thus was chosen as a category on its own since it is a very important question for the sake of this study.

The question break-down for these groups were as follows:

*Value of involvement in the family business (for the interviewee)*

- There is so much to be gained by participating in the family business on a long term basis.
- Deciding to be involved with the family business has a positive influence on my life.
- I understand and support my family's decisions regarding the future of the family business.

*Support of family members for the business*

- Family members are willing to put a great deal of effort beyond that expected to help the family business be successful
- Family members are proud to tell others that we are a part of family business.
- Family members feel loyalty to the family business.

- Family members support the family business in discussions with friends, employees and other family members.

#### *Family-business congruence*

- Your family members share similar values.
- Your business and family share similar values.
- Family members agree with the family business goals, plans and policies
- *Influence of family on business.*
- Your family has influence on your business.

### **3.4 Data Categorization**

#### **3.4.1 Accountability**

Information obtained during the interviews and from the scale has been used in order to assess how much and what type of accountability the interviewees feel. This accountability is at two levels: accountability to the family business and accountability on the negotiation that has been described.

##### **3.4.1.1 Accountability to the Family Business**

Accountability to the family business has been compiled from information obtained from both the interviews and the Family Business Commitment Scale. Interview data has been coded for components of accountability, which are e trust, responsibility, answerability and pressure components of accountability. Although pressure has not been defined as a component of accountability in the literature, it was a subject that came up frequently and in some cases quite resonantly in relation to accountability. Thus, with the aim of providing a more accurate picture of accountability in these cases, pressure was also added as a component. These four components were put in a scale from 1-5 to be consistent with the Family Business Commitment Scale and coded accordingly.

#### **3.4.1.2 Accountability on the Negotiation**

The data for this portion came directly from the second round of interviews. The questions are based on the literature that defines accountability in negotiation as has been explained in previous chapters. To be more specific, the interviewees were asked whether accountability in that specific negotiation was to the process or outcome; whether it was seen legitimate or not; whether the views of the audience were known beforehand or not and finally how the interviewee expected to account for the negotiation (options were observation, evaluation, justification with reasons and personal linkage. These categories each became a variable and was crosschecked with other variables for possible relationships.

### 3.4.2 Negotiation Outcomes

The methods employed by Beriker and Pegg in their article, *An Analysis of Integrative Outcomes in the Dayton Peace Agreements* (2000), were used in this study to determine the nature of outcomes of negotiations. The reason behind this choice is the fact that the authors performed an analysis of negotiated outcomes of an actual negotiation as opposed to the common experimental methods that use simulations. Since the present study also aims to shed light on real-life negotiations, the methods used by Beriker and Pegg (2000) proved most appropriate.

In their work, the authors employ certain mechanisms to render negotiated outcomes as distributive or integrative. To label distributive outcomes, the schema adopted by Ismet (2006) based on Beriker and Pegg (2000) will be used. The reason for this choice is the fact that as opposed to the negotiations that Beriker and Pegg examined which were political, Ismet analyzed business negotiations, which are more appropriate for the present study. Therefore, negotiated outcomes will be labeled as distributive if:

- “1. fixed resource (money) is simply shared among the parties
2. one party gets the total of what he/she asks for and the other gets nothing
3. parties reach an agreement by giving concessions from their initial positions and settle with a position closer to their resistance points” (Ismet, 2006).

On the other hand, five concepts, non-specific compensation, cost-cutting, logrolling, bridging and expanding the pie, that were first defined by Rubin, Pruitt and Kim (1994) and used by Beriker and Pegg (2000) will be utilized in the same way that the authors have for the identification of integrative outcomes. Although these concepts



are more commonly used to identify negotiation processes, they are also useful to understand whether the negotiators employed certain mechanisms with the aim of reaching mutually satisfactory outcomes, which should be the main determinant of an integrative outcome in negotiation.

In this respect, “non-specific compensation” is the situation where one party obtains the whole of what she/he demands, and compensates the other on issues that are not linked to the original negotiated issues. “Cost-cutting” occurs if one party gets the total of what she/ he asked for and the other party gets compensated for some items that are related to the original issue. “Logrolling” is when parties make concessions on issues that are of higher priority to the other and of low priority to them. “Bridging” takes place when parties make their concessions on interests that are beneath the issues that are on the negotiating table rather than directly on the issues themselves. Finally “expanding the pie” takes place when parties find a new and creative solution that may satisfy both of their needs. The identification of these mechanisms in the information conveyed through the interviews will signal an integrative outcome.

### **3.4.3 Negotiation Processes**

Bargaining Process Analysis, BPA, (Walcott and Hopmann 1975) is the main method that was employed in this research to categorize negotiation processes. It was used as the main tool in this study because of its applicability to qualitative research where transcriptions of negotiation processes are available (Hopmann, 1976, pg 321). This tool, which is adapted from the Interaction Process Analysis that is used to codify verbal interactions, allows the researcher to describe negotiation processes in categories

such as “positive and negative socio-emotional reactions and task behavior” (ibid). In this regard, the BPA is especially useful to codify the “relevant aspects of the bargaining process in a situation where relatively unrestricted verbal communications are possible” (ibid).

At this point, perhaps it is necessary to acknowledge a certain shortcoming of this methodology and account for how this shortcoming does not necessarily obstruct its applicability to the present research. It is obvious that BPA is originally designed to categorize moves from actual negotiation transcriptions. However, it is also true that the BPA essentially is a form of interaction coding, which is a viable system to translate communicative behavior into quantifiable and analyzable data (Goering, 1997). This is especially useful for negotiation analysis since negotiation, at its core, is a sequence of interactions between the parties and it is that interaction that shapes and gives meaning to the whole process (Gulliver, 1979). Thus, “understanding interaction sequences appears to be fundamental to understanding the negotiation process and interaction coding provides a logical mechanism for analyzing interaction sequences” (Goering, 1997, pg 389). What the BPA provides, in this regard, is to apply interaction coding to negotiation and create an viable system of interaction coding that can be used to categorize hard and soft bargaining behavior.

Furthermore, it is also true that at most times, it is very difficult to obtain transcriptions of actual negotiations. That is why, the BPA has also been applied numerous times to data collected through other means and constructed into an interaction sequence to represent the negotiation processes, as in this study. For example, while applying BPA to political negotiations, Druckman (1979) and Hopmann and Smith (1978) used newspaper articles and public statements to reconstruct the negotiation

process. Therefore, reconstructing the negotiation process through interviews does not necessarily endanger the validity of the method.

The categories included in the BPA and their operational definitions have been provided in Table 3-3.

Table 3-3: BPA Categories, Moves and Operational Definitions

Category	Definition	Moves and Operational Definitions
<b>Substantive Behavior</b>	Behaviors directly associated with the subject matter of the negotiations	<ul style="list-style-type: none"> <li>● Initiations: Actor advances a substantially new proposal or states own position for the first time</li> <li>● Accommodations: Actor concedes a point to another, retracts a proposal in the face of resistance, or expresses a willingness to negotiate or compromise own stated position</li> <li>● Retractions: Actor retracts a previously made initiation or accommodation or modifies a previously stated position so as to make the position clearly less agreeable to another.</li> </ul>
<b>Strategic Behavior</b>	Behavior designed to affect the behavior of other actors in the negotiations, but not implying a substantive change of position on the part of the initiator	<ul style="list-style-type: none"> <li>● Commitments: Actor takes a position or reiterates it with a clear statement that it will not change under any circumstances and/or declares own position nonnegotiable.</li> <li>● Threats: Actor offers or predicts negative consequences (sanctions or withholding of a potential reward) if another does not behave in the stated manner.</li> <li>● Promises: Actor offers or predicts positive consequences (reward or withdrawal of sanction) if another behaves in a stated manner.</li> </ul>

<p style="text-align: center;"><b>Task Behavior</b></p>	<p>Behavior primarily designed to promote businesslike discussion and clarification of issues.</p>	<ul style="list-style-type: none"> <li>● <i>Agreements</i>: Actor accepts another's proposal, accepts a retraction or accommodation or expresses substantive agreement with another's position.</li> <li>● <i>Disagreements</i>: Actor rejects information, inquires as to another's position, reaction or intention, or requests clarification or justification of a position.</li> <li>● <i>Questions</i>: Actor requires information, inquires as to another's position, reaction or intention or requests clarification or justification of a position.</li> <li>● <i>Answers</i>: Actor supplies information, reiterates a previously stated position or clarifies or justifies a position</li> </ul>
<p style="text-align: center;"><b>Affective Behavior</b></p>	<p>Behavior in which actors express their feelings towards one another or situation.</p>	<ul style="list-style-type: none"> <li>● <i>Positive Affect</i>: Actor jokes or otherwise attempts to relieve tension, attempts to create feelings of solidarity in the group or expresses approval or satisfaction.</li> <li>● <i>Negative Affect</i>: Actor becomes irritable or otherwise shows tension, criticized another in general terms, expresses disapproval or dissatisfaction with group performance or with the situation.</li> </ul>
<p style="text-align: center;"><b>Procedural Behavior</b></p>	<p>Behavior designed to move discussion along that does not fit these categories.</p>	<ul style="list-style-type: none"> <li>● <i>Subject Change</i>: actor tries to divert attention from one substantive topic to another.</li> </ul>

Also, the ideas of the categories are based on earlier work that has been used in a similar system before. The selection of these behavior for the interaction coding come from previously substantiated categories of Schelling (1962) that were used within the context of conflict management.

According to the original system of the BPA, competitive and cooperative processes are determined through the identification of hard and soft behaviors. Hard bargaining behaviors are the sum of threats, commitments and retractions whereas soft bargaining behaviors are the sum of initiations, accommodations and promises. However, after the initial coding of the reconstructed negotiation processes based on the interviews, it was noticed that this categorization was somewhat limiting and at some instances could not capture the essence of the negotiations as described by the interviewees. Therefore, in order to include broader interactions that can be classified as hard or soft, movements including agreements, disagreements, positive and negative affect were also added to the scheme. In other words, the BPA was modified in order to provide a more accurate and descriptive picture of the negotiation situation in this study. Thus, the competitive index was determined by hard behaviors, which are retractions, commitments, threats, disagreements and negative affect while the cooperative index was determined by soft moves, which are initiations, accommodations, promises, agreements and positive affect. Calculations were made as follows:

$$\text{Competitive index} = \frac{\text{Hard behaviors}}{\text{Hard +Soft behaviors}} \%$$

$$\text{Cooperative index} = \frac{\text{Soft behaviors}}{\text{Hard +Soft behaviors}} \%$$

The other modification that was done on the BPA was the addition of mixed-motive behavior to the process categories. This was determined based on the percentages of the competitive and cooperative processes. Any process with a score equal to or less than 65% in either competitive or cooperative index was labeled as mixed-motive.

The unit of codification was for this study was the statements of the negotiators, in other words “all words spoken by a single negotiator until the other negotiator begins talking” (Druckman, 2005). The reason behind this choice is the fact that the research aims to find out whether negotiation processes are categorized by cooperative or competitive behaviors.

### **3.5 Data Analysis**

Data analysis for this study was carried out in two phases. First was to formulate the categories of data in accordance with the methods above. Second was to statistically analyze the variables created from the categorizations to search for possible relationships. In addition to the categorizations specified in this chapter, some categories again based on information from the interviews were added. These independent factors, such as the founding date of the company, number of family members in the business or the existence of a social relationship with the negotiation counterpart were included in order to get a more comprehensive picture on the possible relationships between the three themes above. They would also be useful to get a more accurate judgment on the

influence of accountability on negotiation process and outcome since other possible influences would either be factored in or ruled out. Thus, a total of 18 categories that have shown variance in the initial analysis were formulated to be statistically analyzed.



