

# BATNA: Perceived Leverage through Positive Illusion in Conflicts

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**Abstract:** The paper explores the influence of a positive illusion of power (to control) in resolving a buyer-seller conflict. Here, the positive illusion is the negotiator's perception about the best alternative to a negotiated agreement (BATNA) as attractive, when it is not really so. The paper explores a buyer-seller conflict and explores the impact of positive illusion on buyers and sellers, behavior and their negotiation outcome. Postgraduates took part in a negotiation role-play and their responses were collected and analyzed. The findings revealed that the presence of the perceived positive illusion about BATNA could benefit negotiators to overcome a stressful conflict situation of having a weaker BATNA, and strike a final deal which is better than otherwise. It held true for both buyers and sellers, whether they offer first or not, in their negotiation. Findings, in the case of Indian negotiators, present that positive illusion of power influenced negotiators' perceived leverage using BATNA, anchor points, reference points, outcome (agreement), along with their satisfaction with the outcome. The paper supports that positive illusion can prove to be more advantageous. It also attempts to fill the gap owing to the lack of empirical evidence regarding positive illusion about one of the most important sources of power i.e., strong BATNA. The paper also discusses the implications of this research for other conflict studies such as diplomatic conflicts, WTO disputes, and other organizational and social conflicts, etc., and discusses future research implications.

**Keywords:** Conflict, Positive illusion of power, Illusion, Attractiveness of BATNA, Negotiations, Conflict management, Conflict outcome.

## Introduction

In Wing's (2000) translation of Sun Tzu's insight, "To a real warrior, power perceived may be power achieved" (p. 18). Positive psychology has become interesting for many. Perceived power has been an important area of research for both socio-psy-

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chological and behavioral researchers. Conflict handling through negotiation is a very common social interaction, where outcomes tend to be more favorable to a powerful party. According to Emerson (1962), power imbalance stems from the asymmetry in dependence between the parties, leading to asymmetry in influencing each-other. The management of a conflict involves dealing with this asymmetry, which helps power holders to influence others on account of experiencing control over others, and their outcomes that are linked to their power. In negotiations, an approach of managing conflicts, power emerges from asymmetric control over valuable resources as compared to the other party (e.g., Keltner, Gruenfeld, & Anderson, 2003; Magee, Galinsky & Gruenfeld, 2007). Conflict management in conflict situations, such as buyer and seller negotiations, trade negotiations, WTO disputes, social conflicts, etc., are greatly influenced by power.

Power is a psychological state. It has been known that perceptions of control in response to power are both illusory, as well as realistic (Fast, Gruenfeld, Sivanathan, & Galinsky, 2009). The best alternative to a negotiated agreement (BATNA) is the best source of power in negotiation (Fisher & Ury, 1981). Thus, perceiving BATNA attractive when objectively it is not, i.e., perceived illusion of power, can also be leveraged by a negotiator and that it would consequently serve the negotiator to influence others. Power is an essential element in conflicts involving the parties to behave in order to affect the other party's ability/behavior. Power is a psychological state – has been explained as the influencing capability (Bugental & Lewis, 1999; Galinsky, Gruenfeld, & Magee, 2003), and it is the capacity to control one's own and others' resources and outcomes (Fiske, 1993; Keltner *et al.*, 2003; Thibaut & Kelley, 1959). It has been understood that a negotiator who has an attractive BATNA, experiences greater power than the counterparty, and is less dependent on the focal negotiation, which can be instrumental in obtaining better outcomes from negotiations (Pinkley, Neale, & Bennett, 1994). Empirical studies have also provided evidence on the effects of BATNA to generate power asymmetries in negotiation situations (Wolfe & McGinn, 2005; Mannix & Neale, 1993). BATNA has been highlighted as a source of power in diplomatic or social conflicts. Nyomakwa-Obimpeh (2017), has discussed the role of BATNA in the negotiation processes and outcomes, as analyzed in this study, has been found to be important in explaining the EPA negotiation outcomes. The literature on conflict studies is replete with recommendations to improve one's power position. However, the influence of considering BATNA attractive when it is objectively not attractive is an interesting question in the conflict management research.

