

# **EFFECTIVE NEGOTIATION AND PERFORMANCE OF MANUFACTURING COMPANY**

(The Case Study of 7up Bottling Company Plc, Ilorin)

**BY**

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**BEING A RESEARCH PROJECT SUBMITTED TO THE DEPAR  
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## CERTIFICATION

This research work has been written, read and approved as meeting part of the requirements for the award of National Diploma (ND) in Procurement and Supply Chain Management, Institute of Finance and Management Studies (IFMS), Kwara State Polytechnic, Ilorin

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## **DEDICATION**

This project is dedicated to those who have been my pillars of strength, my guiding lights, and my unwavering support system – this project is dedicated to you. To my family, whose love, patience, and encouragement have fueled my journey; to my mentors, whose wisdom and expertise have shaped my path; and to the pursuit of knowledge, innovation, and progress – may this work contribute to the greater good and inspire others to strive for excellence.

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## ABSTRACT

*This study examines the role of effective negotiation in enhancing the performance of 7Up Bottling Company Plc, Ilorin, a leading soft drink manufacturer in Nigeria. Effective negotiation is critical in optimizing supply chain management, labor relations, distribution networks, and regulatory compliance, all of which directly impact organizational efficiency and profitability. Through a case study approach, this research explores how strategic negotiation practices with suppliers, employees, distributors, and regulatory bodies influence cost reduction, operational efficiency, market competitiveness, and workforce productivity at the Ilorin plant. The findings highlight that well-executed negotiations foster cost-effective sourcing, streamline production processes, and strengthen market positioning in a competitive industry. However, challenges such as limited supplier options, economic volatility, and regulatory complexities can hinder negotiation outcomes. The study recommends adopting structured negotiation frameworks, prioritizing relationship-building, and leveraging data-driven strategies to enhance performance outcomes for manufacturing firms like 7Up Bottling Company Plc.*

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## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background to the Study

Negotiation is a fundamental managerial skill that plays a crucial role in achieving organizational objectives, especially in manufacturing firms where procurement, effective relations, and supply chain management are core operational elements. Effective negotiation enables firms to create mutually beneficial relationships with stakeholders, reduce costs, ensure timely delivery of inputs, and maintain industrial harmony (Lewicki, Barry & Saunders, 2016). In the contemporary manufacturing landscape, where firms are under constant pressure to remain competitive, negotiation skills have become indispensable tools for achieving strategic goals.

Manufacturing companies often engage in negotiations with suppliers, distributors, effective unions, and government agencies. These negotiations, if effectively managed, can lead to improved supplier terms, reduced production costs, better effective productivity, and increased profitability (Fells, 2016). On the contrary, poor negotiation practices can result in contract disputes, supply chain disruptions, effective unrest, and ultimately, poor organizational performance.

The Nigerian manufacturing sector, for example, is plagued with challenges such as rising production costs, import dependency, erratic power supply, and industrial disputes. These challenges necessitate robust negotiation strategies to maintain operational stability and competitive advantage (Adebayo & Okon, 2019). Therefore, this study seeks to investigate how effective negotiation practices impact the performance of manufacturing companies, with the aim of proposing strategies to optimize negotiation outcomes.

Negotiation, broadly defined as a dialogue between two or more parties aimed at r



eaching a beneficial outcome, has become a critical managerial tool in today's highly competitive and resource-constrained business environment. In the manufacturing sector, where margins are often thin and operational efficiency is paramount, effective negotiation can make the difference between profit and loss, harmony and conflict, or continuity and disruption. As organizations seek to improve their value chain performance and competitive positioning, the importance of skilled negotiation in procurement, supplier agreements, effective relations, and contract management cannot be overstated (Lewicki, Barry & Saunders, 2016).

Manufacturing companies operate in a dynamic environment characterized by fluctuating raw material prices, effective unrest, regulatory changes, and evolving customer demands. These challenges require firms to regularly engage in negotiations—both internally and externally—to sustain operations and drive performance. For instance, procurement negotiations determine the price, quality, and delivery timelines of critical inputs. Effective negotiations affect staff morale, wage costs, and industrial peace. Negotiations with distributors and clients shape sales contracts, payment terms, and customer relationships. Failure to navigate these negotiations effectively may lead to poor supplier performance, low employee motivation, legal disputes, and ultimately, reduced profitability (Fells, 2016; Uzonwanne, 2016).

In many developing economies like Nigeria, the manufacturing sector is still evolving and faces peculiar challenges such as poor infrastructure, high operating costs, currency instability, and an unpredictable regulatory environment. These realities demand a more strategic approach to negotiation that goes beyond instinct or experience to one grounded in theory, planning, communication, and analysis. Unfortunately, many local firms still approach negotiation in an ad hoc or reactive manner, often resulting in missed opportunities, strained relationships, or operational i

inefficiencies (Adebayo & Okon, 2019).

Additionally, the globalization of supply chains means that manufacturing firms now interact with foreign partners, which adds a layer of cultural and legal complexity to negotiation processes. Understanding negotiation styles, expectations, and ethical standards across different regions is vital to building long-term partnerships. Research suggests that companies that invest in training their employees in effective negotiation techniques often experience improved stakeholder relationships, increased cost savings, and stronger organizational performance (Fisher, Ury & Patton, 2011).