## **CHAPTER FOUR**

### **FINDINGS**

#### **4.1 Presentation of Cases**

##### **Case 1: Merih Dugmecilik**

This negotiation has taken place between Ozgur Metin, sales manager of Merih Dugmecilik, which is one of the leading companies in textile accessories in Turkey. Mr.Metin is a second generation manager as the son of one of the three founders of the family business. The company, which specializes in button production and sells to many major textile manufacturers both in the domestic and international market, currently, has the three founding brothers and two of their sons in its management. As the sales manager, Mr.Metin has explained that he engages in many negotiations, mainly over pricing, every day. The specific negotiation that was described for this study is one that has taken place between Mr.Metin and the merchandiser of Isik Tekstil, which purchases buttons from Merih Dugmecilik.

### Case 2: Aysan Gida

The negotiation process that was analyzed as Case 2 has taken place between Omer Aydin, one of the managers of Aysan Gida, and manager of Hazelnut Firm A (name made anonymous at the request of Mr.Aydin). Aysan is a family business, established by Omer Aydin and his father in 1983 and is currently managed by these two founder managers as well as Mr.Aydin's younger brother who joined the firm in 1994. It is an Ordu-based company that specializes in hazelnut processing and trading both for the domestic and international markets. It is one of the leading companies not only in the city of Ordu but also in terms of the amount of hazelnut exports it carries out on a yearly basis.

### Case 3: Sayar Insaat

The negotiation that will be described as Case 3 has taken place between Hakan Sayar, founder and largest shareholder of Sayar Insaat, one of the leading construction companies of Alanya and a customer, Hasan Akdogan. Akdogan had a piece of land in a valuable part of the city, on which he has intentions to have an apartment complex built and came to Sayar for this task. Sayar Insaat was founded by Hakan Sayar in 1992 with the financial investment of Sayar himself and also his wife. Thus, at the founding stage, his wife was the only other shareholder in the company. However, for the past three years, their son has also been actively involved in the firm as a second generation manager.

### Case 4: Kuzey Insaat

This negotiation has taken place between Avni Ozel, one of the three shareholders of Kuzey Insaat, a company that is operational in two main branches of business: construction and printing and the representative of Caterpillar Company, which sells

heavy construction machinery. On the construction side, Kuzey Insaat takes jobs from the government and local municipalities to provide services such as building schools, hospitals or infrastructure such as roads. On the printing side, they perform all the routine printing tasks as well as publishing two local newspapers and a magazine. The negotiation was over the purchase of a piece of heavy machinery for the firm.

#### Case 5: Kuzey Insaat 2

The negotiation process that will be analyzed in this section has taken place between Zeki Ozel, another owner-manager of Kuzey Insaat and Huseyin Aracak, owner of a printing company based in Istanbul. As general information about Kuzey Insaat has been provided in the previous section, it is perhaps more useful to briefly mention company activities for which Zeki Ozel is responsible. As the second oldest brother and one of the two founders, Mr.Ozel manages the printing business of the company. Mr. Ozel transformed what used to be a fairly small printing office that published only a local newspaper on black and white paper into the largest printing company in Ordu. Now they not only publish various newspapers and magazines but are also one of the biggest government contractors in the Black Sea region for various printing jobs. The particular bargaining process to be content analyzed in this section is one over the purchase of a special type of printing paper by Kuzey Insaat from an Istanbul based company.

#### Case 6: Sayar Insaat 2

This negotiation process has taken place between Bugra Sayar, a second generation manager in Sayar Insaat which was described in Case 3, and Emin Altas, an interior designer. Again, since Sayar Insaat has already been presented as a case, it is more useful to mention the role of Bugra Sayar in the company. He joined the firm three years ago and was given a managerial position as the son of the founder of the firm. Currently, he is not only involved in many of the construction projects the company has

but also is in charge of the hotel Sayar Insaat is building to manage. Bugra Sayar will become the manager of the hotel and once it is ready, most of his responsibilities in the company will be directed towards there. Thus, he is also very much involved in every step of the construction process. The negotiation that will be analyzed in this case was conducted in order to settle a disagreement Sayar and Altas had regarding the fee Altas demanded to decorate this particular hotel.

#### Case 7: Bayramoglu Tekstil

This negotiation has taken place between Orhan Bayramoglu, one of the two founder managers of Bayramoglu Tekstil, an Istanbul based textiles company, and Berkay Kayacan, a hotel owner from Kusadasi who purchases towels and bathrobes from Bayramoglu Tekstil. Bayramoglu Tekstil was established by Orhan Bayramoglu and his older brother Eren Bayramoglu in 1982, who currently manage the company along with Eren Bayramoglu's son. The negotiation was instigated by Kayacan when the products he purchased did not turn out to be the quality he expected.

Table 4-1: Time lapse, nature of negotiation and existence of social relationship

<b>Case</b>	<b>Time between interview and negotiation (approximately)</b>	<b>Nature of negotiation</b>	<b>Social relationship with the counterpart</b>
<b>Ozgur Metin</b>	4 days	Routine	Yes
<b>Omer Aydin</b>	1 day	Routine	Yes
<b>Hakan Sayar</b>	5-6 hours	Routine	No
<b>Avni Ozel</b>	10 days	Routine	No
<b>Zeki Ozel</b>	7-8 days	Non-routine	No
<b>Bugra Sayar</b>	2 days	Non-routine	Yes
<b>Orhan Bayramoglu</b>	3 days	Routine	No

Table 4-1 lists the time lapse between the negotiation and the interview, whether the negotiation that was described was of a routine, every day nature and whether there was a social relationship, which can be a personal or on-going business relationship. These variables are all possible influences on negotiation processes and outcomes. Time lapse may influence how accurately interviewees will recall the negotiation process they are narrating. Similarly, as time passes, people's perceptions of events may be altered in the sense that events may be attenuated or magnified and that people may recall past competitive or cooperative behaviors as being less competitive or cooperative. The nature of negotiation also has potential to influence the process and outcome because of the different meanings and importance they may have for the negotiator. Finally, social relationship with the negotiation counterpart is one of the most important and heavily researched areas in social context research in bargaining.

## **4.2 Descriptive Findings**

### **4.2.1 Accountability**

#### **4.2.1.1 Accountability for the Negotiation**

As explained in the previous chapters, the accountability component of the study was measured through both the Family Business Commitment Scale and also through the themes elicited from the interviews in congruence with the literature on accountability.

Table 4-2: Accountability for the Negotiation

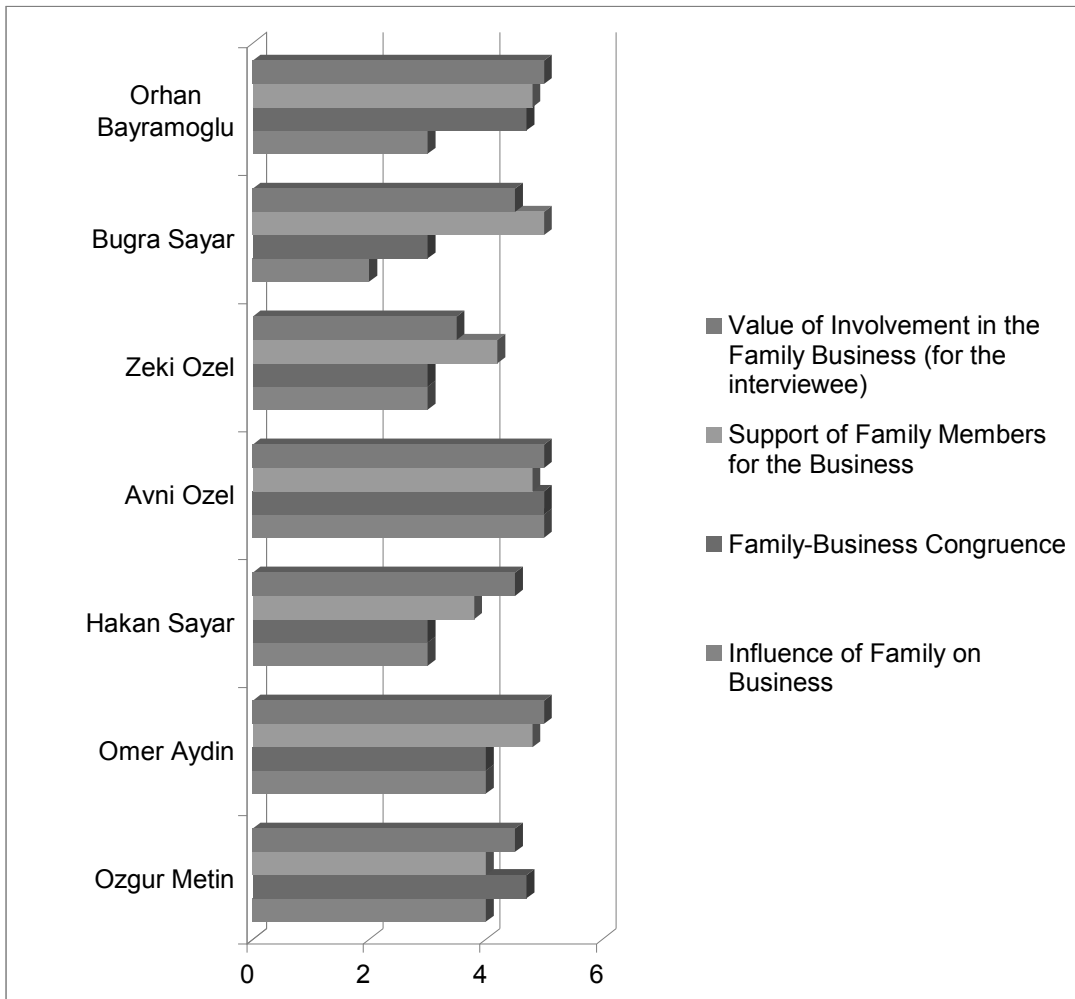
<b>Interviewee</b>	<b>Process or Outcome</b>	<b>Legitimate or Illegitimate</b>	<b>Audience Views Known or Not</b>	<b>Performance expected to be accounted through:</b>
<b>Ozgur Metin</b>	Both (outcome prioritized)	Legitimate	Known	Evaluation
<b>Omer Aydin</b>	Outcome	Legitimate	Not specifically but can be estimated	Observation
<b>Hakan Sayar</b>	No accountability	No accountability	No accountability	No accountability
<b>Avni Ozel</b>	Outcome	Legitimate	Not specifically but can be estimated	Observation
<b>Zeki Ozel</b>	Process	Legitimate	Not specifically but can be estimated	Personal linkage
<b>Bugra Sayar</b>	Both (process prioritized)	Legitimate	Known	Justification with reasons
<b>Orhan Bayramoglu</b>	Process	Legitimate	Known	Observation

As it can be recalled from the literature review, the variables presented in Table 4-2 are taken directly from the literature and the answers come from the second round of interviews. Except for one interviewee, Hakan Sayar, all interviewees have stated that they feel accountability about that specific negotiation process, though at different levels and forms, as it can be observed from the table.