### **The positive illusion of power**

Illusion is defined (Stein, 1982 pp. 662 as cited in Taylor & Brown, 1988) as a perception that represents what is perceived in a way is different from the way it is in reality. An illusion is a false mental image or conception which may be a misinterpretation of a real appearance or may be something imagined. Illusion may be pleasing, harmless, or even useful (Stein, 1982). According to Bunderson & Sutcliffe (1995), it's perfectly

alright cognitively if a person gets biased information that subsequently affects his/her behavior or actions. It would hold true more so in an uncertain situation that leads to room for misinterpretations of a situation and information.

Power exists in every relationship, personal or professional. Aspects of the conflict, such as power, adds to the depth and breadth of the conflict and its resolution. To experience power mean the ability to influence our environment and others (Lancer, 2014). Studies have shown that power activates the behavioral approach system (Keltner *et al.*, 2003) and the action orientation of a negotiator (Galinsky *et al.*, 2003; Magee *et al.*, 2007). In the prisoners' dilemma games, research (Shafir & Tversky, 1992; Morris, Sim & Giroto, 1998) have shown that negotiators behave as their decisions can control along with theirs', counter party's decisions simultaneously, even when keeping expectations that are logically impossible. In this support, studies (Bazerman, 1998; Busenitz & Barney, 1997; Dutton, 1993) have highlighted that when entrepreneurs believe in their abilities and perceive an uncertain environment unrealistically positive, it can lead to successful results. The evidence shows that, in stressful circumstances, positive illusion is associated with good adjustment (Spacapan & Thompson, 1991; Taylor, 1991). It has been acknowledged that illusions, biases, and other cognitive errors are much more common in human cognition (Nadelhoffer & Matveeva, 2009). Illusion is not new to other conflict or peace studies. Fernbach, Rogers, Fox and Sloman (2013) have presented the illusion of explanatory depth in the context of extreme political attitudes of people about complex policies. Mbah's (2011) work highlights the case of Nigeria and discusses the politics and the illusion of peace. Marks (2003), in her book "Illusion of peace", also examines the emotional, ethnic, and economic factors responsible for international instability. In any dispute, power plays an important role. Pop & Brînză (2017) suggests that, in order to adequately comprehend the power dynamics of the 21st century, one might selectively adopt aspects of the power transition theory; however, the work suggests not doing away with the notion of power balance. There is never an equal playing field; however, the assertion of power, whether real or perceived, in various situations, is used to create a level playing field. In this context, the paper presents the dynamics of power illusion in conflict between buyers and sellers. It further discusses the ways in which power illusion may be applicable in various conflict and peace studies.

Power is one of the important ingredients of various conflict situations like trade wars, trade negotiations, political and geo-political disputes. The present research explores the influence of positive illusion of power i.e., perceived leverage of power in a conflict management between buyer-seller negotiation situation. It deals with a conflict situation which is difficult and stressful for negotiators when their BATNA is not great or unattractive. Situation is stressful and unfavourable for a negotiator if he/she has less power (when objectively BATNA is not attractive) to influence or to control others. Also, the set of uncertainties attached with conflict resolution, accurate assessment of the information about the situations (relative power, counter-party, environment, etc.) is

not easy. The paper suggests that when a negotiator perceives BATNA as attractive when it is objectively not attractive (i.e., unfavourable or stressful situation), brings about positively biased opinion regarding negotiator's power to be leveraged through BATNA. There is a lack of empirical evidence regarding research dealing with positive illusion about one of the important sources of power, i.e., BATNA. Here, the paper attempts to understand, how positive illusion and no illusion about the attractiveness of the BATNA would impact the dynamics of conflict resolution? Also, the influence of positive illusion on negotiations and negotiators' first offers, last offers, targets, outcome (agreement) along with their satisfaction with the outcome has not been previously addressed.

### **The present study**

The paper attempts to address questions about how the presence of positive illusion of power, i.e., the attractiveness of BATNA (which is logically not attractive) would affect the dynamics of handling conflicts using a buyer-seller negotiation situation.

