

# [Esssential of negotiation](https://assignbuster.com/esssential-of-negotiation/)

[](https://assignbuster.com/)[Business](https://assignbuster.com/essay-subjects/business/), [Management](https://assignbuster.com/essay-subjects/business/management/)

Helsinki School of Economics Advanced Negotiation Practices Course Book Summary Assignment Essentials of Negotiation Lewicki, Roy J. , David M. Saunders, and John W. Minton. 2001. Essentials of Negotiation: 2nd Edition. New York: McGraw-Hill/Irwin Reviewed by Mohammad Moshtari February 2008 Book Summary Assignment Essentials of Negotiation Book Introduction This book represents authors’ response to faculty who wanted a briefer version of the longer text, Negotiation. The objective of this shorter volume is to provide the reader with the core concepts negotiation in a more succinct version.

The book is organized into 9 chapters. The first four chapters introduce the reader to ? Negotiation Fundamentals?. The first chapter introduces the field of negotiation and conflict management, describes the basic problem of interdependence with other people, and briefly explores the problems of managing that interdependence. The second chapter introduces the concept of ? framing? or how parties come to decide what a negotiation is all about, and how parties need to plan for an upcoming negotiation.

Chapter 3 and 4 then present the two core approaches to negotiations: the basic dynamics of competitive (win-loss) bargaining (chapter 3) and the basic dynamics of integrative (win-win) negotiation (chapter 4). The next two chapters present two key sub processes of negotiation: cognition andcommunication, and power and persuasion. In chapter 5, basic processes of cognition and communication in negotiation is reviewed, especially communication dynamics is examined as well as a number of common cognition and judgment biases made by negotiators.

In chapter 6, authors looked at the tools negotiators can use to pressure the other side, using the tools of persuasion and power to get the other to change his or her perspective or give in to our arguments. The next two chapters review two key context elements of negotiation. In chapter 7, authors examined the ethical context and standards that surround negotiation and create unique challenges for negotiators in deciding how fully and completely they are going to disclose their bargaining positions.

In chapter 8, authors attempted to clarify how national cultures around the world shape the diverse ways parties approach negotiations. The last chapter emphasizes strategies that can be used by the parties to resolve breakdowns in the negotiation process. Chapter 9 explores the techniques that negotiators can use on their own to get negotiations back on track. Authors made some of related materials (secondary chapters) accessible on the World Wide Web (at www. mhhe. com/business/managment/lewicki) including social context of negotiation, multiparty negotiations or managing difficult negotiations: theirs party approaches.

The organization of the book also parallels more closely the organization of a companion volume, Negotiation: Readings, Exercises and Cases by Roy J. Lewicki. , David M. Saunders, and John W. Minton. Contents in Brief ? ? ? ? ? ? ? ? ? The nature of negotiation Negotiations: framing, strategizing, and planning Strategy and tactics of distributive negotiation Strategy and tactics of integrative negotiation Communication, perception and cognitive biases Finding and using negotiation leverage Ethics in negotiation Global negotiation Managing difficult negotiations: individual approaches Book Summary Assignment Essentials of Negotiation Chapter 1: The nature of negotiation The structure and processes of negotiation are fundamentally the same at personal level as they are at the diplomatic and corporate level. Negotiations occur for two reasons: (1) to create something new that neither party could do on his or her own, (2) to resolve a problem or dispute between the parties. There are several characteristics common to all negotiation situations: (1) there are two or ore parties, (2) there is a conflict of interest between them, (3) The parties negotiate duo to get a better deal (4) the parties, at least for a moment prefer to search for agreement, (5) when they negotiate they expect to give and take, (6) successful negotiation involves the management of intangibles (such as need to look good) as well as resolving the tangibles (such as the terms of agreement) In negotiations both parties need each other. This situation of mutual dependency is called interdependence.

Interdependent relationships are characterized by interlockinggoals; the parties need each other to accomplish their goals. The structure of the interdependence (wind-lose or win-win), determines the range of possible outcomes of the negotiation and suggests the appropriate strategies and tactics that the negotiators should use. Interdependent relationships are complex. Both parties know that they can influence the other’s outcomes and their outcomes in turn be influenced by the other. This mutual adjustment continues throughout the negotiation as both parties act to influence the other.

Making and interpreting concessions is no easy work, especially when there is little trust between negotiations. The search for an optimal solution through the processes of giving information and making concessions is greatly aided by trust and a belief that you are being treated honesty and fairly. Two efforts in negotiation help to create such trust and belief: perceptions of outcomes that attempts to change a party’s estimation of the perceived importance of something and perception of the process may help convey images of equity, fairness and reciprocity in proposals and concessions.

One potential consequence of interdependent relationship is conflict that can be duo to the highly divergent needs of the two parties, a misunderstanding that occurs between two people, or some other intangible factors. One way to classify conflicts is by level, and four levels of conflicts are commonly identified: intrapersonal conflict, interpersonal conflict, intra-group conflict, inter-group conflict. Conflict may be destructive or productive, so the objective is not to eliminate conflict but to learn how to manage it so that the destructive elements are controlled while the productive aspects are enjoyed.

Negotiation is a strategy for productively managing conflict. Many approaches to managing conflict have been suggested. The below two dimensional framework is represented as the dual concerns model. The model postulates that individuals in conflict have two independent levels of concern: concern about their own outcomes and concern about the other’s outcomes. As mentioned in the figure, there are five major Problem Yielding strategies for conflict management.