Despite the recognized importance of negotiation in business success, there remains a scarcity of empirical research that links negotiation competence to measurable performance outcomes in the manufacturing sector. While considerable attention has been given to strategic management and operational efficiency, negotiation as a driver of performance remains underexplored, particularly in the African manufacturing context. This study, therefore, seeks to bridge that gap by examining how effective negotiation strategies influence the performance of manufacturing companies, using selected case studies to draw meaningful insights and recommendations.

## **1.2 Statement of the Problem**

Despite the critical role negotiation plays in manufacturing operations, many firms continue to experience operational inefficiencies, supply disruptions, and effective conflicts. This suggests that negotiation processes may not be adequately optimized. Some manufacturing firms rely on outdated negotiation practices or fail to train their managers in negotiation skills, leading to suboptimal contracts and strained industrial relations (Uzonwanne, 2016). The lack of empirical studies focusing specifically on how negotiation affects the performance of manufacturing com

panies creates a knowledge gap. This study, therefore, aims to fill this gap by examining the impact of effective negotiation strategies on various dimensions of firm performance.

### **1.3 Objectives of the Study**

The main objective of this study is to assess the impact of effective negotiation strategies on the performance of manufacturing companies.

Specific objectives are to:

Examine the relationship between negotiation strategies and procurement efficiency.

Evaluate the effect of effective negotiations on employee productivity.

Determine the influence of negotiation outcomes on cost management and profitability.

Identify the challenges to effective negotiation in manufacturing firms.

### **1.4 Research Questions**

How do negotiation strategies affect procurement efficiency in manufacturing firms?

What is the effect of effective negotiations on employee productivity?

To what extent do negotiation practices influence cost reduction and profitability?

What are the major challenges hindering effective negotiation in manufacturing companies?

### **1.5 Research Hypotheses**

$H_{01}$ : There is no significant relationship between negotiation strategies and procur

ement efficiency.

H<sub>02</sub>: Effective negotiations do not significantly affect employee productivity.

H<sub>03</sub>: Negotiation outcomes have no significant impact on cost management and profitability.

## **1.6 Significance of the Study**

This study is significant for several reasons. First, it contributes to academic discourse by providing empirical evidence on the role of negotiation in firm performance. Second, it offers practical insights for managers in the manufacturing sector on how to enhance their negotiation strategies for better operational outcomes. Lastly, policymakers can use the findings to develop programs that strengthen negotiation capacity in the private sector.

## **1.7 Scope of the Study**

The study focuses on manufacturing companies operating in [insert region or country, e.g., Lagos State, Nigeria]. It examines negotiation practices related to procurement, effective relations, and sales contracts. The performance indicators considered include procurement efficiency, employee productivity, cost reduction, and profitability.

## **1.8 Operational Definition of Terms**

**Negotiation:** A strategic discussion that resolves an issue in a way that both parties find acceptable (Fisher, Ury & Patton, 2011).

**Effective Negotiation:** The use of structured, strategic approaches to negotiation that result in mutually beneficial outcomes.

**Firm Performance:** The measure of a firm's efficiency and profitability, often assessed using financial and operational metrics.

**Procurement Efficiency:** The effectiveness and cost-efficiency of sourcing goods and services.

**Effective Negotiation:** A dialogue between employers and employees/unions aimed at reaching agreements on working conditions and terms of employment

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Conceptual Clarifications

##### 2.1.1 Negotiation

The word negotiate is derived from the Latin infinitive negotiaari meaning "to trade or do business". This verb itself was derived from another, negare, meaning "to deny" and a noun, otium, meaning "leisure". Therefore, the ancient Roman businessman would "deny leisure" until the deal had been settled (Curry, 1999).

Negotiation is an activity that influences another person. McCormack (1995) define negotiation in his book *Negotiating* as the process of getting the best terms once the other side starts to act on their interest. In other words, negotiation is a process to get what is wanted. It is a process that leads to an end. The negotiating process involves balancing matters between two parties so that the negotiator not only gets what he wants but also gets what he wants in the best possible way (Forsyth, 2009). It is the journey of how to get to the destination and not the destination itself. Companies should pay more attention on how to get there but also at the same time should not lose sight of the destinations.

Negotiation in business is constantly changing. This creates the sense that something is always happening. There is no one best way, no one best plan, no single uncluttered system that best produces understanding about negotiation. There are many factors that influence the negotiation process. The most typical factors that affect how a negotiation will play out are time, environment, personalities, information, personal issues and hierarchy. Time has a huge role in an effective business negotiation. Because people are very busy on specific deadlines, a sense of urgency or even inaction often affects the success of negotiation. In international business negotiation, companies' cultural and professional expectations have to be in the same level. The physical environment where the negotiation takes place is also very important. The number of people in the setting and their behavior and temperament influences the negotiation. For the negotiation to be effective, it is vital that both parties have the information needed in their own field. Lack of information gives always unprofessional image to the opponent. It is also important to have self-esteem that will be appealing to the opponent's side. The negotiator should also have the ability to command or demand performance.