#### 4.2.1.2 Family Business Commitment Scale

It has been explained in the Methodology chapter that the Family Business Commitment Scale, another tool to assess accountability, has been divided into sections to be able to get more specific results by grouping similar questions together, as shown in Figure

Figure 4-3: Family Business Commitment Scale, in sections 4-3



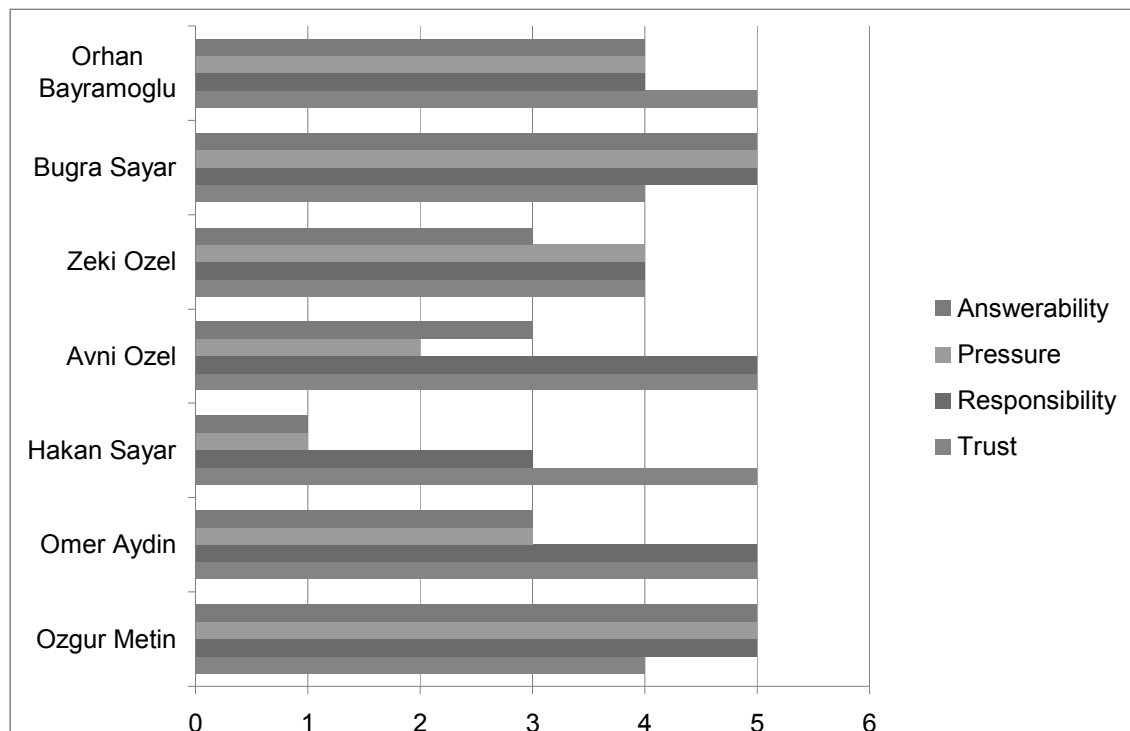


Variations were found in two groups of questions: the Influence of Family on Business and Family-Business Congruence. Thus, they were used as variables for analysis.

#### 4.2.2 Accountability for the Family Business

As in other parts, accountability for family business was also broken down into sections in accordance with themes found in the literature, which are answerability, responsibility and trust. Pressure was added to this list because it came up very frequently and influentially during the interviews in relation to accountability. Again, answerability and pressure were the components that showed variance and thus were chosen for further analysis.

Figure 4-4: Accountability for the Family Business



### **4.3 Negotiation Processes**

Categorizations of negotiation processes were broken down into two subsections: overall processes and processes according to interviewee moves. In the former, the whole negotiation process including the moves of the other side as narrated by the interviewee were included in creating the cooperative, competitive and mixed-motive indices. In the latter, only the moves of the interviewee were used for the same task. There are two reasons behind this choice. One is that knowing specifically the moves of the interviewee are vital because one of the main aims of the study is to find if accountability has any bearing on negotiation processes. If interviewee moves are not considered, perhaps a certain categorization may be found but it may not be shaped by the person under accountability. Furthermore, it is also useful to have a more comprehensive picture of the interaction and to be able to compare results of these two sets of processes with each other.

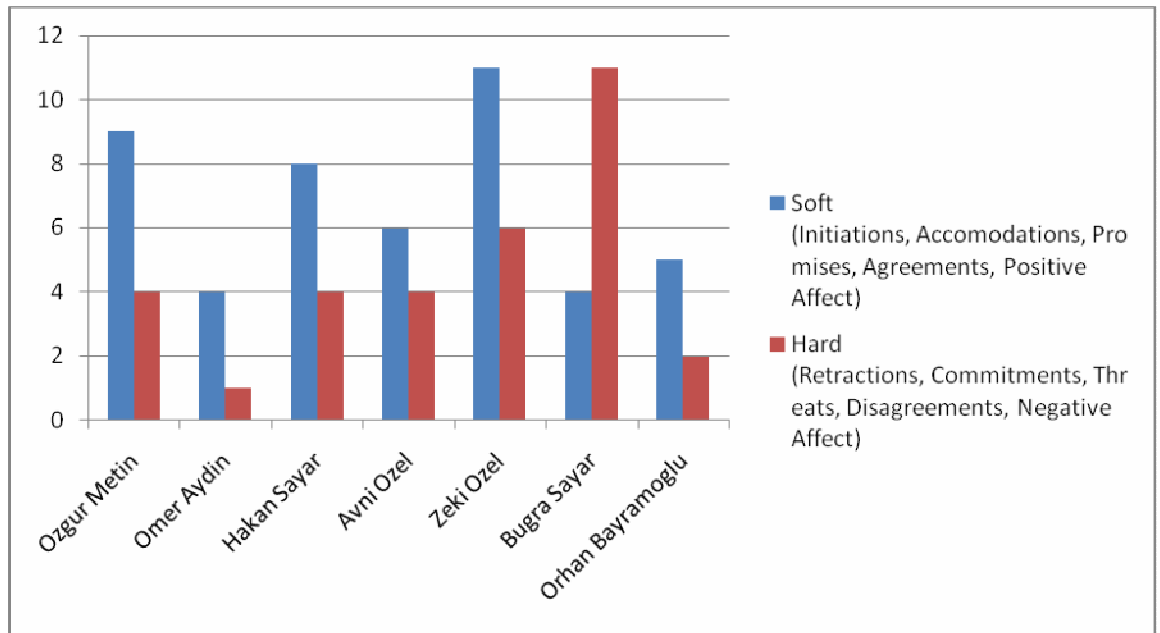
As it will be elaborated on in the discussion, placing importance on interviewee moves counters certain shortcomings of methodology. In this way, it is possible not only to focus on the important actor for this study, the interviewee and his perceptions, but also not to rely heavily on how the interviewee interprets or recalls the moves of the other side.

Tables 4-5 and 4-6 present the findings of these two categories, namely those of negotiation processes overall and negotiation processes by interviewee moves respectively.

### **4.3.1 Negotiation Process Findings by Overall Processes**

As it can be recalled from the methodology chapter, negotiation processes were determined to be competitive, cooperative or mixed-motive according to the index composed from soft and hard moves, as it can be observed in the figure below. For a process to be declared competitive or cooperative, the index has to be above 65% in either direction or the process will be labeled as mixed-motive. As it can be observed in the table, soft moves exceed over hard ones except for the process of Bugra Sayar. Therefore, almost all negotiation processes are either cooperative or mixed-motive.

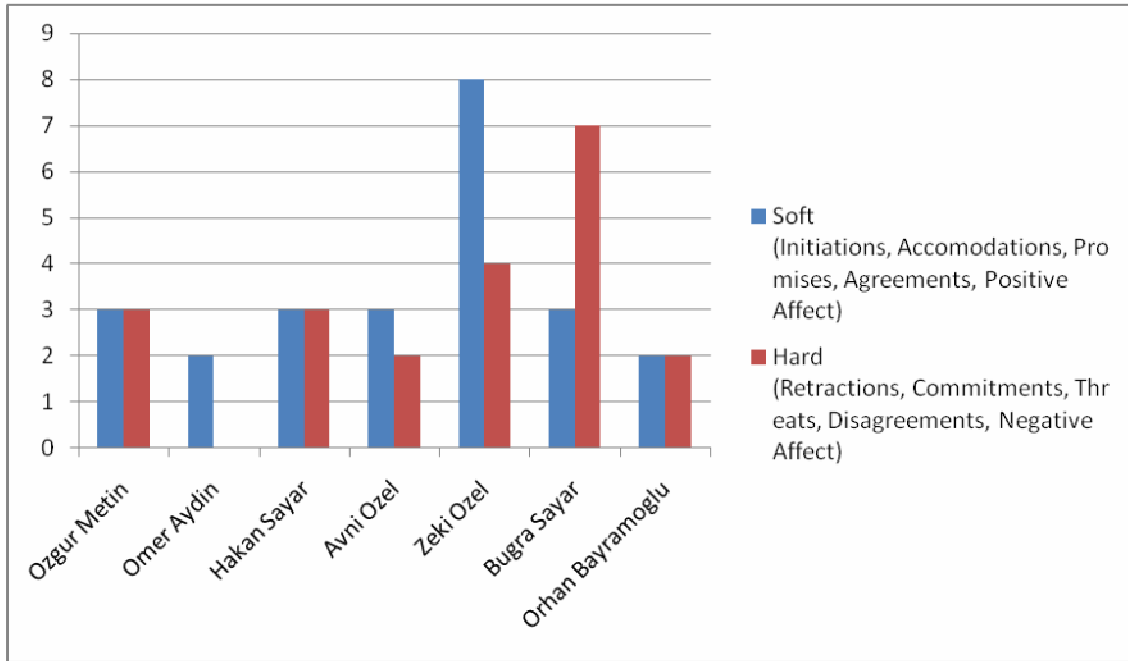
Figure 4-5: Negotiation Process Overall



#### 4.3.2 Negotiation Process Findings based on the Interviewee

The figure below shows negotiation processes based only on the move of the interviewee. In other words, only those moves were chosen among all the codified moves to determine whether the process was competitive, cooperative or mixed-motive. As explained above, this would provide the opportunity to understand the role of the interviewee in the negotiation process more clearly. The chart shows that cooperative processes are transformed into mixed-motive ones when categorized according to interviewee moves.

Figure 4-6: Negotiation Process by Interviewee



### 4.3.3 Negotiation Process and Outcome Overall Findings

Figure 4-7 shows the final categorizations for negotiation processes and outcomes. Processes were identified through the cooperative and the competitive indices created from the BPA. Negotiation outcomes were categorized through the identification of distributive outcomes or the integrative techniques of logrolling, cost-cutting, bridging and expanding the pie, as explained in the methods chapter. In addition to using the definition of distributive outcomes and identifying integrative outcome techniques, the researcher also used interview transcriptions to try to fully understand the outcome and interviewee's perceptions of it to be able to give a healthy rendition of the outcomes.

Table 4-7 Negotiation Process and Outcome Findings

<b>Case</b>	<b>Process by Overall Negotiation</b>	<b>Process by Interviewee Moves</b>	<b>Outcome</b>
<b>Ozgur Metin</b>	Cooperative	Mixed-motive	Integrative
<b>Omer Aydin</b>	Cooperative	Cooperative	Distributive
<b>Hakan Sayar</b>	Cooperative	Mixed-motive	Distributive
<b>Avni Ozel</b>	Mixed-motive	Mixed-motive	Integrative
<b>Zeki Ozel</b>	Cooperative	Cooperative	Integrative
<b>Bugra Sayar</b>	Competitive	Competitive	Distributive
<b>Orhan Bayramoglu</b>	Cooperative	Mixed-motive	Integrative

## 4.7 DATA ANALYSIS

In this section, the variables that produced results will be presented in terms of the relationships that have been observed. Interpretation and analysis of these graphics will be done in the next chapter.

### 4.7.1 Answerability

#### 4.7.1.1 Answerability and Negotiation Outcome

Answerability has been found to be positively correlated with integrative outcomes, with the exception of one case, which had rather unique circumstances that will be discussed in the next chapter. Thus, the more answerability the interviewee felt, the more integrative outcomes he achieved. In the same way, low answerability is matched with distributive outcomes.