Some easy short-forms used in the paper are positive illusion (PI); first offer (FO); last offer (LO); target (Tgt); perceived leverage through BATNA (Perceived\_Lev); satisfaction with outcome (SwO); B=Buyer, S=Seller; i=illusion of power owing to attractiveness of BATNA and ni= no illusion. It's important to note that to avoid confusion and for easy comprehension, a negotiator who offered first is denoted as '1', and who did not open the negotiation (i.e., who gave first counter offer) as '2'. For example, B2i are buyers who offered second (who did not give the first offer) and perceived positive illusion about leveraging power through BATNA.

### **Objectives**

1. Assessing perceived leverage through BATNA:
  - a. Whether the presence or absence of positive illusion (about the attractiveness of BATNA) of the negotiators influenced their perceived leverage through BATNA.
  - b. To understand whether the role of the negotiators, i.e., buyer or seller, influenced their perceived leverage through BATNA.
2. Comparing negotiations (separately for Buyers and Sellers) in terms of first offers, last offers, targets, perceived leverage through BATNA, and satisfaction with the outcome:
  - a. Comparing negotiations of buyers- Bi with Bni & negotiations of sellers- Si with Sni
  - b. Comparing negotiations of buyers- B1i with B1ni & negotiations of sellers- S1i with S1ni
  - c. Comparing negotiations of buyers- B2i with B2ni & negotiations of sellers- S2i with S2ni
3. Comparing negotiations between B1ni and S2i & Comparing negotiations between S1ni and B2i, in terms of first offers, last offers, targets, perceived leverage through BATNA, and satisfaction with the outcome.

## **Method**

### *Participants and Procedure*

Ninety-six post-graduate students in India (28.5% female and 71.5% male participants) volunteered for this study. Participants averaged 22.25 years of age. Participants read their roles and then were told to negotiate for a price negotiation between buyer and seller over a manufacturing plant. Ninety-six participants were randomly assigned the roles of buyers and sellers. Two dyads could not reach to a mutually agreed deal. The positive illusion was manipulated by asking participants to recall an experience and writing about it. Those in the illusion of power condition were instructed to recall and write about an incident in which they had power over other people, whereas others were instructed to write about their last experience at the supermarket (Gruenfeld, Inesi, Magee, & Galinsky, 2008). Positive illusion about power was assessed by asking a pre-negotiation question about the attractiveness of the BATNA; a higher score reflects and served as our measure of positive illusion, that he or she can personally influence the outcome of the negotiation. It was predicted that participants with positive illusion (illusion, *i*) would be more likely to set favorable reference points and will reach to better deals in the negotiation than the others (no illusion, *ni*).

An information sheet was requested during both pre- and post-negotiation stages. Pre-negotiation sheet asked negotiators about their perception about attractive or unattractive BATNA (manipulation for the positive illusion of power, as mentioned above), information such as their plan to offer first (or not), planned first offer, planned last offer, target, and their perceived leverage through BATNA. The study did not manipulate for negotiators' responses regarding who offered first (or not). Manipulation check, as mentioned above, was done using a pre-negotiation single-item question (commonly used in negotiation research), a forced choice (yes or no) item, i.e., 'Do you think the alternative you have (outside this negotiation) is- Attractive (strong)?' Negotiators' perceived leverage through BATNA (Perceived\_Lev) was captured using a forced choice item, i.e., 'Do you think that the alternative which you have outside this negotiation can be useful/help you to negotiate a good deal for yourself in this current negotiation?' Respondents were to respond on a five-point scale, i.e., 1 (Strongly agree) to 5 (Strongly disagree) for the questions asked to the respondents both during pre- and post-negotiation. Post the negotiation; each dyad was asked to report the first offer (the amount and who offered), first counter offer (the amount and who offered), and final agreement value. Also, they rated their satisfaction with the outcome (SwO) on a five-point Likert scale.

## Results

### Demographics

54.2 % of the negotiators who perceived BATNA attractive (i.e., PI), offered first. For manipulation check, t-test revealed that there is a significant difference between negotiator with positive illusion and negotiator with no illusion ( $t(90) = -5.91, p < .01$ ), where mean value of negotiators' response as 'yes' is 1.04, and for 'No' response mean value is 1.50. The following section summarises the results in the order of objectives (as mentioned above) of the paper.