### **2.1.2 The Negotiator**

A negotiator may be a buyer or seller, a customer or supplier, a boss or emp

Employee, a business partner, a diplomat, or a civil servant. People do not negotiate only in business life but also in personal life. People cannot avoid negotiations. A negotiator may be a spouse, friend, parent or child. In all these cases the qualities of the negotiator strongly influence the ability to get ahead in both organizational life and in other interpersonal relationships (Acuff, 2008). Negotiators influence the negotiation process with their own experience and negotiating skills (Ghauri and Usuiier, 2003). People negotiate with external business counterparts outside the organization and also with internal coworkers within the organization. The main objective of all negotiation situations is to help to get what the negotiator wants. One of the biggest reasons why people negotiate is that they view things differently. The value of the deal can be different for each party even though its price in money is the same. That is because value and price are not always the same. According to Kennedy (2004) value has to do with motivation (why we want something) whereas price only measures its transaction cost (what we have to pay to get it). Most negotiators rarely talk motivations; they talk prices. Sometimes one pays most for the things one gets for nothing.

Successful negotiators have a positive attitude. They are able to view conflict as normal and constructive. Attitudes are always important and especially in negotiations. Attitudes influence a negotiator's objectives and objectives control the way they negotiate. The way people negotiate determines the outcome (Maddux, 1995).

### **2.1.3 Team Versus Individual Negotiators**

Some people prefer to negotiate alone and some prefer to negotiate as a team. In some cases, an individual negotiator may be better than a team. It is necessary for organizations to consider the pros and cons of both options before making a decision. Negotiating one on one has several advantages. It is easier to build a relationship based on trust when there is only one person negotiating on both si

des. Each person seems to take a personal interest in seeing that both counterpart s accomplish their goals (Stark, 2003). For individual negotiators it is easier and faster to make decisions because there is no need for either counterpart to consult other people. Neither counterpart has to worry about what other people will think about the outcome. Because both sides are negotiating alone, it is not possible for either counterpart to direct questions to the other party's weakest team member or cause disagreement among team members. The individual negotiation process usually cost less because from each side only one person's time is taken up. As Stark (2003) reminds us, time is money. Organizations usually prefer team negotiation because negotiating as an individual has influential disadvantages. People usually tend to bring their emotion into a decision making and the decisions may not be in the organization's best interest. One person may not have enough knowledge on the topic being negotiated which may lead to a bad negotiation result.

#### **2.1.4 Types of Negotiation**

Negotiation can be categorized into distributive and integrative negotiation. Distributive negotiation, also known as win-lose negotiation, involves parties competing over a fixed amount of resources (Fells, 2016). On the other hand, integrative negotiation focuses on collective action, aiming for win-win outcomes where both parties benefit (Fisher, Ury & Patton, 2011). Manufacturing firms often engage in both forms, depending on the context—such as contract price bargaining (distributive) or long-term supply partnerships (integrative).

Negotiation can take various forms depending on the context, goals, and relationships involved. The two dominant categories are:

- **Distributive Negotiation (Win-Lose):** This approach involves zero-sum bargaining, where one party's gain is seen as the other party's loss. It typically occurs in one-off, price-focused negotiations such as price bargaining for raw materials (Fells, 2016).
- **Integrative Negotiation (Win-Win):** Here, parties work collectively to expand the value of the agreement. This type is more suitable in long-term relationships where mutual benefits and trust are important, such as negotiations with long-term suppliers or effective unions (Fisher, Ury & Patton, 2011).



## **2.1.5 Negotiation Strategies**

### **1. Distributive Negotiation**

Distributive negotiation, often called win-lose or zero-sum, focuses on dividing a fixed resource, such as price or terms, where one party's gain is another's loss. Common in manufacturing for raw material price bargaining, it emphasizes competitive tactics like anchoring high initial offers or conceding strategically to maximize individual outcomes. Negotiators aim to claim the largest share of value, often using persuasive arguments and leveraging market data to justify positions. While effective for short-term gains, it may strain long-term relationships if overly aggressive (Fells, 2016).

### **2. Integrative Negotiation**

Integrative negotiation seeks win-win outcomes by fostering collaboration to create mutual value. In manufacturing, it's ideal for long-term supplier or labor agreements, where both parties explore shared interests, like quality improvements or flexible delivery schedules. It involves open communication, trust-building, and creative problem-solving to expand the agreement's value, ensuring both sides benefit. This approach strengthens partnerships, enhances supply chain stability, and supports sustained performance, though it requires time and mutual commitment (Fisher, Ury, & Patton, 2011).

### **3. Preparation and Planning**

Preparation and planning involve researching the counterpart's needs, setting clear objectives, and anticipating trade-offs before negotiations. In manufacturing, this means analyzing supplier capabilities, market trends, or labor demands to craft informed strategies. A strong BATNA (Best Alternative to a Negotiated Agreement) is developed to enhance leverage. This strategy ensures negotiators enter discussions with clarity and flexibility, reducing risks of poor outcomes and enabling strat

egic concessions that align with firm goals (Lewicki et al., 2016).

#### **4. Effective Communication**

Effective communication entails active listening, clarity, and assertiveness to align expectations and build trust. In manufacturing negotiations, clear articulation of needs (e.g., delivery timelines) and attentive listening to suppliers' or employees' concerns prevent misunderstandings. Non-verbal cues and tone also matter, as they signal respect and openness. This strategy fosters collaboration, reduces conflict, and ensures agreements reflect mutual understanding, directly impacting procurement efficiency and labor relations (Thompson, 2012).