**Table 4-8: Answerability component of accountability to family business \***

**Negotiation outcome Cross tabulation**

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	Negotiation outcome	
	Distributive	Integrative
Answerability	1	0
component of	1	2
accountability to family	0	1
business	1	1

#### 4.7.1.2 Answerability and Negotiation Process

As it can be observed from the cross tabulation tables of answerability-negotiation process overall and answerability-negotiation process by interviewee moves, the former is dominated by cooperative processes whereas the latter has more mixed-motive processes. In the negotiation process overall results, answerability does not seem to constitute an influence as can be understood from the balanced distribution of cooperative processes across all levels of the scale. However, in the negotiation by interviewee moves, as accountability increases, the process that were cooperative in the overall process results become mixed-motive.

**Table 4-9: Answerability component of accountability to family business \* Process by interviewee moves Cross tabulation**

Count					
	Process by interviewee moves				



	Comp etitive	Coop erative	Mixed- motive
Answerability	0	0	1
component of accountability	0	2	1
to family business	0	0	1
	1	0	1

#### 4.7.1.3 Answerability and Pressure

Answerability and pressure were crosschecked in order to understand if their effect was in the same direction and it was observed that they were positively correlated. The implications of this situation will be discussed in the next chapter.

**Table 4-10: Answerability component of accountability to family business \* Pressure component of accountability to family business Cross tabulation**

Count						
		Pressure component of accountability to family business				
		1	2	3	4	5
Answerability	1	0	0	0	0	0
component of accountability	0	1	1	1	1	0
to family business	0	0	0	1	0	
	0	0	0	0	0	2

## 4.7.2 Influence of Family on Business and Family-Business Congruence

### 4.7.2.1 Influence of Family on Business and Family-Business Congruence Relationship

It was observed that influence of family on business and family-business congruence were closely related as interviewees gave very close scores to the two. Thinking these two factors could perhaps produce a larger effect combined, they were measured against negotiation processes and outcomes.

**Table 4-11: Influence of family on business \* Family-business congruence**

**Crosstabulation**

Count					
		Family-business congruence			
		3	4	7	4.
					5
Influence of family on business		1	0	0	0
		2	0	1	0
		0	1	1	0
		0	0	0	1

### 4.7.2.2 Influence of Family on Business and Negotiation Process and Outcome

Similar to the answerability finding, the higher influence of family on business, the more mixed-motive negotiation processes become on the interviewee moves basis. However influence of family on business does not seem to produce differentiating results on negotiation outcome as distributive and integrative outcomes are distributed almost equally.

Cooperative moves dominate negotiation process overall findings.

**Table 4-12: Influence of family on business \* Process by interviewee moves**

**Crosstabulation**

Count				
		Process by interviewee moves		
		Com petitive	Coop erative	Mixed -motive
Influence of family on business		1	0	0
		0	1	2
		0	1	1
		0	0	1

When evaluated on the basis of interviewee moves, higher influence of family on business cases become mixed-motive.

**Table 4-13: Influence of family on business \* Negotiation outcome**

**Crosstabulation**

Count			
		Negotiation outcome	
		Distr ibutive	Inte grative
Influence of Family		1	1

	1	2	
	1		1
	0		1

Different from process findings, influence of family on business did not produce differentiating results on negotiation outcome.

#### 4.7.2.2 Family Business Congruence and Negotiation Processes and Outcomes

Similar trends to the above results can also be observed for the relationship between Family-Business Congruence and Negotiation Processes and Outcomes. Although negotiation process overall are more cooperative, as congruence between family and business increases, process by interviewee moves become more mixed-motive.

As the table shows, the overall process is dominated by cooperative moves.

**Table 4-14: Family-business congruence \* Process by interviewee moves**

		Crosstabulation		
Count				
		Process by overall negotiation		
		Com petitive	Coop erative	Mixed -motive
Family-business congruence		1	1	1
		0	0	1

		0	0	2
	.7	0	0	1

When only the interviewee moves are taken into consideration to determine process categorization, then it can be seen that process becomes more mixed-motive as family-business congruence increases.

**Table 4-15: Family-business congruence \* Negotiation outcome**

**Crosstabulation**

Count	Negotiation outcome	
	Distr ibutive	Inte grative
Family-business congruence	2	1
	1	0
	0	2
	0	1

Family-business congruence seems to be correlated with negotiation outcomes as well as higher congruence shows more integrative outcomes.

#### 4.7.4 Social Relationship

The existence of a social relationship with the counterpart can sometimes become one of the most influential contextual factors on negotiation processes and outcomes. Results show that processes become more mixed-motive on interviewee base as opposed

to cooperative in the absence of a social relationship. Also, more integrative outcomes are achieved again in the absence of a social relationship.

**Table 4-16: Social relationship with the counterpart \* Process by overall negotiation**

**Crosstabulation**

Count				
		Process by overall negotiation		
		Com petitive	Coop erative	Mixed -motive
Social relationship with the counterpart	o	0	3	1
	es	1	2	0

**Table 4-17: Social relationship with the counterpart \* Process by interviewee moves**

**Crosstabulation**

Count				
		Process by interviewee moves		
		Com petitive	Coop erative	Mixed -motive
Social relationship with the counterpart	o	0	1	3
	es	1	1	1

**Social relationship with the counterpart \* Negotiation outcome**

**Crosstabulation**

Count			
		Negotiation outcome	

	Distr ibutive	Inte grative	T otal
Social relationship with the counterpart	1	3	4
es	2	1	3
otal	3	4	7

## **CHAPTER FIVE**

### **DISCUSSION**

This study aimed to explore the influence of accountability on negotiation processes and outcomes in Turkish family businesses. In an attempt to do so, it was also possible to examine how accountability is created and manifested in the seven cases narrated by family business managers from different parts of Turkey. Additionally, the study also provided insights about the various factors that may influence how business negotiations are conducted in Turkey. This chapter will provide a discussion of the findings of this study as well as its limitations and directions for future research.

#### **5.1 Discussion of Findings**

The circumstances that create accountability and the conditions that subsequently ensue from it have been the main independent variables of this study. As has been shown in the review of literature at the beginning of this work, accountability is a feeling, a perception



with various intricate layers that are not only the result but also the creator of different circumstances in different individuals and situations. That is perhaps why experimental studies even on the same aspects of accountability have yielded various results without much replication (Lerner and Tetlock, 1999). With such past experience in mind and in tandem with the exploratory nature of this qualitative study, focus has been kept on drawing out the more elusive aspects of accountability that could not be captured with laboratory studies. Thus, it has been possible not only to spot such aspects but also provide some meaningful connections between accountability and negotiation processes and outcomes.

Perhaps, the most outstanding finding of the study has been the relationship between accountability and the two levels of negotiation processes examined, namely overall processes and processes by interviewee moves. It has been seen that in all components of accountability, which will be discussed separately in this chapter, there has been a positive correlation with the component and mixed-motive processes based on interviewee moves whereas cooperative processes are higher in number when measured based on the overall process. Since all components of accountability point to a relationship in the same direction, it is possible to conclude that this is a general outcome of influence of accountability on negotiation processes as perceived by the interviewee. This finding shall now be elaborated on and connections to negotiation outcomes shall also be discussed.

### 5.1.1 Answerability and Pressure

“When I take a certain decision, especially if I have taken it at the face of opposition or uncertainty from my father, I start to wait for the result, anxiously, perhaps with some fear because I know that there will be questions at the end, especially if things don’t go as anticipated and I need to provide the answers. I know that my father will not lose trust in me because of one or a few mistakes but I cannot trust myself the same way next time I need to take such a decision. It is a tough situation to be in”

Bugra Sayar

Answerability is one of the components that constitute accountability (Molnar, 2008). However, it is also true that answerability is a broad condition which may have negative and/or positive connotations. For example, it is quite possible that when one is confident about his work or thinks that he has completed a task adequately, accounting for it or answering about it may become justification and even appreciation. In the same way, as can also be understood from the above words of Bugra Sayar, a second generation manager of Sayar Insaat, answerability may create a negative feeling of evaluation, even anxiety. This fact was also underscored during the interview of Ozgur Metin, another second generation manager. That is why it was seen as crucial to first examine what kind of answerability was at play for this study.

In order to obtain a more comprehensive picture on this issue, pressure was seen as the critical component of accountability that could refine the findings on answerability. Pressure as came out very frequently and resonantly during the interviews as a topic of discussion, even at instances when not asked or prompted by the researcher. The comments made about pressure were almost always very strong and negative. For example, Avni Ozel stated that the pressure of involvement in the family business is a force that can deprive one of sleep at night. Similar remarks were made by most interviewees, which would lead to the conclusion that pressure has an overwhelming presence. It was also seen that when pressure was cross-checked against answerability, a

significant correlation was observed. At this point it is necessary to ponder on the relationship between answerability and pressure and suggest possible explanations of how these two factors may be working together or in which directions they may be influencing each other in terms of accountability.

One possible explanation is that pressure is a mediator variable between answerability and accountability. In other words, pressure can influence the magnitude and nature of the relationship between these two variables. If increased answerability leads to more accountability, presence of an overwhelming feeling of pressure will increase the effect. As it has been touched upon before, pressure can also influence the type of accountability created by answerability if it indeed serves as a mediator effect. Pressure, as a negative force for the interviewees, would lead accountability to become a source of discomfort and stress. It should also be noted that the impression that the interviewees of this study relayed was that the feeling brought about by pressure is almost always negative, leading to constant perceptions of evaluation and observation. This was especially true for second generation managers. As it will be elaborated on later, the insufficient number of cases of second generation managers makes it very difficult to draw conclusive remarks on the subject. However, both Ozgur Metin and Bugra Sayar emphasized pressure as such a strong and ever-present force on their involvement in the family firm that it is possible to expect this to come up as a general trend.

On the other hand, in the absence of pressure or when it is not as strong, answerability as an element of accountability may indeed be a form of presentation of a job well done. In other words, when the manager makes an accomplishment for the family business, accounting for it and having to answer for it may become a source of pride and satisfaction rather than one of pressure and stress. Again, perhaps it should be emphasized that there are findings that have been obtained as general trends from the interviews without sufficient number of cases to draw conclusive remarks. Thus, as shall be elaborated on in the directions for future research, these may become interesting venues for further studies.

Another way to consider pressure within this study is as a separate factor from answerability. As it can be recalled, pressure was added by the researcher to accountability components due to its ubiquitous mention by the interviewees. It was then considered in tandem with answerability when they were seen to be closely correlated. Perhaps it is still useful to consider what pressure may mean by itself for accountability in order to get as clear a picture as possible for the forces at play. At this point, the question is the nature of the relationship between pressure and accountability or the distribution of the dependent and independent variables in this relationship. While it was clearly seen in the interviews that more pressure has complicated influences on accountability, it is very difficult to argue that it is one of the creators of the concept. Quite contrarily, accountability is more probably the source of pressure as either directly the creator of pressure or as an increasing effect on the already present forces of pressure. For instance, in some cases, especially for the second generation cases, accountability is the source of pressure. The pressure felt by these individuals in the family business was the direct result of the fact that there are some higher, older authorities that they need to answer to. On the other hand, there were also cases where pressure was already present as a natural part of the family business such as the cases of the founder managers who felt a deep responsibility for the well-being of the members of the family. In those cases, it is possible to argue that accountability is influential on the degree of pressure. In other words, depending on the specific case, accountability determines how much pressure the manager may experience and how this may reflect on his decision making systems rather than present itself as the direct source of pressure.

