




PCS 410 Negotiation



**What is Negotiation &
Approaches to Negotiation**

Overview

- ▶ What is negotiation?
- ▶ Approaches to negotiation
- ▶ Planning for Negotiation
- ▶ Power in Negotiation
- ▶ Obstacles to negotiation
- ▶ Negotiation strategies and tactics
- ▶ Stages of negotiation

What is Negotiation?

- ▶ negotiation is a discussion between two or more disputants who are trying to work out a solution to their problem. (CRC)
- ▶ It is an interpersonal or inter-group process that occurs at a personal level, corporate or international (diplomatic) level.
- ▶ It typically takes place because the parties wish to **resolve a problem or dispute between them** or **create something new** that neither could do on his or her own.

What is Negotiation?

- ▶ Parties acknowledge that there is some **conflict of interest** between them and think they can use some form of influence to get a better deal, rather than simply taking what the other side will voluntarily give them.
- ▶ Parties prefer to **search for agreement** rather than fight openly, give in, or break off contact.

What is Negotiation?

- ▶ Parties usually expect **give and take**.
- ▶ Parties have **interlocking goals** that they cannot accomplish independently, their want or need are usually not same.
- ▶ This interdependence can be either **win-lose** or **win-win** in nature
- ▶ Type of negotiation that is appropriate varies accordingly.

What is Negotiation?

- ▶ Parties will either attempt to:
 - ▶ force the other side to comply with their demands,
 - ▶ modify the opposing position and move toward compromise, or
 - ▶ invent a solution that meets the objectives of all sides.
- ▶ The nature of their interdependence will have a major impact on:
 - ▶ the nature of their relationship,
 - ▶ the way negotiations are conducted, and
 - ▶ the outcomes of these negotiations.

What is Negotiation?

- ▶ **Mutual adjustment** is one of the key causes of the changes that occur during a negotiation.
- ▶ Parties know that they can influence the other's outcomes and vice versa.
- ▶ The key is to understand how people will adjust and readjust their positions during negotiations, based on what the other party does and is expected to do.
- ▶ Parties have to exchange information and make an effort to influence each other.

What is Negotiation?

- ▶ As negotiations evolve, each side proposes changes to the other party's position and makes changes to its own.
- ▶ This process of give-and-take and making concessions is necessary to reach a settlement.
- ▶ If one party makes several proposals that are rejected, and the other party makes no alternate proposal, the first party may break off negotiation.

What is Negotiation?

- ▶ Parties normally will not concede too much if they do not sense that the other party is not willing to compromise.
- ▶ Parties work toward a solution that takes into account each person's requirements and hopefully optimizes the outcomes for both.
- ▶ As they try to reach agreement, the parties focus on **interests**, **issues**, and **positions**, and use cooperative and/or competitive processes.

Approaches to Negotiation

- ▶ Negotiation theorists make several overlapping distinctions about approaches to negotiation.
 - ▶ positional bargaining, which is competitive,
 - ▶ interest-based bargaining or principled negotiation, which is primarily cooperative.
 - ▶ soft, hard, and principled negotiation
 - ▶ Principled negotiation is neither soft, nor hard, but based on cooperative principles which look out for oneself as well as one's opponent.
 - ▶ Fisher, Ury, and Patton (1991)

Approaches to Negotiation

- ▶ Competitive and cooperative approaches (Morton Deutsch, 2000).
- ▶ nature of the dispute and the goals each side seeks to achieve are the most important factors determining whether an individual will approach a conflict cooperatively or competitively.
- ▶ When the two sides' goals are *interdependent*. The parties' interaction are shaped by whether this interdependence is *positive or negative*

Approaches to Negotiation

- ▶ Positive vs. negative interdependence
 - ▶ *positive interdependence*: the chance of one side attaining its goal is *increased* by the other side's attaining its goal.
 - ▶ +vely interdependent goals normally result in cooperative approaches to negotiation; win-win
 - ▶ *negative interdependence* means the chance of one side attaining its goal is *decreased* by the other's success.
 - ▶ negatively interdependent goals may force competitive approach, leading to a win-lose

Approaches to Negotiation

- ▶ Fisher, Ury, and Patton argue that almost any dispute can be resolved with interest-based bargaining (i.e., a cooperative approach).
- ▶ other theorists believe the two approaches should be used together.
- ▶ Lax and Sebenius, for example, argue that negotiations typically involve "creating" and "claiming" value.
- ▶ First, the negotiators work cooperatively to create value (that is, "enlarge the pie,") but then they must use competitive processes to claim value (that is, "divide up the pie").

Approaches to Negotiation

- ▶ A tension exists between creating and claiming value.
- ▶ Competitive strategies used to claim value tend to undermine cooperation, while a cooperative approach makes one vulnerable to competitive bargaining tactics.
- ▶ In real life, parties can communicate and commit themselves to a cooperative approach.
- ▶ They can also adopt norms of fair and cooperative behavior and focus on their future relationship. This fosters a cooperative approach between both parties and helps them to find joint gains.

Approaches to Negotiation

- ▶ The tension that exists between cooperation and competition in negotiation is known as "The Negotiator's Dilemma:"
 - ▶ If both sides cooperate, they will both have good outcomes.
 - ▶ If one cooperates and the other competes, the cooperator will get a terrible outcome and the competitor will get a great outcome.
 - ▶ If both compete, they will both have mediocre outcomes.
 - ▶ In the face of uncertainty about what strategy the other side will adopt, each side's best choice is to compete.
 - ▶ However, if they both compete, both sides end up worse off.[17]

References

- ▶ Maiese, Michelle. "Negotiation." *Beyond Intractability*. Eds. Guy Burgess and Heidi Burgess. Conflict Information Consortium, University of Colorado, Boulder. Posted: October 2003
<<http://www.beyondintractability.org/essay/negotiation>>.