1. Assessing perceived leverage through BATNA:
  - a. Whether the presence or absence of positive illusion (about the attractiveness of BATNA) of the negotiators influenced their perceived leverage through BATNA.
  - b. To understand whether the role of the negotiators, i.e., buyer or seller, influenced their perceived leverage through BATNA.

Positive illusion about having an attractive BATNA had a bearing on negotiator's perceived leverage through BATNA (Perceived\_Lev) ( $t(90) = 7.24, p < .01$ ); mean value of perceived leverage in case of positive illusion is 3.2 and in case of no illusion it is 2.2. However, the role of the negotiator had no influence on the negotiators' perceived leverage through BATNA (Perceived\_Lev) ( $t(90) = .148, p > .05$ ).

2. Comparing negotiations (separately for Buyers and Sellers) in terms of first offers, last offers, targets, perceived leverage through BATNA and satisfaction with the outcome:

- a. *Comparing negotiations of buyers- Bi with Bni & negotiations of sellers- Si with Sni*

For Bi-Bni, the results illustrate those buyers with positive illusion (PI), i.e., who perceived BATNA attractive, did set lower LO, had a higher level of Perceived\_Lev and reached to better deals than those buyers with no illusion. But there is no significant difference in the Tgt set and SwO of the buyers with and without positive illusion. In the case of Si-Sni, both LO and Tgt set by sellers are significantly higher in the case of the sellers with PI. Also, sellers with PI had a higher level of Perceived\_Lev and obtained significantly better deal (high agreement value) as compared to those with no PI. However, the positive illusion of sellers had no bearing on their level of SwO.

TABLE 1. Comparing negotiations of buyers- Bi with Bni & of sellers- Si with Sni

DV	Role & Mean (M)	t (44)	Sig.	Role & Mean (M)	t(44)	Sig.
Target	Bi=228.41, Bni=252.80	-1.53	0.133	Si=254.17, Sni=214.77	2.322	.025*
LO	Bi=278.22, Bni=359.25	-4.02	.000**	Si=215.38, Sni=187.59	2.474	.017*
Agreement	Bi=212.26, Bni=262.60	-3.14	.003**	Si=261.13, Sni=205.73	3.522	.001**
SwO	Bi=4.15, Bni=4.35	-0.94	0.353	Si=4.25, Sni=3.95	1.316	0.195
Perceived_Lev	Bi=3.22, Bni=2.25	4.47	.000**	Si=3.29, Sni=2.23	5.832	.000**

Note: B=Buyer, S=Seller; 1=Offered First; 2= did not offered first; i & ni i.e., positive illusion and no illusion, respectively; \* = p<.05; \*\*= p<.01

b. Comparing negotiations of buyers- B1i with B1ni & negotiations of sellers- S1i with S1ni

In the case of buyers (Table 2), who made the first offer and who perceived positive illusion (B1i) experienced higher Perceived\_Lev, set lower LO, and Tgt. They also managed to reach to a better deal (low agreement value) than those buyers with no PI (B1ni). But the perception of buyers' PI did not impact their SwO. In case of sellers who made the first offer and perceived positive illusion, experienced a higher level of Perceived\_Lev, set higher LO, FO, and reached to better deal (high agreement value) than S1ni. Also, here, PI did not impact their SwO.

TABLE 2. Comparing negotiations buyers B1i with B1ni & of sellers- S1i with S1ni

	Role& Mean (M)	t (12)	Sig.	Role& Mean (M)	t (30)	Sig.
Target	B1i=214.73 B1ni=287.50	-3.445	.004**	S1i=255.31 S1ni=218.75	1.68	0.103
LO	B1i=246.55 B1ni=397.50	-6.052	.000**	S1i=218.38 S1ni=186.75	2.05	.049*
First Offer	B1i=201.64 B1ni=235.00	-1.316	0.211	S1i=309.06 S1ni=228.75	2.21	.035*
Agreement	B1i=212.27 B1ni=335.00	-5.612	.000**	S1i=251.56 S1ni=205.19	2.54	.016*
SwO	B1i=4.45 B1ni=4.50	-0.145	0.887	S1i=4.25 S1ni=3.88	1.77	0.087
Perceived_Lev	S1i=3.19 S1ni=2.25	3.96	.000**	B1i=3.18 B1ni=2.00	3.074	.009**

