



# **PCS 410 Negotiation**



**What is Negotiation &  
Approaches to Negotiation**

# Overview

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- ▶ 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?

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- ▶ 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?

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- ▶ 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?

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- ▶ 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?

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- ▶ 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?

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- ▶ **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?

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- ▶ 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?

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- ▶ 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

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- ▶ 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

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- ▶ 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

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- ▶ **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

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- ▶ 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

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- ▶ 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

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- ▶ 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

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- ▶ 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>>.