#### **5. Problem-Solving**

Problem-solving focuses on addressing underlying interests to find creative solutions. In manufacturing, negotiators might resolve supplier delays by adjusting schedules or quality standards to benefit both parties. This strategy requires identifying shared goals, brainstorming options, and maintaining flexibility. It transforms conflicts into opportunities for innovation, such as cost-saving process improvements, enhancing operational efficiency and stakeholder relationships (Lax & Sebenius, 1986).

#### **6. Trust-Building**

Trust-building involves fostering reliability and openness to create lasting partnerships. In manufacturing, consistent, ethical interactions with suppliers or employees build confidence, encouraging information sharing and collaboration. Actions like honoring commitments or transparent communication during negotiations strengthen relationships, ensuring stable supply chains and labor harmony. Trust is critical for integrative negotiations, directly influencing long-term performance (Ring & Van de Ven, 1994).

#### **Independent Variable: Effective Negotiation**

Effective negotiation, the independent variable, is the strategic deployment of skills, knowledge, and techniques to achieve mutually beneficial outcomes in manufa

cturing operations. It begins with thorough preparation, where negotiators analyze market trends, supplier capabilities, and labor demands to set clear, achievable objectives. Understanding the counterpart's interests allows for tailored proposals that align with shared goals, fostering collaboration. In manufacturing, effective negotiation is pivotal in procurement, securing high-quality raw materials at cost-effective prices, thus optimizing supply chain efficiency. In labor relations, it ensures industrial harmony by negotiating fair wages and working conditions, reducing disputes and enhancing workforce morale. For sales contracts, it facilitates favorable terms with distributors, boosting market competitiveness. Leveraging Best Alternative to a Negotiated Agreement (BATNA) empowers negotiators to maintain leverage, avoiding suboptimal agreements. Clear communication, including active listening and precise articulation, minimizes misunderstandings and builds trust, critical for long-term partnerships. Problem-solving drives creative solutions, such as negotiating flexible delivery schedules to balance supplier and firm needs. Ethical behavior ensures transparency, fostering stakeholder trust and minimizing conflicts. Effective negotiation mitigates risks like supply chain disruptions or labor unrest, enhancing operational efficiency and cost savings. In dynamic environments with fluctuating prices and regulatory challenges, skilled negotiation is a strategic asset, directly influencing firm success, as evidenced by improved supplier terms and labor stability (Thompson, 2012; Adebayo & Okon, 2019).

### **Dependent Variable: Performance of Manufacturing Company**

The dependent variable, performance of manufacturing company, is evaluated through critical operational and financial metrics: Procurement Efficiency, Employee Productivity, Cost Management, and Profitability.

**Procurement Efficiency:** Measures the ability to source high-quality raw materials at optimal costs, directly influenced by effective negotiation strategies that secure favorable supplier contracts. These agreements ensure timely deliveries and cost savings, mitigating risks like supply chain disruptions common in volatile markets.

**Employee Productivity:** Defined as output per worker, is enhanced through successful labor negotiations that foster trust, improve morale, and reduce industrial disputes, such as strikes, which can halt production. For instance, fair wage agree-

nts and clear communication of expectations boost workforce commitment, minimizing downtime and enhancing output.

**Cost Management:** Focuses on reducing operational expenses through negotiation-driven efficiencies, such as optimized procurement processes or streamlined logistics, which lower production costs.

**Profitability:** The ultimate financial indicator, reflects increased revenue from well-negotiated sales contracts with distributors and cost savings from efficient resource utilization. In challenging manufacturing environments, particularly in developing economies like Nigeria, firms face issues like fluctuating raw material prices, erratic power supply, and regulatory uncertainties. Effective negotiation mitigates these by securing stable supplier relationships and labor harmony, directly impacting performance metrics. Empirical studies demonstrate that firms with skilled negotiators achieve higher procurement efficiency, reduced operational costs, and improved profit margins. For example, integrative negotiations with suppliers ensure reliable supply chains, while collaborative labor agreements enhance productivity, underscoring negotiation's pivotal role in sustaining competitive advantage and driving long-term success in manufacturing firms (Adebayo & Okon, 2019; Uzonwanne, 2016).

#### 2.1.6 Performance in Manufacturing Firms

Organizational performance in manufacturing is often measured through both financial and non-financial indicators. These include:

**Cost Efficiency:** Reduction in production and operational costs through optimized procurement and resource utilization.

**Productivity:** Output per employee or per unit of input.

**Quality and Delivery:** Meeting product standards and timely delivery of goods to clients.

**Supplier and Effective Relations:** Stability in relationships with vendors and workforce, often influenced by successful negotiation practices (Monczka et al., 2016).

Negotiation plays a critical role in shaping all of these dimensions by enabling firms to manage external pressures and internal constraints.

### **2.1.7 Negotiation Competency**

Negotiation competency refers to an individual's or organization's ability to achieve desired negotiation outcomes through the application of relevant knowledge, skills, and attitudes. It includes analytical thinking, persuasion, emotional intelligence, strategic thinking, and adaptability (Thompson, 2012). Firms that invest in developing the negotiation competencies of their managers are more likely to enjoy long-term operational and relational success.