Note: B=Buyer, S=Seller; 1=Offered First; 2= did not offered first; i & ni i.e., positive illusion and no illusion, respectively; \* = p<.05; \*\*= p<.01

c. Comparing negotiations of buyers- B2i with B2ni & negotiations of sellers- S2i with S2ni

In case of buyers (Table 3) who did not make the first offer, but with PI (B2i) experienced higher perceived leverage through BATNA, and gave lower counter offers as compared to those with no PI (B2ni). However, the perception of PI did not differentiate SwO of these buyers. In case of comparison between sellers who did not make the first offer but with PI (S2i) and without PI (S2ni), those with PI (S2i) experienced higher perceived leverage through BATNA and gave a higher counter offer, and a significantly different and better deal than S2ni. Also, PI did not differentiate sellers in terms of their SwO.

TABLE 3. Comparing negotiations of buyers B2i with B2ni & of sellers- S2i with S2ni

	Role & Mean (M)	t (30)	Sig.	Role & Mean (M)	t (12)	Sig.
Target	B2i=237.8; B2ni=244.1	-0.302	0.765	S2i=251.88 S2ni=204.17	1.729	0.109
LO	B2i=300.00 B2ni=349.69	-1.924	0.064	S2i=209.38 S2ni=189.83	1.602	0.135
First counter offer	B2i=167.00 B2ni=212.19	-1.985	.05*	S2i=325.63 S2ni=145.00	3.014	.01*
Agreement	B2i=212.25 B2ni=244.50	-1.679	0.104	S2i=280.25 S2ni=207.17	2.319	.039*
SwO	B2i=3.94; B2ni=4.31	-1.355	0.185	S2i=4.25 S2ni=4.17	0.141	0.89
Perceived_Lev	B2i=3.25 B2ni=2.31	3.382	.002 **	S2i=3.50 S2ni=2.17	5.081	.000 **

Note: B=Buyer, S=Seller; 1=Offered First; 2= did not offered first; i & ni i.e., positive illusion and no illusion, respectively \* = p<.05; \*\*= p<.01

3. Comparing negotiations between B1ni and S2i & Comparing negotiations between S1ni and B2i, in terms of first offers, last offers, targets, perceived leverage through BATNA, and satisfaction with the outcome.

Sellers who made the first offer but had no illusion (S1ni) significantly affected their Perceived\_Lev, which was significantly different (Table 4) from that of the buyers with PI (B2i). And the same is true for Perceived\_Lev of the sellers with PI (S2i) who negotiated with buyers who made the first offer but had no illusion (B1ni).

TABLE 4. Comparing negotiations between B2i and S1ni & negotiations between B1ni and S2i

	Dyads & Mean (M)	t (30)	Sig.	Dyads & Mean (M)	t (10)	Sig.
Perceived_Lev	B2i=3.25 S1ni=2.25;	4.47	.00**	B1ni=2.00 S2i=3.50;	-3.87	.00**

Note: B=Buyer, S=Seller; 1=Offered First; 2= did not offered first; i & ni i.e., positive illusion and no illusion, respectively; \* = p<.05; \*\*= p<.01

TABLE 5. Correlation of the variables with the agreement value

	Perceived_Lev	LO	TGT	FO
<b>Buyers</b>	-.475**	.523**	.607**	.673**
Control for presence/absence of illusion	-.319*	.393*	.581*	.629*
<b>Sellers</b>	.718**	.549**	.613**	.673**
Control for presence/absence of illusion	.616*	.465*	.550*	.624*

Note. \* =  $p < .05$ ; \*\* =  $p < .01$

Table 5 reports the correlation results revealing the relationship of values of the deals with the perceived leverage through BATNA, last offer value, target value, and first offer values. The table also reports the relationship between the variables even on controlling the presence and absence of positive illusion, revealing a significant contribution of positive illusion.

