

Negotiation

UQP1331 – BASIC
COMMUNICATION

What is negotiation?

➤ Negotiation.

- The process of making joint decisions when the parties involved have different preferences.
- Workplace disagreements arise over a variety of matters.



What is Negotiation?

Negotiation occurs when conflict exists between groups and both parties are prepared to seek a resolution through bargaining

Negotiation is process of bargaining which two parties, each of whom have something that the other wants, try to reach an agreement, on mutually accepted terms.

Negotiation

- It is the process of finding an agreement that is satisfactory to all of the groups/individuals involved.
- It is used to ensure a “win-win” situation.
- Negotiation is best when it includes the members in conflict and peers who are stakeholders in the process
- Or, a third party may be called when ongoing conflict resolution/negotiation does not work among the team members .

Everyone Negotiates

- Buying a car, house or other object for which the price may not be fixed
- Establishing a salary, workplace tasks, office conditions, etc.
- Organizing team tasks or priorities
- Allocating household tasks
- Deciding how to spend a free evening

Conflict Resolution Options

- Avoidance
- Capitulation (surrender)
- Suppression
- Accommodation
- Problem solving (e.g. negotiation, mediation, facilitation)
- Escalation (develop)
- Confrontation

Conflict & Negotiation

- Conflict can be solved through negotiation when:
 - There are two or more parties
 - There is a conflict of interest between the parties
 - The parties are willing to negotiate to seek a better position
 - Both parties believe that entering negotiations is a better solution than breaking contact

Types of Negotiations

- Day-to-Day Managerial
 - Job Roles
 - Pay
- Commercial
 - Contracts
 - Quality
- Legal
 - Compliance with Governmental Regulations

Characteristics of a Successful Negotiation

- It should:
 - Be timely and effective with the parties
 - Produce an agreement that results in a resolution of the conflict and a revitalized team process
 - Improve the relationships between the individuals, strengthening the team

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Negotiation Skills

- In “Principled” Negotiation, a negotiator should:
 - Help the parties develop objective criteria for solutions
 - Separate the members from the issue – be tough on the issue not the members.
 - Focus on the issue not the different viewpoints.
 - Develop different solutions that are satisfactory to all.
 - Think about the consequences of the decision among team members and outside the team.
 - Do not just try to win. Work on finding an acceptable resolution for all involved.

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Negotiation - Challenges

- Challenges that may impact the negotiation may include
- A re-statement of confrontational positions
- Personal agendas that are not acknowledged
- Psychological and emotional makeup of team members, including their past conflict management styles
- Communication breakdown due to language barriers or misunderstanding or...

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When Negotiation Fails

- A negotiation process may not lead to consensus within the time allowed
- Resolution of the problem is still required, so the team moves to another form of intervention (i.e., arbitration or external ruling)
- Remember: it's okay to request instructor intervention if team facilitated interventions are not successful

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Bargaining Strategies

distributive bargaining

Negotiation that seeks to divide up a fixed amount of resources; a win-lose situation.

integrative bargaining

Negotiation that seeks one or more settlements that can create a win-win solution.



- **Distributive negotiation.**
 - The key question is: “Who is going to get this resource?”
 - “Hard” distributive negotiation.
 - Each party holds out to get its own way.
 - “Soft” distributive negotiation.
 - One party is willing to make concessions to the other party to get things over.

➤ **Distributive negotiation — *cont.***

– Bargaining zone.

- The range between one party's minimum reservation point and the other party's maximum reservation point.
- A positive bargaining zone exists when the two parties' points overlap.
- A positive bargaining zone provides room for negotiation.

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➤ **Integrative negotiation.**

- The key question is: "How can the resource best be utilized?"
- Is less confrontational than distributive negotiation, and permits a broader range of alternative solutions to be considered.
- Opportunity for a true win-win solution.

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➤ Integrative negotiation — *cont.*