As it can be understood from this discussion, pressure is definitely a force on accountability. However, the exact influence, direction and magnitude of this force is difficult to isolate within the confines of the present study. That is why, it would perhaps be more accurate to examine answerability in conjunction with negotiation processes and outcomes but also to remember the possible relationships between answerability and pressure that have been discussed above.

### **5.1.1.1 Answerability-Negotiation Outcomes**

In terms of the relationship between answerability and negotiation outcomes, a positive correlation between answerability and integrative outcomes was mainly observed (except for the case of Bugra Sayar, which shall be discussed separately). Integrative outcomes are defined as mutually beneficial arrangements for both sides and thus are usually reached through compromise by both parties (Thompson, 1997). While it is clear that negotiation experts emphasize that integrative outcomes are the ideal that should be sought after, it is also true that a mutually beneficial solution, especially when reached through considerable compromise, may not always be satisfactory. In other words, parties may reach deals because reaching a deal may be really necessary and the interests of both sides may be satisfied to a certain extent. However, they may not necessarily be as happy about such results as they would be if their own interest was served better. Such situation may be especially salient when factors such as accountability may be in play as previous research has also shown in instances like negotiators under accountability engaging in competitive behaviors and ending up with worse deals than they normally would for the sake of appearing tough to their constituents (Carnevale et al, 1979; Pruitt, 1981).

That is why, it was crucial in this research as well to examine whether integrative outcomes were truly satisfactory before making a judgment about the possible influence of accountability on them. Thus, this point was directly questioned during the interviews and it was seen that they indeed were. None of the interviewees had any residual regret or anger about their deals or mentioned possibilities of better deals. It is even the case that the distributive outcome in the case of Omer Aydin showed similar properties. By definition, the negotiation outcome was distributive since Mr. Aydin completely agreed to

the demands of the other party without any compensation. However, he said that the other side was a regular business partner and that it was worth it to make concessions for the sake of keeping such a lucrative relationship. He even expressed that it was quite possible that Mr.Aydin could make “a few extra liras” in their next transaction.

Thus, putting all this information into perspective, it is possible to state that the influence of answerability, though negative, could have been one of the factors that has led the interviewees to seek deals that they could comfortably answer to and account for. This finding is actually in keeping with previous research on the relationship between loss aversion and accountability. Tetlock&Boettger (1994) and Simonson&Nowlis (1998) found loss aversion to be amplified in subjects being held accountable to an audience in comparison to those held unaccountable. Thus, accountable subjects were much more concerned about cutting losses and obtaining satisfactory results than unaccountable ones, which is very similar to the present answerability-negotiation outcome findings.

#### **5.1.1.2 Answerability- Negotiation Processes**

While it is true that the above finding on the relationship between answerability and negotiation outcomes is illuminative in terms of the influence of accountability on negotiation, it is also possible to argue that this effect can be weakened or strengthened depending on findings on the relationship between negotiation processes and

answerability. Although previous research has mostly focused on context-outcome correlations, recently there has been a growing awareness that the interplay of process and context may be an important factor that shapes bargaining situations (Olekans and Weingart, 2008). Thus, in order to draw a more accurate picture on the relationship between answerability and negotiation outcomes as a component of accountability, it is necessary to examine the former in terms of its relationship with process.

In this research, as explained in the previous chapter, negotiation processes have been examined at two levels: by overall negotiation and by interviewee moves. The findings of the relationship between process and answerability at both of these levels have been in keeping with findings on negotiation outcomes. At the overall negotiation level, higher answerability has been matched with mainly cooperative processes whereas at the interviewee level, mixed-motive processes were more resonant. Mixed-motive bargaining situations allow for both competitive and cooperative moves as negotiators try to accommodate the other party's interests while at the same time attempting to maximize own benefits (Fairfield and Allred, 2007; Kern, Brett and Weingart, 2005). In the present study, as answerability level increases, cooperative moves dominate overall negotiation processes whereas interviewee process behavior is mainly characterized by mixed-motive ones. In accordance with the definition of mixed-motive negotiation, interviewees of the present study have thus engaged in enough hard bargaining moves to look competitive enough to those they need to answer to while at the same time achieving satisfactory outcomes that they again would feel comfortable accounting for.

This finding is again, actually, in keeping with previous research. At the process level, it affirms previous findings on accountable negotiator's desire to look competitive in the eyes of their constituents (Carnevale et al, 1979) and at the outcome level, it is

again in agreement with Tetlock and Boettger's (1994) findings on accountability and loss aversion.

### **5.1.2 Influence of Family on Business and Family-Business Congruence**

“Of course, the family is a big influence on the business and decision-making mechanisms. At least it is for me. That is because I know there will be consequences of bad decisions. When I go home that evening, I know that decision will come back to me as sad faces of people who have been influenced by it”

Ozgur Metin

Influence of family on business and family-business congruence are the two categories from the Family Business Commitment Scale (Carlock and Ward, 2001) that have shown considerable variation in the initial measurements and thus were chosen for further analysis. In addition to the scale, some of the interview questions also shed light on these two issues and provided a better understanding of the influences on the thinking and decision-making mechanisms of the interviewees, such as the above quotation by Ozgur Metin, a second generation manager.

First of all, it was observed that although these two categories are distinct, their questions were quite similar or related in a way that they may be acting together, as can be observed from their strong correlation. Of course, this is to be expected to a certain extent since the questions in the scale that make up these two categories are fairly similar and in the same direction. However, the almost naturally occurring parallelism of these two categories does not necessarily attenuate their combined effect on accountability. When these two categories were crosschecked against answerability and pressure, the two components being examined in terms of accountability, it was observed that their



combined significance is greater than the significance of either of the categories alone. Furthermore, this significance increases as the levels of answerability and pressure increase.

Of course, it is the significance of these relationships, if any, on negotiation processes and outcomes that is important within the context of this study. Thus, in terms of negotiation outcomes, it was observed that integrative outcomes were mainly matched by higher influence of family on business and family-business congruence. As mentioned with regards to answerability and negotiation outcomes, perhaps what is important here is again the same concern of whether the interviewees were satisfied with the deal they eventually received. When examined from this perspective, the relationship is even stronger because again, one of the distributive cases, that of Omer Aydin, where Mr. Aydin specifically expressed his contentment with the deal, has both influence and congruence ratings of 4. Thus, it is possible to argue that higher influence of family on business and family-business congruence are associated with satisfactory outcomes for the interviewees.

At the process level, it is again possible to observe a similarity with results of answerability, though not as significant in that the mixed-motive processes by interviewee moves. The results from overall negotiation processes, on the other hand, are quite similar to those of answerability-overall process relationship as the five cooperative processes dominate over the one mixed-motive process. Naturally, what is important is what this descriptive data says about the possible relationships. In this regard, it is perhaps possible to affirm the previous interpretations that interviewees have actually acted quite in keeping with the definition of a mixed-motive bargaining situation in that they sought mutually satisfactory outcomes while engaging in behavior to achieve optimal deals for their own interests as well. Again as previously argued, one of the

reasons behind such choices may be, as seen from correlations with accountability components, that they aim to achieve outcomes for which they can comfortably account.

Combining these findings, it is possible to first draw out conclusions about accountability. Accountability had been broken down into different components including the Family Business Commitment Scale, answerability and pressure. It has been observed that the effects of these different components have been very similar, thus allowing us to comment on a general influence of accountability on negotiation processes and outcomes within the context of this study. It has become obvious that mixed-motive processes dominate interviewee moves or at least, family business member negotiators see themselves as engaging in actions that will avoid making them look weak to their audience yet still obtain satisfactory results.

In order to further see if this indeed is the case, it is necessary to look at factors outside accountability on which data has been collected and which may be influential on negotiation processes and outcomes. In this way, it may be possible to isolate the effects of accountability and draw conclusive results.

### **5.1.3 Social Relationship with the Negotiation Counterpart**

“I could have perhaps pulled the price down a little more but he is also a friend of family. He is friends with my father, his wife is friends with my mother and I did not want things to get more tense than they already had.”

Bugra Sayar

The above quotation is just an example of how important relationships between parties can be for negotiation. That is why this issue, which is a component of social context, has been a popular area of study for negotiation scholars for the past few decades. Existence of a personal relationship between negotiators or that of past negotiations as well as anticipation of future exchanges constitutes only a few of the issues that may be considered under this broader theme. Implications of social relationships for negotiation processes and outcomes may vary. Just as a personal relationship with the other party may lead one to adopt less a competitive behavior, possible grievances from past negotiations may create a contrary effect. In order to understand whether such effects could be in play for the present research, interviewees were asked whether there was a social relationship with the other party in the negotiation they narrated. If so, they were asked further questions about the possible influences of this situation.

When the findings based on their answers were crosschecked against negotiation processes and outcomes, it was first noticed that integrative outcomes were most often when there was no social relationship. Though counter-intuitive, this result is actually quite in accordance with previous literature which has shown that “joint outcomes are

either less mutually beneficial or integrative” (Fry, Firestone and Williams as quoted in Thompson, 1997) or “no more integrative than negotiations with others with whom we do not share a close relationship (Valley and Neale, 1993). Although this finding does agree with previous research, it is hard to make insights about accountability from it since it is almost impossible to try to draw correlations based on the absence of a relationship.

However, in the cases where there was a social relationship with the negotiation counterpart, possible ties with accountability were observed. First, two of the three cases with social relationship among the negotiators were distributive in outcome. In order to look for possible relations with accountability, answerability and pressure components were crosschecked with outcomes and existence of social relationship but a trend could not be seen as one interviewee had 3 for both components whereas the other had 5. However, when the negotiations as narrated by the interviewees are closely examined, it can be argued that these conclusions may be somewhat misleading. First, the distributive case with rating 3 for answerability and pressure is that of Omer Aydin, in other words, as mentioned earlier in the chapter, the case where the interviewee conveyed that he did not push the negotiation further for the sake of future business with that counterpart. As was argued earlier in this chapter, the result of this case is not necessarily a detrimental outcome and thus it can be misleading not to evaluate it as a deliberate concession. However, the case of Bugra Sayar is not only distributive in the sense that both sides end up with unsatisfactory results but also is a bargaining situation dominated by intensity and negative emotions. What is perhaps most important about this case in terms of social relationship-accountability connection is the statement of Bugra Sayar, where he admits that one of the reasons he did not push the negotiations further was the fact that his father would not like a too controversial exchange with the other party, with whom they have a strong social tie. Thus, it is clear that the social relationship in this case has amplified the effects of accountability. Of course, this being only one case, it would not be healthy

perhaps to draw conclusions from it but it is an important point that can be a subject of future research.

Finally, similar conclusions can be drawn regarding negotiation processes. In cases without social relationship, processes by interviewee moves were much more mixed-motive whereas in the cases with a social relationship, there is a balanced distribution between competitive, cooperative and mixed-motive moves, which can be anticipated since bargaining situations with relationships are usually less competitive (Halpern, 1992).

#### **5.1.3.1 Components of Accountability and Social Relationship**

Due to the limited number of cases where there is social relationship with the negotiation counterpart, it is not possible to make conclusive remarks but rather comment on certain observations. The three cases where there are social relationships with the negotiation counterparts are those of Ozgur Metin, Omer Aydin and Bugra Sayar, where the last two are distributive. However, as discussed before, Omer Aydin did actually obtain satisfactory results for the negotiation due to previous and possible future transactions with the same party. Among these three, Omer Aydin is also the interviewee with the lowest answerability and general accountability scores. Bugra Sayar and Ozgur Metin, however, are the two interviewees with the highest accountability scores on almost all components. One of the possible reasons of this situation is the fact that these are second generation managers who are burdened by the shadow of the founder managers. It is quite understandable and expected that they feel a more pressuring effect of accountability than others. In terms of social relationship and accountability, both of

these interviewees have stated that they felt accountable for that relationship as well. Bugra Sayar explicitly said that he could be more competitive but was uncomfortable with what his father might think of that situation just as Ozgur Metin also suggested that the friendship his father and uncles have with the negotiation counterpart influenced his behavior. In other words, both interviewees shifted their moves towards what would be acceptable by their audiences, which is in agreement with the findings before on the interviewees' desire to achieve outcomes that they can comfortably answer for. With the presence of a social relationship where the interviewee feels accountable for, this concern may even be heightened.