### Discussion and Conclusion

Every kind of conflict that exists between two or more parties has an element of power playing an important role in it. The illusion of power shapes the behavior of the conflicting parties; thus, conflict is a process where power and illusion of power would play its role. Not only does the illusion of power play a role in a personal or professional conflict situation, but also it is an important factor affect parties dealing with cross-cultural conflicts. Human beings tend to see themselves, and the future in a much more positive way than more realistic consideration would justify (Taylor, 1989).

The study presents evidence that the positive illusion of BATNA as attractive can prove helpful to the negotiators. The presence of positive illusion about BATNA influenced negotiators to overcome a stressful or unfavorable situation of a weaker BATNA. The results demonstrate that negotiators who perceived a tough situation more positively than what reality is, saw the outcome of the negotiation more positively than otherwise. It is an expectancy of a personal success probability inappropriately higher than the objective probability would warrant (Langer, 1975). Sometimes misperceptions of control may prove constructive or successful (Taylor & Brown, 1988), especially with the extent of uncertainties associated with conflict resolution process and perception of the situation (counter-party, environment, etc.), correct assessment of the information is tough. According to Bunderson & Sutcliffe (1995), it's perfectly alright cognitively if a person gets biased information that subsequently affects his/her behavior or actions. It would hold true more so in uncertain situations like negotiations in conflict resolution. Also, in the cases of social conflicts, revolutionary idealism (Plekhanov, 1894, 1974) or "revolutionary utopianism" (Gurr, 1970, p. 216) have played a great role.

Results reveal that positive illusion about having an attractive BATNA had a bearing on negotiator's perceived leverage through BATNA. Results highlight the action orientation

of a negotiator (Galinsky *et al.*, 2003; Magee *et al.*, 2007) is driven by an inflated sense of control which is activated by the positive illusion of the power of attractive BATNA. It has already been acknowledged that BATNA influences the behavior of negotiators in terms of identifying reference points in negotiation (Pinkley *et al.*, 1994). Similarly, the perceived leverage using BATNA (illusion) can influence negotiator's behaviors in terms of identifying first offers, targets, and last offers which play a significant role in negotiation (Tversky & Kahneman, 1992). The present study shows that positive illusion influenced negotiators in setting favorable (i.e., in their own favor) last offers. Sellers who perceived positive illusion had set higher targets for themselves as compared to the ones with no positive illusion. As buyers could be considered having higher power than the sellers by virtue of the role, however, positive illusion proved advantageous to the sellers (more than the buyers) who offered first than who did not in getting a better outcome. Sellers with positive illusion set higher first offers which reflect their manifestations of power perceived (Galinsky, 2004). Positive illusion served as a stimulus for negotiators to evaluate and selectively perceive information that improved their strength of intent to engage in a behavior (by virtue of perceived leverage through BATNA) which is directly related to good performance (Ajzen, 1991). When negotiators perceived positive illusion, they set last offer and target price favoring them, which is associated with power (Galinsky & Mussweiler, 2001; Kelley, 1966; White & Neale, 1994). Thus, it was seen that positive illusion proved to be significantly advantageous for sellers as compared to buyers. According to Galinsky & Mussweiler (2001), the attractiveness of BATNA kept as a reference point leads to good outcomes. Correlation results reveal the relationship of values of the deals of with perceived leverage through BATNA and other study-variables factors (refer Table 5). The findings support that the perception of power leads to proactive and effective behavioral ways that increases negotiator's actual power (Bandura, 1997; Bugental & Lewis, 1999; Mowday, 1978) and that perceived power directs negotiators to take actions consistent with their goals (Galinsky *et al.*, 2003) comparison to low-power (in negotiation) individuals. Results show that perceived leverage through BATNA is not affected by negotiator's roles, i.e., buyer or seller. The results showed that even when negotiators (buyer and sellers) do not offer first (behavioral manifestation of having power), positive illusion plays an important role in helping negotiators to gain perceived leverage through BATNA. They were able to recover and obtain reasonably good deals as against those negotiators who offered first but did not perceive positive illusion. Illusory control is associated with better adjustment, especially under stressful circumstances (Spacapan & Thompson, 1991).