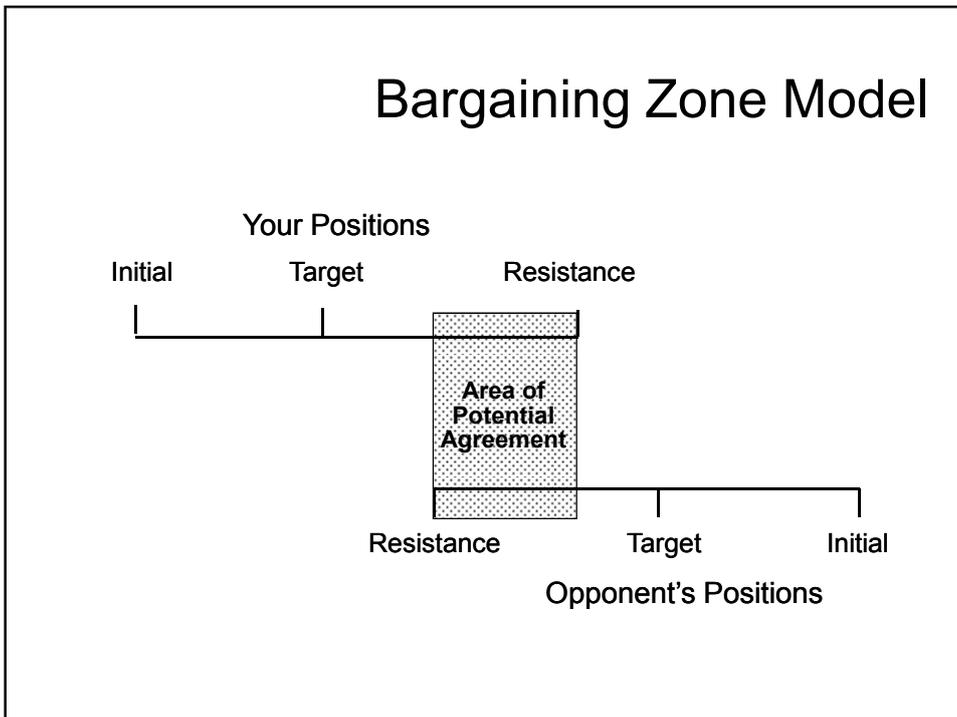
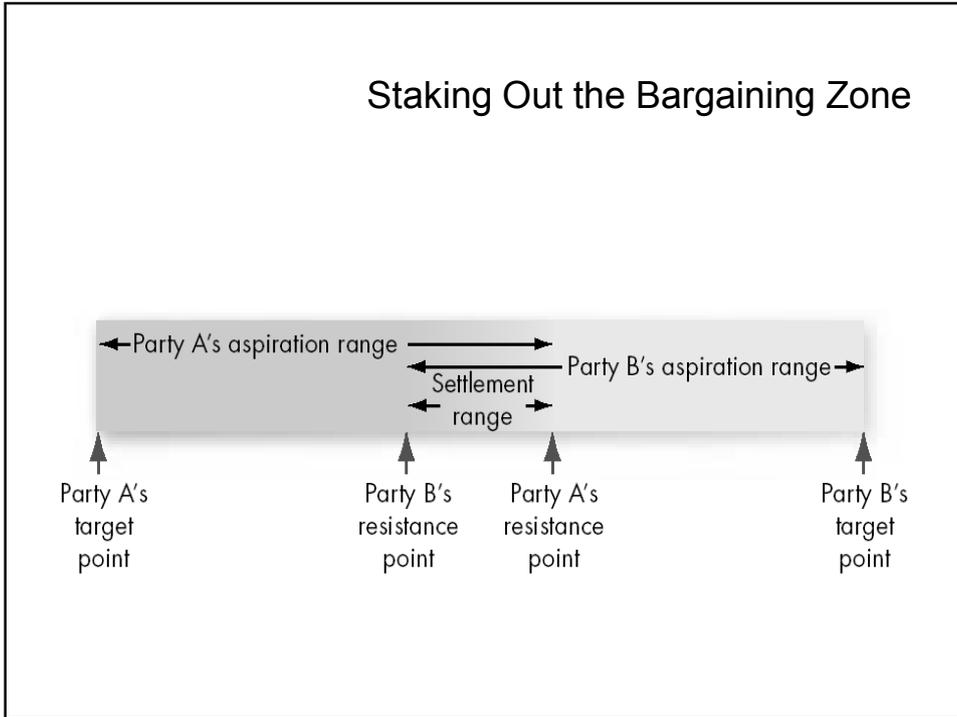
– Range of feasible negotiation tactics.

- Selective avoidance.
- Compromise.
- True collaboration.

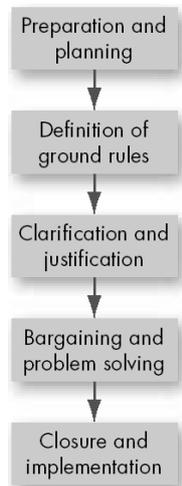
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Distributive versus Integrative Bargaining

Bargaining Characteristic	Distributive Characteristic	Integrative Characteristic
Available resources	Fixed amount of resources to be divided	Variable amount of resources to be divided
Primary motivations	I win, you lose	I win, you win
Primary interests	Opposed to each other	Convergent or congruent with each other
Focus of relationships	Short term	Long term



The Negotiation Process



Negotiation strategies

- Initial strategies
 - Plan the whole discussion according to the psychological needs
 - Get the information about the views and objectives of other parties
 - Set a tone for the whole discussion
 - Think how the other person will see your proposal
 - Alter your position within your planned limits
 - Avoid compulsive talking. Allow the other person to say

- During the discussion
 - Do not state the whole case in the beginning
 - Be a silent listener
 - Notice the tone + words
 - Do not interrupt
 - Put searching questions verify the correctness of factual information offered
 - Do not directly challenge them
 - Avoid confrontation tone (no personal terminology or criticism)
 - Use adjournments (breaks)
 - Use concession and compromise
 - Use conditional compromise
 - Do not allow the discussion to go on too long without bringing in concession / compromise necessary for reaching for agreement

- After reaching and agreement
 - Final should be taken as final no further concessions
 - Be tactful and persuasive
 - Emphasize the other party's benefits
 - Approach the other party's cooperation and brilliant suggestions
- Summarizing
 - Written form
- Deadlock

➤ Effective negotiation.