## **2.2 Theoretical Review**

### **2.2.1 Game Theory**

Developed by von Neumann and Morgenstern (1944). Game theory analyzes strategic decision-making in competitive environments where the outcome of one party's decision depends on the decisions of others. It is particularly relevant to negotiation in manufacturing firms where stakeholders often engage in competitive and cooperative interactions—such as negotiating raw material prices, delivery timelines, and contract terms. The theory provides a logical structure for anticipating the behavior of negotiating parties and for optimizing decision-making to maximize outcomes. The concept of the Nash Equilibrium, where parties reach a mutually acceptable strategy without incentive to deviate, is highly applicable in supplier negotiations, joint ventures, and effective agreements (Von Neumann & Morgenstern, 1944).

### **2.2.2 Principled Negotiation Theory**

Fisher and Ury (1981) and later expanded by Patton. This theory encourages negotiators to move beyond rigid positions and instead focus on the underlying interests of all parties involved. It promotes collaboration, objective criteria, and mutual gain, emphasizing the importance of separating the people from the problem and inventing creative options for resolution (Fisher, Ury, & Patton, 2011). In manufacturing firms, this approach can enhance long-term supplier relationships and improve effective negotiations by fostering trust and shared commitment to performance outcomes. It is especially beneficial in complex negotiations where long-term partnerships and reputational considerations are involved.

### **2.2.3 Dual Concern Theory**

Introduced by Pruitt and Rubin (1986), which explores negotiation behavior based on an individual's concern for self versus concern for others. The theory categorizes negotiation styles into five types: competing, accommodating, avoiding, collaborating,

effective, and compromising. Each style varies in its effectiveness depending on the negotiation context. For instance, a collaborative style, characterized by high concern for both self and others, is often most effective in manufacturing contexts where joint problem-solving is needed, such as in quality improvement negotiations or when resolving production disputes. This theory provides a psychological lens for understanding how individual and organizational attitudes influence negotiation approaches and outcomes (Pruitt & Rubin, 1986).

Additionally, the Resource-Based View (RBV) of the firm, articulated by Wernerfelt (1984) and later developed by Barney (1991), emphasizes that firms gain competitive advantage from unique resources and capabilities that are valuable, rare, inimitable, and non-substitutable. While RBV is traditionally used in strategic management, it applies directly to negotiation when negotiation skills, knowledge, systems, and networks are considered as strategic assets. Manufacturing firms that invest in training skilled negotiators, developing effective negotiation protocols, and building strong vendor relationships are likely to outperform competitors in terms of cost efficiency and supply chain resilience (Barney, 1991). Thus, negotiation capability itself can be seen as a strategic resource that contributes to sustained competitive advantage.

#### **2.2.4 Cost and Resource Dependence Theory**

Resource dependence theory (RDT) is the study of how the external resources of organizations affect the behavior of the organization. The procurement of external resources is an important tenet of both the strategic and tactical management of any company. Nevertheless, a theory of the consequences of this importance was not formalized until the 1970s, with the publication of *The External Control of Organizations: A Resource Dependence Perspective* (Pfeffer and Salancik 1978). Resource dependence theory has implications regarding the optimal divisional structure of organizations, recruitment of board members and employees, production strategies, contract structure, external organizational links, and many other aspects of organizational strategy. Buyer Supplier relationship theories have primarily focused on transactional/economic and/or behavioral/relational explanations of exchange.

#### **2.2.5 Buyer Supplier Optimization Theory**

Helper and Sako, (2005) note that many companies in the manufacturing sector are presented with supply chain issues every day ranging from identification of new suppliers and materials through manufacturing, transportation and distribution to customers. It is not uncommon for both complex, multi-national original equipment manufacturers (OEMs) and small or mid-sized manufacturers in Kenya to be faced with challenges. From reducing risk and volatility to identifying and collaborating with suppliers through understanding the true total cost of the supply chain, the situation must be assessed and a strategic solution implemented. Value System: An interconnected system of Supply Chains and Value Chains beginning with the determination of customer needs and extending through all supplier and distribution channels required to provide the good or service to the customer. Supply Chain: All enterprises, from sourcing of all materials, through production and distribution, required to provide goods and services to the customer. Value Chain: The value-added activities and business processes within each organization in a supply chain required to provide goods and services to the customer.

### **2.3 Empirical Review**

Empirical research plays a crucial role in validating theoretical assumptions and providing practical insights into the relationship between effective negotiation and organizational performance, especially in the manufacturing sector. This section critically examines prior studies that have investigated the impact of negotiation strategies on various aspects of performance within manufacturing and related industries.

Thompson (2012) found that organizations with structured negotiation training programs for their procurement and sales departments recorded improved negotiation outcomes, including reduced procurement costs, better contract compliance, and stronger client relationships. The study, which surveyed 150 multinational corporations,

orations across the United States and Europe, concluded that firms investing in negotiation skills development often gain a competitive advantage in supply chain operations.

Shell (2006) emphasized the positive correlation between negotiation preparedness and outcomes in contract negotiation among automotive and electronics manufacturers. Firms that engaged in collaborative negotiation approaches reported higher supplier satisfaction, which in turn enhanced supplier reliability and long-term performance.