The finding is also applicable beyond buyer and seller negotiations, to other conflict situations in general, such as workplace conflict situation in organizations and social conflicts. Positive illusion can be beneficial for parties in conflict in overcoming and reducing the impact of being superseded or dominated. Researches have highlighted that illusory sense of control is a basic response to the psychological experience of power

(Fast *et al.*, 2009), and that perceived illusory control is often adaptive and can enhance performance (e.g., Langer, 1983; Taylor & Brown, 1988). Thus, in the context of WTO dispute issues raised by poor complainants and/or least developed countries, which are threatened by high-income countries, the role of illusory control seems to play a role. Dispute Settlement System (DSS) in WTO is dominated by high-income countries. As ultimate enforcement threat of the system is based on retaliation, countries use the economic size, bilateral retaliatory capacity, etc. in the decision of filing a costly complaint to a detrimental infringement of trade agreement. According to Bown's work (2004), a successful economic resolution to disputes is influenced by the concern for retaliation, although the WTO legal system is characterized by procedural legalism, for enforcement, it retains a power-oriented bottom line. Guzman and Simmons's (2005) paper seeks to contribute to understand the role of the Dispute Settlement Understanding (DSU) and the role of power within that system. The illusory control also finds its application in conflict studies related to trade disputes and influence of perceived leverage. In the context of WTO dispute settlements, Guzman & Simmons's (2005) results are encouraging for developing countries. Their work proposes that poorer complainants have tended to focus on the big targets, a strategy that is consistent with a tight capacity constraint rather than a fear of retaliation. They explained that because accessing smaller countries is not worth the costs to any but the highest capacity complainants. Thus, present implications for low-income or least developed countries, and for the developing countries as well, in order to improve their stance in a given conflict focusing on things that provide (or can provide) leverage to them. Owing to the real or perceived symmetry or asymmetry of power between conflicting parties, according to (2011), it is not necessarily a disadvantageous position for a weaker country. However, the weaker wants to equalize its weakness, and thus negotiate on the basis of symmetry.

Further research exploring the benefits and costs associated with positive illusion in conflict related to trade disputes is pertinent. Also, at the country-level conflicts, there are various factors such as economic resources, favorable geographic and geopolitical positions, skilled labour, etc., along with size, resources, wealth, reputation, status or power, military potential, etc. A country is measured as "strong" and "weak" basis such factors. Also, BATNA is another source of power in diplomatic or social conflicts. Nyomakwa-Obimpeh (2017), has discussed the role of BATNA in the negotiation processes and outcomes as analyzed in this study has been found to be important in explaining the EPA negotiation outcomes. Bagwell & Staiger (2015) discussed the relative bargaining power of the two governments. Dur (2008) discussed the change in bargaining power in relation with international trade negotiations. Taliaferro (2004) discussed how risky diplomatic and military interventions are driven by leaders' while having relatively lower power than the counterparts. Such interventions are taken despite of huge incurred cost to avoid losses of relative power or international status. But, there is a dearth of research in the area of perceived power by the parties in conflict situations

related to trade negotiations, which would help in understanding such negotiations at the individual and behavioral level and provide insights.

Power plays an important role in other social conflict situations as well. In the context of conflicts that arise out of unequal treatment or outright discrimination of ethnic groups, Bormann, Cederman, Gates, Graham, Hug, Strøm and Wucherpfennig (2015), suggest that ethnic equality, e.g., in the form of power-sharing, is important to prevent violence. In the similar contexts, Pospieszna and Schneider (2013) focused on inter-related manifestations of power-sharing, i.e., de jure and de facto power-sharing. Also, in other contexts of conflict researches, the illusion of controlling a present situation has played an important role. According to Vahabi (2009), in every revolution, it is the illusion of having the ability to end all the inequality, oppression and misery in one stroke and to create a harmonious fraternal society just on the morrow of revolution. For a collective effort of change, revolutionary utopianism is a necessary condition for changing existing socio-political rules with the least costs. Referring to the work of Overbecki, Tiedens & Brion (2006), actions of negotiating parties who perceive illusory control, i.e., powerfulness, may be dispositionally motivated as compared to those with no illusion who may be more situationally motivated.