## **5.2 Concluding Remarks on Findings**

The above findings can be tied to previous research on accountability. In this respect, the application of Tetlock, Skitka and Boettger (1994) of the Social Contingency Model (Tetlock, 1985a) to accountability to an audience with known views may be especially relevant to this study. As it can be recalled from Table 4-2, all cases in the study with accountability have audiences with either known views or those that could be estimated. The Social Contingency Model (SCM) suggests that in cases where audience views are known and where there are no past commitments to a certain course of action, people will practice a "low-effort acceptability heuristic" and simply shift their positions towards those of their audience. While this was the prediction of the model, Tetlock, Skitka and Boettger (1994) found that while people do shift their positions in the predicted direction, they do not simply use heuristics but rather go through a more contemplative and evaluative process of decision-making. While this research was not applied to the negotiation context, it can be seen that findings of this study would actually corroborate these results. Interviewees have mostly gone through intricate processes of

mixed-motive bargaining and obtained results that will cut losses and be approved by their audiences. The refinement of this study to the SCM and the findings of Tetlock et al (1994) would be that the audience is not just a generic audience with known views but rather one to which the negotiator is tied in complex bonds of family and business. Although it is beyond the scope of this research to make conclusions about this point, it should constitute a curious ground for further research, as shall be discussed.

Figures 5-1 and 5-2 present general summaries of components of accountability and accountability, negotiation processes and outcomes relationship proposed by this study.

Figure 5-1 Components of Accountability

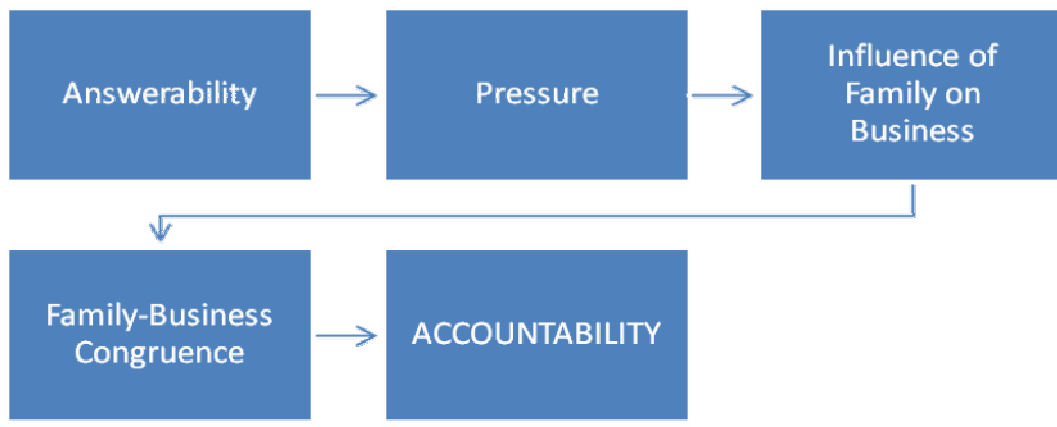
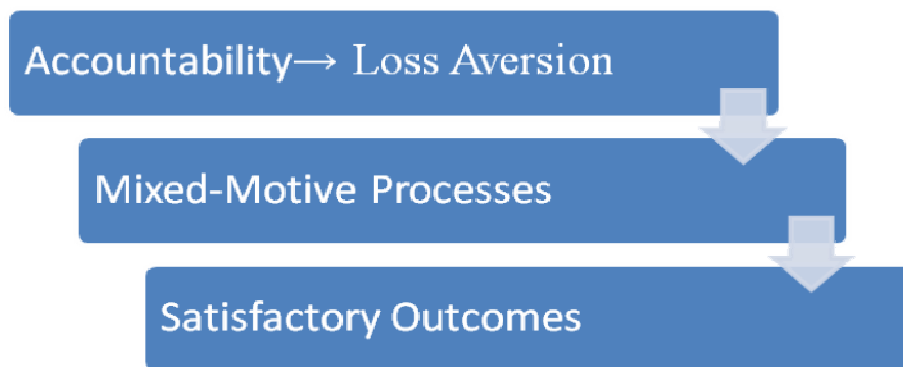


Figure 5-2: Accountability, Processes and Outcomes



## 5.2 Directions for future research

Directions for future research for this particular study should include more than anything else results that were expected yet could not be found, perhaps due to the limitation with the number of cases. However, information from interviews also gave the sense that such issues should be explored since they potentially can yield interesting results.

One such issue was the distinction between first and second generation managers. In this study, since the case of Bugra Sayar was somewhat different than the rest in that parties walked into the negotiation with competitive goals. Although the aim was to resolve a disagreement, it was obvious from the words of the interviewee that there was a lot of resentment on their side over how the disagreement came about. This particular negotiation became a process determined almost from the beginning and thus was hard to analyze as a unique case. That is perhaps why corroborative results from the negotiation



information of the two second generation managers could not be obtained. However, themes from their interviews were very similar in that they felt a great amount of pressure and answerability and that these feelings dominate their work life.

It was also interesting that second generation managers felt much more accountable to the social relationship with the negotiation counterpart than the case with the first generation manager. They both expressed that they would be reluctant to become too competitive, or as competitive as they normally would if it had not been for the relationship. It would be curious to see if there would be a similar situation with first generation managers.

Besides its possible ties to second generation managers, it would be interesting to explore the general implications of social relationships with accountability. There were not enough cases to make defining conclusions in this study and literature does not comment much on this potential connection, either. In this regard, it is possible to suggest two lines of research inspired by this study: accountability-social relationship with the counterpart and accountability-social relationship with the audience connections. As stated before, previous research has usually focused on a generic audience without any social ties to the negotiator.

### **5.3 Limitations**

As already have been touched upon, the main limitation of this study was related to methodology. Bargaining Process Analysis is actually intended for the study of negotiations with transcriptions so that the interaction can be directly observed. However, in this study, data was collected through interviews and thus contained information obtained from only one side of the negotiation. While it is true that this may introduce certain biases, it is also true the method is very much in agreement with the aim of the study. After all, what is sought in this study is to capture the felt accountability and its influence on negotiation processes and outcomes, which means that the feelings, emotions and perceptions of the interviewee are actually important. Secondly, a certain level of bias and interpretation is to be expected of all studies conducted through interviews because after all human interpretation comes into play. As stated, what is important is whether that possibility of interpretation is tolerable or perhaps desired in the study.

A second limitation was the fact that case number was limited. While this also gave the chance to look at and interpret each case in great detail, it would still help to have more quantifiable results to include more cases. This limitation is partly a mistake on the part of the researcher in that the study evolved over time into somewhat of a mixture of qualitative and quantitative work. However, the researcher was not able to find more interviewees to increase the number of cases which would be more suitable for the new shape that the research began to take.

**APPENDIX A**

**Family Business Commitment Scale (Carlock and Ward, 2001)**

1. Your family has influence on your business.

Not at all To a large extent

1.....2.....3.....4.....5

2. Your family members share similar values.

Not at all To a large extent

1.....2.....3.....4.....5

3. Your business and family share similar values.

Not at all To a large extent

1.....2.....3.....4.....5

4. Family members support the family business in discussions with friends, employees and other family members.

Not at all To a large extent

1.....2.....3.....4.....5

5. Family members feel loyalty to the family business.

Not at all To a large extent

1.....2.....3.....4.....5

6. Family members are proud to tell others that we are a part of family business.

Not at all To a large extent

1.....2.....3.....4.....5

7. There is so much to be gained by participating in the family business on a long term basis.

Not at all To a large extent

1.....2.....3.....4.....5

8. Family members agree with the family business goals, plans and policies.

Not at all

To a large extent

1.....2.....3.....4.....5

9. Deciding to be involved with the family business has a positive influence on my life.

Not at all

To a large extent

1.....2.....3.....4.....5

10. I understand and support my family's decisions regarding the future of the family business.

Not at all

To a large extent

1.....2.....3.....4.....5

11. Family members are willing to put a great deal of effort beyond that expected to help the family business be successful.

Not at all

To a large extent

1.....2.....3.....4.....5

## **APPENDIX B: Process Summary of Case 1**

This specific negotiation process was one of the routine negotiations that Mr. Metin engages in over the course of his typical work day at the family business. It was conducted with the merchandiser of Isik Tekstil, another family enterprise and a common business counterpart with Merih Dugmecilik over the sale of a certain number of buttons at a specific time. It is also quite noteworthy that the family member managers of the two companies have a social relationship with each other.

The main issue of the negotiation was the price of the product to be sold to Isik Tekstil. The first price offer was made by Isik Tekstil at \$90,000 for 90,000 buttons, which Mr. Metin found to be too low. However, instead of negotiating directly on the price, he tried to find a way which could lower the cost of the product for the company, which, in turn, would lower the price without having to offer a lower price to the other party. Mr. Metin explained that the reason he sought such a way was the fact that he knew there would be more issues to negotiate on and thus it would not be beneficial in terms of getting a deal to start with demanding a radical decrease of the price that was asked for by Isik Tekstil. Therefore, he suggested that he could meet the price demand of the company but he would have to ship the product without running a quality check, which would mean that there may be defective products of around 3% of the overall shipment. This demand was accepted by the other party. Mr. Metin explained that in this way, his company would be able to make the projected profit from this transaction. Since the other company was provided with the price that was initially asked for, it is highly probable that they have also felt good about the process. In the same way, Mr. Metin emphasized the point that this solution was also good for his company since they did not have to go through the extra cost of running the quality check, eliminating and replacing defective products.

After the settlement of the price issue, the first sub-issue to be discussed was the delivery time and number of products to be delivered. Isik Tekstil demanded that 90,000 products would be delivered in ten days. However, Mr.Metin explained that due to the company's heavy orders in that specific period in time, it would be impossible to deliver 90,000 products in ten days, especially in the high quality that is usually provided to Isik Tekstil. Instead, he suggested that they could deliver 50,000 products in a week, which was accepted by the other party.

The final sub-issue that was discussed was an extra and unexpected request made by Isik Tekstil. They demanded a special quality of buttons, which is more costly to produce and which normally has a higher price. This came as a surprise to Mr.Metin since such a request would change all discussions that were made and points that had been agreed upon. Mr.Metin reiterated this point and explained to the other party that such a demand is unacceptable since it mainly means that a negotiation over a different product that the product that is always provided to Isik Tekstil was at hand. He also explained that he was annoyed by this last minute "trick" by the other side when the deal was close to being finalized. Therefore, he took a very firm stance against this offer and threatened the other side to walk away. He also added that they would be free to call any other company since he was sure that no other company could provide the product of the quality being demanded by Isik Tekstil at the time and amount being requested. When faced with such a firm stance, Isik Tekstil retracted and said that if provided under the conditions that were previously agreed upon, they would be fine with the usual product that they get from Merih Dugmecilik. Therefore, the negotiation was finalized.