Ghuri and Usunier (2019), in their cross-cultural study of international business negotiations, found that firms that adapted their negotiation strategies to the cultural expectations of their foreign partners achieved better joint ventures and supply agreements. This study underscores the importance of contextual intelligence in global manufacturing operations.

Du Plessis (2018) conducted an empirical study on negotiation effectiveness among manufacturing firms and found that integrative negotiation techniques improved effective-management relations, reduced strike incidents, and improved factory output. The study used both quantitative surveys and interviews with human resource managers.

Oduro and Asiedu-Appiah (2013) studied negotiation strategies among manufacturing SMEs in Ghana. They discovered that SMEs employing interest-based negotiation tactics with suppliers and employees experienced more consistent supply deliveries, fewer disputes, and higher profit margins than those relying solely on competitive bargaining approaches.

Uzonwanne (2016) examined conflict management and negotiation in selected manufacturing companies in Lagos. The study revealed that effective negotiation—



especially during industrial disputes—significantly enhanced employee commitment and reduced production downtime. The use of skilled negotiators and structured dispute resolution mechanisms was positively associated with productivity levels.

Gbadamosi and Akinlabi (2020) explored procurement negotiations in Nigerian manufacturing firms and found that effective procurement negotiation strategies led to cost savings, shorter lead times, and improved supplier performance. The research used regression analysis on data collected from 20 mid-sized firms and concluded that negotiation capability directly influences operational performance metrics.

Adebayo and Okon (2019) also conducted a study on negotiation practices in the Nigerian manufacturing sector. Their findings indicated that organizations with clear negotiation policies, trained negotiators, and pre-negotiation planning frameworks recorded improved organizational performance in terms of cost efficiency and supplier retention.

## **2.4 Gaps in the Literature**

While the importance of negotiation is widely acknowledged, few studies empirically measure its impact across multiple performance dimensions in manufacturing firms. Additionally, much of the existing research is Western-centric, with limited data from African or Nigerian contexts. Furthermore, there is a lack of frameworks that link specific negotiation strategies to quantifiable outcomes such as cost reduction, production efficiency, and employee retention.

This study aims to fill these gaps by exploring how effective negotiation strategies influence procurement efficiency, employee productivity, and overall performance in selected manufacturing firms.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This chapter outlines the methodologies employed to gather data on the research topic, "Effective Negotiation and Performance of Manufacturing Company." It encompasses the research philosophy, research method, sources of data, research design, population and sample size, sampling techniques, data collection, data analysis, and ethical considerations.

#### **3.1 Research Philosophy**

The study adopts a positivist ontology as the guiding research philosophy. This approach is suitable because it limits the researcher's role to objective data collection and interpretation, ensuring that findings are observable and quantifiable. Positivism aligns with the study's aim to examine the measurable impact of effective

negotiation strategies on manufacturing company performance.

### **3.2 Research Method Used**

The research utilizes a quantitative method, primarily employing structured questionnaires to collect data. Questionnaires are designed to elicit specific information from respondents regarding negotiation practices and their impact on company performance, enabling data-driven decision-making.

### **3.3 Sources of Data**

Data for this study is sourced from both primary and secondary sources:

#### **Primary Sources of Data**

Primary data is collected through structured questionnaires administered to employees of a selected manufacturing company and oral interviews conducted with key personnel involved in negotiation processes. These methods capture direct insights into negotiation practices and their effects on performance.

#### **Secondary Sources of Data**

Secondary data is obtained from company reports, industry publications, and academic journals to provide context and support the primary findings with existing literature on negotiation and performance in manufacturing settings.

### **3.4 Research Design**

The study adopts a survey research design, deemed appropriate due to the dispersed nature of the study population across various departments in the manufacturi

ng company. The survey approach facilitates the collection of data on negotiation practices and performance metrics using questionnaires, allowing for efficient data gathering to address the research objectives.

### **3.5 Population of Study**

The study population includes employees across multiple departments of the manufacturing company, including procurement (30 employees), production (20 employees), marketing (20 employees), stores (25 employees), transport (15 employees), and accounts (15 employees), totaling 125 employees. The sample size, calculated for reliability, is 95 employees.

### **3.6 Sample Size Determination**

To determine the sample size from a population of 125 employees, the Yamane formula is applied:

$$[ n = \frac{N}{1 + N(e^2)} ]$$

Where:

- ( n ) = sample size
- ( N ) = population size (125)
- ( e ) = margin of error (0.05)

Calculation: 
$$[ n = \frac{125}{1 + 125(0.05^2)} = \frac{125}{1 + 125(0.0025)} = \frac{125}{1 + 0.3125} = \frac{125}{1.3125} \approx 95 ]$$

Thus, a sample size of 95 is used for this study.

### **3.7 Research Instrument**

The primary research instruments are structured questionnaires and oral interviews. Questionnaires are designed to measure the influence of effective negotiation on performance, while interviews provide qualitative insights from key stakeholders. These tools are selected for their reliability in achieving the research objectives.

### **3.8 Sampling Technique and Procedures**

The study employs simple random sampling to ensure all employees have an equal chance of selection, minimizing bias. Additionally, systematic sampling is used to select respondents from each department, suitable for the relatively large population. This approach ensures a representative sample for analyzing negotiation practices across the company.