The present findings on buyer-sellers study-sample further pose future research implications and avenues of research in the area. Conflict resolution approach of an individual would vary across culture; further study in different cultures may provide interesting insights about the role of positive illusion in conflict handling across different nations and cultures. People have tendencies to believe that they can control even the uncontrollable (Crocker, 1982) and to overestimate the extent to which their actions can guarantee a certain outcome (Miller & Ross, 1975). Some researchers have shown that (Correll, Spencer & Zanna, 2004; Petty & Cacioppo 1986; Petty & Wegener, 1998) positive affirmations impact insightful thinking rather than peripheral thinking. People are motivated to control their environment and being able to control the uncontrollable leads to a feeling of competence (Langer, 1975). It would be interesting to explore the motivating factors that would lead to negotiators' perceived leverage to use power in negotiation. Studies have shown that power activates the behavioral approach system (Keltner *et al.*, 2003) and the action orientation of a negotiator (Magee *et al.*, 2007).

Further research can also focus on perceived illusion on negotiators' verbal and non-verbal behavior on the negotiation table. Exploring the impact of positive illusion on the way information is processed in the negotiation would further explain the phenomenon. It would be interesting to explore how positive illusion might impact negotiator's processing flexibility in negotiation settings, given that high-power individuals display greater processing flexibility as compared to individuals with less power (Guinote, 2006).

At the same time, there are researches which have highlighted that positive illusion may also have an adverse impact. Taylor & Shepperd (1998) have emphasized that people also get pessimistic occasionally when they feel that their optimistic outlook may be contested. Makridakis & Moleskis (2015) in their work along with benefits have also discussed the potential costs associated with PI in the fields of stock and other markets, new firms and start-ups, preventive medicine and wars. Also, (Heine & Hamamura, 2007) in their cultural psychology research revealed that positive illusions may not exist in certain cultures and may be of a different nature (Endo, Heine & Lehman, 2000). It is equally important to critically analyze the effects of unrealistic expectations or the tendency to have illusory control. Hence, more work is needed to be able to evaluate and empirically test the benefits and the costs of positive illusions, overestimate one's ability to control events with other aspects of conflict, than the one covered in this paper.

Conflict is a multidimensional construct, and the illusion of power is applicable in most of the conflict situations. Bargaining power is not only important for buyer and seller conflicts, but also in other conflict situations. Regarding the actual and perceived power, there exists a symmetry or asymmetry of power between conflicting parties (Pfetsch, 2011). In the organizational settings as well, positive expectations from a potential conflict or the conflicting party is an important aspect of conflict handling. Polzer, Kramer & Neale (1997), studied the impact of positive illusion on conflict and performance at the workplace. They revealed that threats to self-esteem affected the magnitude of illusions more than rewards, and these illusions affected group conflict and performance, and that self and group-enhancing illusions were positively related. At work, people perceive the cost and benefits and appropriately respond to handle the conflict. Zhang & Wei (2017), revealed the role of superficial harmony in conflict avoidance (not confrontation) approach of people to prevent disruption in relationships. Thus, superficial harmony i.e., not the reality influences managing conflict in the workplace.

In conclusion, the result highlights that the reality may not always be desirable, i.e., in Sun Tzu's words- "To a real warrior, power perceived may be power achieved". In any conflict situations, i.e., personal, social or professional, positive illusion and perceived leverage to use power in a situation isn't harmful and it can help to obtain better outcomes. Specifically perceiving BATNA (source of power) attractive too can help negotiators to gain an edge by having a sense of control over the situation/ resources available to them. The perceived illusion functions as a buffer against unfavorable or stressful situations. When negotiators experience positive illusion regarding BATNA, it yields perceived power to control and leverage power in the situation and thus generates better outcomes even when the situation may not be so favourable. Also, accounting for the benefits and costs is associated with positive illusion about control or power is crucial for its application. Addressing further research implications as discussed above would provide more insights into the mind and heart of parties involved in conflict resolution.

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