## **APPENDIX C :Process Summary of Case 2**

The negotiation that was described by Mr.Aydin had taken place only two days prior to the interview and thus was quite vividly remembered by him. It was mainly over the price to be obtained for the hazelnut product that was to be sold to Hazelnut Firm A. Different from Case 1, this negotiation has taken place between managers of two firms that are located in a small city and habituate a relatively small market. Due to such nature of the environment, the negotiators involved in this case also have a social as well as a long-lasting business relationship.

Mr.Aydin has stated that the negotiation was mainly about the price of the hazelnut product that his company would be selling to Hazelnut Firm A. When asked whether there were any other issues that were discussed such as delivery or the amount of products that will be sold, he said no and explained the reasons why only the price was negotiated. He has informed the researcher that the sale of hazelnut both domestically and internationally is highly standardized. There are only certain sizes of hazelnuts at certain quality levels that are being traded. For instance, as Mr.Aydin gave an example, if a seller informs a buyer that he has 11-13 size levan quality hazelnuts, the buyer will know exactly what product that he will be receiving, thus rendering a discussion on the product itself unnecessary. In the same manner, it is custom to deliver the product to the buyer and thus there is no need to discuss this aspect unless there is a special demand by one of the parties.

Under such circumstances, as Mr.Aydin had stated before, the negotiation was mainly on the price of the product that would be sold to Hazelnut Firm A. Mr.Aydin initiated the negotiation by demanding 8.7 YTL per kilogram. Mr.Aydin explained that



he was aware of the fact that market conditions would make it impossible for him to receive that particular price but he started from a relatively high demand to be able to end up at a deal that he could be comfortable with. In more technical terms, he started from a high aspiration point so that after making concessions, he could still end up with a price over his resistance point. The other party, as expected, claimed that such a price would not be acceptable under current market conditions but 8.65 would be acceptable to them. Mr. Aydin thought that this was a good price for his firm and accepted it, thus ending the negotiation.

In terms of the priorities and the issues underlying the negotiation, there were two important issues that Mr. Aydin elaborated on. Although these cannot be categorized as sub-issues since they were never on the negotiation table, they are still very important to illuminate the underlying mechanisms behind the decision-making systems of these managers. In this regard, Mr. Aydin explained that there is a close direct correlation between foreign currency, especially the dollar, and the price of the hazelnut. At the time of this particular negotiation, the dollar was relatively low with no immediate sign of a rise and thus it was obvious that the hazelnut prices would not be increasing. Therefore Mr. Aydin said that he was aware of the market conditions and the general prices of the hazelnut trade during that specific point in time and thus he chose not to push his initial offer further.

The second important underlying issue is the existence of the relationship between the negotiation counterparts as long-lasting business partners. Mr. Aydin informed the researcher that as people doing business in a small market and a small city, everybody builds relationships and gets to know each other well in business terms. Therefore, marginal discrepancies in prices or shifts from aspiration points can be tolerated since in the next negotiations, they are very likely to be reciprocated or compensated in some way.

It is perhaps important to reiterate the fact that although these issues were not direct issues of negotiation, they are very good and accurate indicators of the general cognition of the negotiator of the circumstances of the bargaining situation

### **APPENDIX D: Process Summary of Case 3**

The negotiation was initiated by Akdogan, who came to Sayar's company with the proposal that he has a piece of land that he wants to have an apartment complex built on. Before going into the process summary of the negotiation, perhaps, it is useful to provide some brief information about the way such processes are carried out in Turkey. Landowners may commission construction engineers to have apartment building built on their property. In return, they may choose to continue the ownership of the building, in which case they would have to pay a considerable amount of money for the construction. Another, and perhaps a more common way in Turkey, is that the construction engineers get the ownership of a certain number of the apartments in the building. It is also possible to have various options in this system such as the ownership of the apartment complex passing to the construction engineers and the initial owner having a certain number of apartments and vice versa.

In this particular negotiation, Mr. Sayar has told the researcher that he started by the very point of ownership. He said that it is his style of conducting business to get the ownership of the land immediately before the construction. He explained the main reason behind this insistence was the need to have a guarantee that there would not be any problem with the land such as multiple owners etc. That is why the first issue that was brought up by Sayar was ownership. He explained the situation to Akdogan and demanded that he has ownership of the land before starting construction. As it is custom in such transactions, the initial owner gets a certain number of apartments. At Sayar's proposal, Akdogan demanded seven apartments. However, Sayar disagreed and thought the number was too high. He has informed the researcher that there would eventually be 25 apartments in the building and in order to cover the costs and make a profit in the company's usual profit margins, he could offer Akdogan only 5, which he accepted. According to Sayar, the reason that Akdogan accepted this price easily is trust in Sayar's company and himself. He said that in a small city, people know each other and other

businesses very well. Therefore they know who is trustworthy and will deliver the agreement and who will not. Sayar also said that he pointed out the same issue to Akdogan, saying that promise of 5 apartments is a guarantee whereas others may offer ten apartments but the customer will be in doubt throughout the whole construction process whether they will actually be delivered. After this comment, Akdogan agreed to five apartments.

When the issues of ownership and number of apartments were settled, the quality of the interior of the apartments became the topic of discussion. Akdogan demanded what is known as ultra deluxe apartments, which would be quite expensive. However, Sayar explained that in a small city like Alanya, demand for such an apartment would not be high. He added that his company built one such complex in a beautiful location with all apartments looking over the sea, which, according to Sayar, would answer the demand in a small town. He also added that the location of Akdogan's complex was not as good since only the top floors had views of the sea and that people willing to pay such an amount of money for an apartment in Alanya would want a view. When he explained this situation, Akdogan was willing to lower his demands about the quality of the interior of the apartments. Akdogan then thought it would be a good idea to show him a finished interior in another apartment so that Akdogan could have all the information. Sayar said that this is a very important point not to have a disagreement later. When the customer sees the apartment, it becomes almost a contract by itself since he can point out to whatever he does not like and if possible, it can be changed to find common ground. This was also the case in this particular negotiation. Sayar said that his company also accommodated Akdogan's demands to show good faith since he had agreed to give up two apartments. Also, he added that although Akdogan and he had not worked together before, it was always possible that they could and thus it would be important for him to end this negotiation on good terms. So the issue of the quality of the interior of the apartments could also be settled with mutual agreement.

The last issue that was briefly mentioned was the duration of the construction. Sayar asked Akdogan for 2.5 years to complete the project, a typical duration for such buildings. While giving this number, Sayar also mentioned that he has found Mr. Akdogan very agreeable and would like to do business with him again. With such remarks, Mr. Akdogan agreed to this number. When eventually asked his general remarks about the negotiation process, Sayar said that they could find a common ground and both sides walked away satisfied.

#### **APPENDIX E: Process Summary of Case 4**

The request for the negotiation was made by Kuzey Insaat by calling the representatives of Caterpillar Company in the Black Sea region. They have communicated their interest in buying a piece of heavy machinery and picked Caterpillar, with which they have done business before. The negotiation started by Kuzey Insaat asking for the price of the machinery, which was the main issue on the table. The representative gave two prices, one in Turkish New Lira and the other in Euros. Kuzey Insaat preferred to do the transaction in Euros since they prefer to keep their money in that currency. The representative's price was 200,000 Euros, which was found to be too high by Kuzey Insaat. Instead of directly introducing their own price, Kuzey Insaat asked the representative of the Caterpillar Company to whom they sold this type of machinery in their region and at what price. The purpose of asking this question was to remind the representative that they have the option of checking whatever price that he provides them due to the small community in Ordu. Of course, the salesman also knew this fact and tried to avoid the question by saying that he did not remember exactly and that different salespeople work with different companies in the region. However, Mr. Ozel said that although the representative tried to avoid the question in this way, he got the message that Kuzey Insaat could get information on recent sales on the same type of machinery. Then Mr. Ozel suggested 150,000 Euros as the price to be paid as 50,000 cash up front and the remaining 100,000 in five month installments of 20,000. The representative of the Caterpillar Company said that it would be impossible for him to decrease the price by 50,000 Euros at once and offered 180,000 instead. Again, this price was found too high by Kuzey Insaat and thus rejected. Following this move, the representative of Caterpillar suggested 170,000 Euros, which was rejected again. Then he proposed 160,000 Euros as the final price and also demanded that 60,000 of that sum was to be paid as cash up front and the remainder in five installments as suggested before. Another condition of this price, thus another preposition, was about the purchase of used machinery from Kuzey

Insaat. Mr.Ozel told the researcher that they also usually sell their used machinery that is at most three years old to Caterpillar and other companies like them that they do business with, which was also the case with this particular transaction. Without going into the specifics in terms of price, Mr.Ozel explained that the salesman with Caterpillar suggested a price that was on the lower side of market value for the used machinery they would purchase from Kuzey Insaat. However, Mr. Ozel thought that this price was still acceptable when thought in conjunction with the price and payment scheme they could obtain for the purchase of the new machinery. Thus he accepted the price offered by Caterpillar right away in order not to risk that arrangement. He said that after all the priorities of Kuzey Insaat were to buy a good quality machine at a reasonable price and good payment conditions and to sell the old machine at a reasonable price. This means that Kuzey Insaat walked from this negotiation having fulfilled its priorities. When asked about the other party, Mr.Ozel informed us that although the price obtained for the new machinery was closer to that asked by Kuzey Insaat (aspiration point), he believes that the representative of Caterpillar also walked away satisfied due to the deal with the purchase of the used machinery. He also told us that salesmen like the representative of Caterpillar are very experienced and would not be forced into a deal that would be detrimental for them under any circumstance. He also noted that maintaining good faith with a good customer like Kuzey Insaat must have also played a role in the negotiation.

## **APPENDIX F: Process Summary of Case 5**

The negotiation process that will be analyzed in this section has taken place between Zeki Ozel, another owner-manager of Kuzey Insaat and Huseyin Aracak, owner of a printing company based in Istanbul. As general information about Kuzey Insaat has been provided in the previous section, it is perhaps more useful to briefly mention company activities for which Zeki Ozel is responsible. As the second oldest brother and one of the two founders, Mr.Ozel manages the printing business of the company. Mr. Ozel transformed what used to be a fairly small printing office that published only a local newspaper on black and white paper into the largest printing company in Ordu. Now they not only publish various newspapers and magazines but are also one of the biggest government contractors in the Black Sea region for various printing jobs. The particular bargaining process to be content analyzed in this section is one over the purchase of a special type of printing paper by Kuzey Insaat from an Istanbul based company. Although this negotiation process was cooperative, outcome results were mostly distributive.

The negotiation has taken place between Zeki Ozel and Huseyin Aracak over the purchase of a special type of printing paper designed only for machines that print out receipts directly with the stamp of the company. Kuzey Insaat is the only printing agency in Ordu and one of the few in the Black Sea region that has this particular machine, which enables the company to get contracts from government institutions and large private firms that prefer to use their company stamps on receipts. Mr. Ozel explained to the researcher that they had been working with the company of Mr.Aracak for more than three years and purchasing various products. He also stated that they are very satisfied with the quality level of these products and with the business relationship based on mutual understanding and trust that has been established between the two companies.



Kuzey Insaat had been purchasing this special type of printing paper from Mr.Aracak's company for almost three months when Mr.Ozel entered open bidding to get the contract for printing receipts of the state hospital in Ordu. He was quite surprised when he saw that another printing company which was not from Ordu offered half the price of Kuzey Insaat since he trusted the prices provided by Mr.Aracak. Therefore, he called Mr.Aracak to inquire about the situation and to reconsider his prices if necessary.