### **3.9 Data Collection**

Data collection involves both primary and secondary methods. Primary data is gathered through questionnaires and interviews conducted within the manufacturing company, ensuring unbiased, firsthand information. Secondary data is sourced from company records, industry reports, and academic literature to corroborate primary findings.

### **3.10 Reliability and Validity of the Research**

**Validity:** The questionnaire is designed to measure the impact of effective negotiation on company performance, ensuring face and content validity. Experts in negotiation and business management review the instrument to confirm it measures the intended constructs.

**Reliability:** The instruments are tested for consistency to ensure they produce similar results under similar conditions. Pilot testing is conducted to verify the reliability of the questionnaire, ensuring repeatable results.

### **3.11 Ethical Considerations**

The study adheres to ethical standards for postgraduate research. Confidentiality of respondents is maintained, and participation is voluntary. Informed consent is obtained, and findings are presented with integrity, suitable for dissemination in local and international journals.

## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS, AND INTERPRETATION**

## 4.0 Introduction

This chapter presents, analyzes, and interprets the data collected for the study. The data is displayed in tables showing frequencies and percentages. The bio-data of respondents is addressed first, followed by the analysis of questionnaire responses related to the research objectives. The study population is 125 employees, with a sample size of 95, determined using the Yamane formula.

### 4.1 Questionnaire Distribution

Option	Frequency	Percentage (%)
Returned	95	76.00
Not Returned	30	24.00
<b>Total</b>	<b>125</b>	<b>100.00</b>

*Source: Field Survey, 2025*

Table 4.1 indicates that 76.00% of the 125 distributed questionnaires were returned (95 responses), while 24.00% (30 questionnaires) were not returned. This high return rate suggests strong respondent engagement, providing a reliable sample for analysis.

### 4.2 Age Distribution of Respondents

Option	Frequency	Percentage (%)
20-25	34	35.79
26-30	27	28.42

31-35	17	17.89
36 and Above	17	17.89
<b>Total</b>	<b>95</b>	<b>100.00</b>

*Source: Field Survey, 2025*

Table 4.2 shows that 35.79% of respondents are aged 20-25, 28.42% are 26-30, 17.89% are 31-35, and 17.89% are 36 and above. The majority are young adults, indicating a youthful workforce likely to contribute innovative ideas to the organization.

#### 4.3 Gender Distribution of Respondents

Option	Frequency	Percentage (%)
Male	67	70.53
Female	28	29.47
<b>Total</b>	<b>95</b>	<b>100.00</b>

*Source: Field Survey, 2025*

Table 4.3 reveals that 70.53% of respondents are male, while 29.47% are female. The male-dominated workforce may reflect industry norms but suggests potential for greater gender diversity.

#### 4.4 Marital Status of Respondents

Option	Frequency	Percentage (%)
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Single	76	80.00
Married	19	20.00
<b>Total</b>	<b>95</b>	<b>100.00</b>

*Source: Field Survey, 2025*

Table 4.4 indicates that 80.00% of respondents are single, while 20.00% are married. The high proportion of single respondents aligns with the youthful age profile, suggesting flexibility in work commitments.

#### 4.5 Educational Qualification of Respondents

Option	Frequency	Percentage (%)
SSCE	18	18.95
OND	44	46.32
HND/Other	33	34.74
<b>Total</b>	<b>95</b>	<b>100.00</b>

*Source: Field Survey, 2025*

Table 4.5 shows that 46.32% of respondents hold an OND, 34.74% have an HND or other qualifications, and 18.95% have an SSCE. The prevalence of tertiary qualifications indicates a well-educated workforce capable of technical and managerial roles.

#### 4.6 Years of Service of Respondents

Option	Frequency	Percentage (%)
1-5 Years	45	47.37

6-10 Years	30	31.58
10+ Years	20	21.05
<b>Total</b>	<b>95</b>	<b>100.00</b>

*Source: Field Survey, 2025*

Table 4.6 reveals that 47.37% of respondents have 1-5 years of service, 31.58% have 6-10 years, and 21.05% have over 10 years. The majority with less than 10 years suggests a relatively new workforce, potentially adaptable but less experienced.

#### 4.7 Religion of Respondents

Option	Frequency	Percentage (%)
Islam	51	53.68
Christianity	44	46.32
<b>Total</b>	<b>95</b>	<b>100.00</b>

*Source: Field Survey, 2025*

Table 4.7 shows that 53.68% of respondents are Muslim, and 46.32% are Christian. The balanced religious distribution suggests a diverse workforce, necessitating cultural sensitivity in organizational practices.

#### 4.8 Occupation of Respondents

Option	Frequency	Percentage (%)
Civil Servant	60	63.16

t		
Student	35	36.84
<b>Total</b>	<b>95</b>	<b>100.00</b>

*Source: Field Survey, 2025*

Table 4.8 indicates that 63.16% of respondents are civil servants, while 36.84% are students. The high proportion of civil servants reflects the organizational context, with students likely in trainee roles, adding fresh perspectives.