- Occurs when substance issues are resolved and working relationships are maintained or improved.

- Criteria for an effective negotiation.
 - Quality.
 - Harmony.
 - Efficiency.

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➤ Ethical aspects of negotiation.

- To maintain good working relationships, negotiating parties should strive for high ethical standards.

- The negotiating parties should avoid being side tracked by self-interests, thereby being tempted to pursue unethical actions.

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➤ Organizational settings for negotiation.

- Two-party negotiation.
- Group negotiation.
- Intergroup negotiation.
- Constituency negotiation.

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➤ Culture and negotiation.

- Differences in negotiation approaches and practices are influenced by cultural differences in:
 - Time orientation.
 - Individualism-collectivism.
 - Power distance.

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Third-Party Negotiations

mediator

A neutral third party who facilitates a negotiated solution by using reasoning, persuasion, and suggestions for alternatives.



conciliator

A trusted third party who provides an informal communication link between the negotiator and the opponent.

Third-Party Negotiations (cont'd)

arbitrator

A third party to a negotiation who has the authority to dictate an agreement.



consultant

An impartial third party, skilled in conflict management, who attempts to facilitate creative problem solving through communication and analysis.

Types of Third-Party Intervention

- Mediation – A neutral third party who facilitates a negotiated solution by using reasoning, persuasion, and suggestions for alternatives
- In labor disputes, international relations, and marital counseling
- What Do Mediators do?
 - Almost anything that aids the process or atmosphere of negotiation can be helpful
 - The mediator might also intervene in the content of the negotiation, highlighting points of agreement, pointing new options, or encouraging concessions

Types of Third-Party Intervention (cont.)

Mediation (cont.)

- Best for everyday disputes between two employees as gives employee more responsibility for resolving their own disputes
- Most effective under moderate level of conflict
- The mediator must be perceived as neutral and non-coercive

Types of Third-Party Intervention (cont.)

- Arbitration – The process of arbitration occurs when a third party is given the authority to dictate the terms of settlement of a conflict
 - When employee cannot resolve their differences
 - Seems to work best because the predetermined rules of evidence and other process create a higher sense of procedural fairness

What are the different strategies involved in negotiation?

- Gaining truly integrative agreements rests on:
 - Supportive attitudes.
 - Constructive behaviors.
 - Good information.

What are the different strategies involved in negotiation?

➤ **Supportive attitudes.**

- Integrative agreements require that each party must:
 - Approach the negotiation with a willingness to trust the other party.
 - Convey a willingness to share information with the other party.
 - Show a willingness to ask concrete questions of the other party.

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What are the different strategies involved in negotiation?

➤ **Constructive behaviors.**

- Reaching integrative agreements depends on the negotiator's ability to:
 - Separate the people from the problem.
 - Focus on interests rather than positions.
 - Avoid making premature judgments.
 - Keep alternative creation separate from evaluation.
 - Judge possible agreements on an objective set of criteria or standards.

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What are the different strategies involved in negotiation?

- Good information.
 - Each negotiation party must know what he/she will do if an agreement can't be reached.
 - Each party must understand the relative importance of the other party's interests.

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USE....Competition

- When quick, decisive action is vital (in emergencies); on important issues.
- Where unpopular actions need implementing (in cost cutting, enforcing unpopular rules, discipline).
- On issues vital to the organization's welfare.
- When you know you're right.
- Against people who take advantage of noncompetitive behavior.

USECollaboration

- To find an integrative solution when both sets of concerns are too important to be compromised.
- When your objective is to learn.
- To merge insights from people with different perspectives.
- To gain commitment by incorporating concerns into a consensus.
- To work through feelings that have interfered with a relationship.

USE....Avoidance

- When an issue is trivial, or more important issues are pressing.
- When you perceive no chance of satisfying your concerns.
- When potential disruption outweighs the benefits of resolution.
- To let people cool down and regain perspective.
- When gathering information supersedes immediate decision.
- When others can resolve the conflict effectively.
- When issues seem tangential or symptomatic of other issues.

USE....Accommodation

- When you find you're wrong and to allow a better position to be heard.
- To learn, and to show your reasonableness.
- When issues are more important to others than to yourself and to satisfy others and maintain cooperation.
- To build social credits for later issues.
- To minimize loss when outmatched and losing.
- When harmony and stability are especially important.
- To allow employees to develop by learning from mistakes.

USE...Compromise

- When goals are important but not worth the effort of potential disruption of more assertive approaches.
- When opponents with equal power are committed to mutually exclusive goals.
- To achieve temporary settlements to complex issues.
- To arrive at expedient solutions under time pressure.
- As a backup when collaboration or competition is unsuccessful.