Due to the volume of business conducted regularly with Kuzey Insaat, Mr.Aracak preferred to travel to Ordu to discuss the situation. Therefore, the negotiation for adjusting pricing for this particular type of printing paper started. Mr.Ozel told the researcher that he opened the negotiation by talking about how he has taken pleasure from their ongoing business relationship and how much he values the trust and the friendship that they have built. While mentioning these points, Mr.Ozel also underscored how trustworthy Kuzey Insaat is as a company with a special consideration for making timely payments. However, he explained to Mr.Aracak that he was personally hurt when an outside firm could get bids for government contracts in his own town with such a huge margin since one of Kuzey Insaat's priorities is to invest in and serve their own community. In this regard, Mr. Ozel explained that it should not be a problem to make less profit from one particular job if it will mean to secure such future contracts and to obtain the important jobs in their own town.

Mr.Aracak replied to these words by saying that although he also valued the business they have been conducting over the years as well as the relationship they have built, the argument for wanting to invest in Ordu is not really of concern to him as an Istanbul firm. Mr.Ozel said that he felt uncomfortable with this comment since he thought that Mr.Aracak disrespected an important issue for them. He replied by saying that it would not too difficult for a company like Kuzey Insaat to find a business partner, especially one that has more understanding towards issues that are important to its trading counterpart. With such a comment, Mr.Aracak stepped back and said that there has been a misunderstanding. He said that although priorities may be different, the two companies

have the same goal of making sure that Kuzey Insaat gets all the important contracts in Ordu, which means a steady and lucrative business for both. Then Mr.Ozel said that in order to maintain that lucrative business, they have to work as a team. As he said before, if necessary, they both need to compromise from profits in some jobs to guarantee others. Mr.Aracak agreed to this position. Then, Mr.Ozel said that Mr.Aracak has to lower the price of the printing paper if they are to get important contracts. He also showed offers by other companies for the paper, which were all much cheaper. Mr.Aracak then pointed out to the fact that those papers cannot be the same quality as his company's, to which Mr.Ozel also agreed and presented as one of the reasons why Kuzey Insaat prefers to do business with him over anyone else. However, he also explained to him that in terms of getting especially the government contracts, a small amount of decrease in quality is tolerable for the sake of obtaining better prices. He suggested that Mr.Aracak may talk to his provider of raw material to see if he can give better prices for different qualities of paper. Mr.Aracak said that he will contact him and get back to Mr.Ozel about that.

The next topic in the negotiation, again initiated by Mr.Ozel, was about the payment scheme. Mr.Ozel suggested that in order to lower the price, he could pay with cash up front instead of in fixed terms as they had been before, to which Mr.Aracak agreed. However, Mr.Ozel then introduced a condition attached to this proposal, which was that he could not pay for transportation of the materials from Istanbul to Ordu anymore. Mr.Aracak said that he had to consider this proposal.

Since some of the issues discussed in the negotiation so far necessitated consulting with other people such as raw material providers or cargo companies, Mr.Ozel and Mr.Aracak decided that they should continue after these consultations have been made. A few days later, Mr.Aracak called Mr.Ozel to meet to conclude their negotiation. He informed Mr.Ozel that he will be able to accept the price that he asked for, which was exactly half of the previous price. He also said that he would be able to accommodate his demand about transportation. In terms of payment scheme, Mr.Aracak suggested that there should be two different prices to be offered to the customers or when bidding for

contracts, one based on cash up front payment and the other for fixed term payments. He also suggested that Kuzey Insaat can also have the option to pay in the same way with different prices for the different payment schemes. Under these circumstances, Mr.Ozel and Mr.Aracak agreed on the new deal in terms of price, transportation, quality of paper and payment schemes. Mr.Ozel informed us that he believed the most important reason behind such agreement was mutual interests, which was to get the contracts, which in turn meant that all ways to provide a better price than before had to be sought, as indeed were.

## **APPENDIX G: Process Summary of Case 6**

The negotiation that was analyzed in this case has taken place between Bugra Sayar, a second generation manager in Sayar Insaat, which was mentioned in Case 3. The negotiation has taken place between Bugra Sayar and Emin Altas (name changed at the request of the interviewee) with the aim of resolving a disagreement regarding the fee requested by Altas for the interior decoration of a hotel being built by Sayar Insaat. The hotel was an investment by Sayar Insaat to be managed by Bugra Sayar himself. That is why Sayar personally attended to all the details during the construction of the hotel.

Sayar explained that his company had worked with Altas before and that they were also family friends. He also underscored that they had a preference for the sophisticated and distinctive style of Altas's work, which is very desirable for a boutique hotel. He then explained that his father and Altas had talked about Altas designing the interior of the hotel about three or four months ago. However, in that conversation, no terms were specified except for a common understanding that they would be working together in this project. About a month before this interview, Altas informed Sayar when they ran into each other at a restaurant that he was starting to get ideas for the project. Again no specifics were mentioned. Then, Altas called Sayar to tell him that the project is complete and could be delivered to Sayar's office. He also informed Sayar that the price would be 7000 YTL for the blueprints and 26000 YTL for the whole job. Although Sayar was sure that this was too high, he told Altas that he should talk to his father about the issue since it is an important investment for the company. Hakan Sayar also found the price unacceptable and well above market price for Alanya. Another point for him as the fact that Altas and his company had not come to any specific agreement beforehand and that Altas had basically produced the work without having a certain contract and agreeing upon some conditions. Bugra Sayar said that he felt Altas was forcing an imposition, which was acceptable neither for him nor his father. Therefore, he called up Altas to talk about the issue.

Since Hakan Sayar was quite disturbed by Altas's behavior, he asked Bugra Sayar to handle the negotiation alone. He told him that this would be better also because Bugra Sayar would eventually be in charge of the hotel. Thus, the negotiation to resolve the disagreement regarding the fee Emin Altas asked for the interior design of the boutique hotel being built by Sayar Insaat.

Bugra Sayar started the negotiation by first informing Altas that his father is out of town and that is why he cannot attend the meeting. He then went straight to the topic and told Altas that the prices he asked for cannot be met by his company under any circumstances and that it was too high for the market in their town. At this point, Sayar also told the researcher that he entered the negotiation with a lot of negative emotions. He felt that Altas had tried to use the trust and the relationship that he had with his family by demanding such unacceptable prices. However, Altas informed Sayar that that is his regular prices that he charged to everyone who wanted to work with him. Sayar then said that he did not find this claim believable in a city like Alanya and that he was quite aware of the market as someone who is in it. He asked Altas whether he expected him to believe that he charged 7000 YTL just for the blueprints and everyone paid without any objections. Altas answered that there are differences between projects, and that not all are in the same scale or require the same time and effort such as a hotel and a private house cannot be compared in this regard. Sayar replied to this by saying that their hotel is not a huge complex with 300 beds but is rather a project not much bigger than a private house. Altas rejected to this answer saying that the detailed thinking process is not the same and that this project took a lot of his time since he knew how important the project was for Sayar Insaat and how they paid attention to every detail. Sayar then countered Altas by saying that this does not mean there is no budget involved and that he basically did things on his own without consulting with the company and without even giving them a price. At this point, Sayar admitted that the last few comments made the already tense atmosphere even worse but he also said that Altas's uncompromising attitude gave him no space to move. He said that if Altas had said that there had been some sort of misunderstanding or shown any sign of good will, he would be ready to make

compromises. However, when he did not see such behavior from Altas, he told him that they could not work together under the circumstances and all there is to do is to settle the price for the blueprint. Altas then said, not stepping back, that he had already given them the price for this task. When faced again with an uncompromising attitude, Sayar said that he had to use a certain information that he normally would not think to resort to. He explained that there is a certain quote as to how many projects an architect may take on in a year. However, some architects may exceed this number if they have many projects, which is the case with Sayar Insaat. Especially since Hakan Sayar is the only architect in the firm, they are limited to the quota. Bugra Sayar explained that most companies overcome this problem by asking free-lance architects to sign their projects in return for some portion or all of the project drawing fee. He said that they asked Emin Altas to do this at least four or five times in the past year, which meant that he earned around 5000 YTL only by putting his signature. Sayar said that he reminded him of this situation although it was a tactic that he did not want to use before the negotiation turned so harsh. Altas countered this by arguing that he took a legal risk with those signatures. Sayar found this hard to believe since it is common practice. He reminded Altas again that he earned money with no effort. Sayar again admitted that this was a negative comment but that he could not control himself. In order to prevent the communication from further deterioration, he offered Altas half his asking price, in other words 3500 ytl, which he accepted. However, Sayar explained that although he accepted the number, Altas was not happy with the way the negotiation went and that he probably thought of it not as having made 3500 YTL but having lost that number plus 26000. He also said that he still cannot conceive how Altas thought that they would actually pay such money and admitted that he is still angry at his demands and how talks unfolded. He explained that he probably could have pulled the price a little lower but since the atmosphere was getting too tense, he decided not to pursue further.

## **APPENDIX H: Process Summary of Case 7**

This bargaining process has taken place between Orhan Bayramoglu, one of the two founder managers of Bayramoglu Tekstil, a textiles company in Istanbul, and Berkay Kayacan, a hotel owner from Kusadasi who recently purchased towels and bathrobes from his company. Although this was the first time that the two companies were involved in business with each other, Bayramoglu explained that they have a lot of customers from Kusadasi, at the reference of whom Kayacan came to their company. The negotiation was called for by Kayacan, who was not satisfied with the quality of the products received. Bayramoglu explained that they were surprised at this request since samples had already been sent. Thus, they agreed to meet as Mr. Kayacan was in Istanbul on business. Kayacan started the negotiation by first stating that he was not satisfied with the quality of the products that he received to which Bayramoglu stated that they were really surprised since they are a very meticulous company and that they thought there was a common understanding that the products were liked from the samples they had sent. Kayacan said that he knew they are a meticulous company, which is the reason he picked them, but also that the products they received were not the same as the samples. Bayramoglu replied that is not possible and asked whether Kayacan himself saw the samples, which he replied he did. Then Bayramoglu went on to ask what exactly he did not like in the products to get a better understanding of the cause of the dissatisfaction of the customer. Kayacan then explained that the towels were not as soft as he expected and seen in the samples just as the bathrobes for the suite rooms were not as high quality. Bayramoglu then said that there was no agreement about sending higher quality material for the suites and thus they had sent same quality towels and bathrobes. Kayacan said that they put better quality products in the suites and that they expected that. Bayramoglu was quite surprised at this request and called his brother and nephew to find out what exactly was discussed. He explained that it is sometimes the case that lower ranking managers

agree among themselves and do not necessarily inform the top level executives on every issue. He thought that this could be the case in this particular situation. Thus, they did a little investigation to see if there was such an understanding among authorities in the two companies to eventually see that there was not. Bayramoglu then told the researcher that this obviously was a mistake or a deliberate move by the customer but he decided not to confront him since he potentially is a good customer as the owner of 4 hotels in the region. Also, Kayacan was well connected to other hotel owners and thus a tense disagreement could damage Bayramoglu's reputation. Thus, Bayramoglu said that there was probably a misunderstanding and that they did not realize Kayacan had such a request and said that it is an issue that could be resolved easily. He then asked his assistant to bring the samples that were sent to Kayacan. When seeing these samples, Kayacan claimed that they were not the same as those products they received. Bayramoglu told the researcher that this claim made him think that products might have gone through a process they should not have like a mistake with washing. He asked Kayacan whether he saw the products when they first arrived or after washing and Kayacan said the latter. He then contacted housekeeping in his hotel to find out which products were used and it turned out they a kind of bleach that was specifically instructed not to be used was used. Kayacan then admitted that it was obviously their mistake. Bayramoglu said that they would like to help with the situation as much as possible. Kayacan said that it would not be too much of a problem for the regular rooms and made a new order of bathrobes for the suites.

Bayramoglu said that the negotiation ended well for them since the real problem was discovered. He also added that he acted in a very agreeable manner all throughout the negotiation not to lose this customer.



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