#### 4.9 Supplier Relationship and Operational Continuity

<b>Option</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Strongly Disagree	13	13.68
Disagree	16	16.84
Undecided	18	18.95
Agree	20	21.05
Strongly Agree	28	29.47
<b>Total</b>	<b>95</b>	<b>100.00</b>

*Source: Field Survey, 2025*

Table 4.9 shows that 50.52% of respondents agree or strongly agree that supplier relationships impact operational continuity, while 30.52% disagree. This suggests a majority view that strong supplier ties enhance operational stability.

#### 4.10 Relationship Between Supplier Development and Organizational Performance

<b>Option</b>	<b>Frequenc y</b>	<b>Percentage (%)</b>
Strongly Disagree	5	5.26
Disagree	8	8.42
Undecided	14	14.74
Agree	27	28.42
Strongly Agree	41	43.16
<b>Total</b>	<b>95</b>	<b>100.00</b>

*Source: Field Survey, 2025*

Table 4.10 indicates that 71.58% of respondents agree or strongly agree that supplier development enhances organizational performance, with 13.68% disagreeing. The strong consensus highlights the importance of supplier development for performance.

#### **4.11 Supplier Relationship Improves Organizational Performance**

<b>Option</b>	<b>Frequenc y</b>	<b>Percentage (%)</b>
Strongly Disagree	4	4.21
Disagree	10	10.53
Undecided	17	17.89
Agree	30	31.58
Strongly Agree	34	35.79
<b>Total</b>	<b>95</b>	<b>100.00</b>

*Source: Field Survey, 2025*

Table 4.11 reveals that 67.37% of respondents agree or strongly agree that supplier relationships improve organizational performance, with 14.74% disagreeing. The majority view underscores the role of supplier partnerships in performance outcomes.

#### 4.12 Strategic Sourcing and Competitive Edge

Option	Frequency	Percentage (%)
Strongly Disagree	6	6.32
Disagree	9	9.47
Undecided	22	23.16
Agree	28	29.47
Strongly Agree	30	31.58
<b>Total</b>	<b>95</b>	<b>100.00</b>

*Source: Field Survey, 2025*

Table 4.12 shows that 61.05% of respondents believe strategic sourcing contributes to a competitive edge, with 15.79% disagreeing. The significant agreement suggests strategic sourcing is key to market advantage.

#### 4.13 Supplier Relationship and Supplier Development as Components of Strategic Sourcing

Option	Frequency	Percentage (%)
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Strongly Disagree	4	4.21
Disagree	10	10.53
Undecided	14	14.74
Agree	30	31.58
Strongly Agree	37	38.95
<b>Total</b>	<b>95</b>	<b>100.00</b>

*Source: Field Survey, 2025*

Table 4.13 indicates that 70.53% of respondents agree or strongly agree that supplier relationships and development are integral to strategic sourcing, with 14.74% disagreeing. This reflects their foundational role in sourcing strategies.

#### 4.14 Supplier Relationship and Long-Term Goals

Option	Frequency	Percentage (%)
Strongly Disagree	12	12.63
Disagree	18	18.95
Undecided	20	21.05
Agree	22	23.16
Strongly Agree	23	24.21
<b>Total</b>	<b>95</b>	<b>100.00</b>

*Source: Field Survey, 2025*

Table 4.14 shows that 47.37% of respondents agree or strongly agree that supplier relationships aid long-term goals, while 31.58% disagree. The near-even split sug

gests varied perceptions of supplier impact on strategic objectives.

#### 4.15 Strategic Sourcing Enhances Operational Efficiency

Option	Frequency	Percentage (%)
Strongly Disagree	15	15.79
Disagree	17	17.89
Undecided	17	17.89
Agree	20	21.05
Strongly Agree	26	27.37
<b>Total</b>	<b>95</b>	<b>100.00</b>

*Source: Field Survey, 2025*

Table 4.15 reveals that 48.42% of respondents agree or strongly agree that strategic sourcing enhances operational efficiency, with 33.68% disagreeing. The slight majority indicates a positive but not overwhelming perception of efficiency benefits.

#### 4.16 Supplier Evaluation and Assessment as Key Elements of Strategic Sourcing

Option	Frequency	Percentage (%)
Strongly Disagree	5	5.26
Disagree	8	8.42
Undecided	25	26.32
Agree	28	29.47
Strongly Agree	29	30.53
<b>Total</b>	<b>95</b>	<b>100.00</b>

*Source: Field Survey, 2025*

Table 4.16 indicates that 60.00% of respondents agree or strongly agree that supplier evaluation and assessment are key to strategic sourcing, with 13.68% disagreeing. The strong agreement highlights the importance of supplier assessment.

#### 4.17 Supplier Management to Mitigate Risk

Option	Frequency	Percentage (%)
Strongly Disagree	6	6.32
Disagree	12	12.63
Undecided	18	18.95
Agree	20	21.05
Strongly Agree	39	41.05
<b>Total</b>	<b>95</b>	<b>100.00</b>

*Source: Field Survey, 2025*

Table 4.17 shows that 62.10% of respondents agree or strongly agree that supplier management mitigates risk, with 18.95% disagreeing. The strong consensus emphasizes risk mitigation as a primary driver for supplier management.

#### 4.18 Supplier Auditing and Rating as Key Functions of Supplier Management

Option	Frequency	Percentage (%)
Strongly Disagree	9	9.47
Disagree	15	15.79
Undecided	22	23.16
Agree	23	24.21
Strongly Agree	26	27.37