Each strategy has its Solving advantages and disadvantages and is more or less appropriate given the type of conflict and situation in which (compromising) the dispute occurs. Thus, conflict theory and research have moved toward a contingency approach advocating that the Inaction Contending strategy selected should be based on the objectives of the parties and the nature of their dispute. Two major mechanisms for resolving conflicts-third parties and Concern about own outcomes conflict management systems- extend above and beyond the strategies of the parties themselves.

Concern about others’ utcomes 3 Book Summary Assignment Essentials of Negotiation Chapter 2: Negotiations: framing, strategizing, and planning In this chapter, authors discuss what negotiators should do before sitting down at the table: framing, strategizing, and planning. Framing is the means by which the parties in a negotiation define the problem. They mention that there are three ways to understand frames: as cognitive heuristics, at categories of experience, and as a process of issue development.

In continuation, they try to introduce the negotiator to the power and prevalence of frames via: different types of frames, how certain frames may be invoked or ignored in a given situation, the consequences of framing a conflict in a particular way and the approaches that negotiators can use to manage frames more effectively. Understanding frames- which means understanding how parties define the key issues and how conversations can shift and transform those issues- is the first step in effective planning.

After framing, negotiators must anticipate what they want to achieve in a negotiation and must prepare for these events in advance. The preparation must include attention to substantive items including goals, goal priorities, and multi-goal packages as well as procedural concerns dealing with agendas and bargaining histories. the choice of goals and frames are strongly interactive and the existence of one will rapidly produce evidence of other. Afterwards negotiators move to the third element in the sequence: selecting and developing a strategy.

According to below suggested model, negotiators have some choices of a negotiation that is reflected in the answers to two simple questions: how much concern does the actor have for achieving the substantive outcomes at stake in this Substantive outcome important? negotiation and how much concern does the Yes No negotiator have for the current and future quality of relationship with the other party. Yes Collaboration Accommodation In the last part of chapter, authors explain the importance of planning. hile success in negotiation is affected by how one plays the game, the most important step for success is No Competition Avoidance how to one gets ready for the game. effective planning alsohard workon a number of specific steps: ? Defining issues ? Assembling issues and defining the bargaining mix ? Defining interests ? Consulting with others ? Identifying limits ? Setting targets ? Developing supporting arguments ? Analyzing the other party Frames, goals, strategies and stages set the background for an effective planning process.

If the negotiator is able to consider and evaluate each of these factors, the negotiator will know what he or she wants and will have a clear sense of direction on how to proceed. The sense of direction, and the confidence derived from it will be the single most important factor in achieving a desired negotiation outcome. Rational choice important 4 Book Summary Assignment Essentials of Negotiation Chapter 3: Strategy and tactics of distributive negotiation In a distributive bargaining situation, the goals of one party are usually in fundamental and direct conflict with the goals of the other party.

Resources are fixed and each party will use a set of strategies to maximize their share of resources to be obtained. While distributive strategies are useful, they can also be counterproductive and costly. Often they cause the negotiating parties to focus so much on their differences that they ignore what they have in common. These negative effects notwithstanding, distributive bargaining strategies are quite useful when a negotiator wants to maximize the value obtained in a single deal and when the relationship with the other party is not important.

Both parties to a negotiation should establish their starting, target and resistance points before beginning a negotiation. Starting points are usually in the opening statements each party makes. The target point is usually learned or inferred as negotiations get under way. The resistance point, the point beyond which a person will not go and would rather break off negotiations. The spread between the resistance points, called bargaining range, settlement range or zone of potential agreement, is particularly important.

In this area the actual bargaining takes place, for anything outside these point will be summarily rejected by one of the two negotiators. It is rare that a negotiation includes only one item; more typically there is a set of items, referred to as a bargaining mix. Each item in a bargaining mix can have opening, target and resistance points. The bargaining mix may provide opportunities for bundling issues together, logrolling or displaying mutually concessionary behavior.

Negotiators by employing strategies attempt to influence each other perceptions of what is possible through the exchange of information and persuasion. Regardless of the general strategy taken, two tasks are important in all distributive bargaining situations: discovering the other party’s resistance point and influencing the other party’s resistance point. The negotiator’s basic goal is to reach a final settlement as close to the other party’s resistance point as possible.

Four tactical tasks are suggested for a negotiator in a distributive bargaining: (1) to asses the other party’s outcome values and the costs of terminating negotiations, (2) to manage the other party’s impressions of the negotiator’s outcome values, (3) to modify the other party’s perception of his or her own outcome values, and (4) to manipulate the actual costs of delaying or aborting negotiations. The other decision to be made at the outset of distributive bargaining concerns the stance to adopt during negotiations. A reasonable bargaining position is usually coupled with a friendly stance and an extreme position is usually couple ith a tougher, more competitive stance. A key concept in creating a bargaining position is that of commitment. The purpose of a commitment is to remove ambiguity about the actor’s intended course of action. There are several ways to create a commitment: public pronouncement, link with an outside ally, increase the prominence of demands, reinforce the treat or promise. There are a set of hardball tactics to beat the other party. Such tactics are designed to pressure targeted parties to do things they would not otherwise do, and their presence usually disguises the user’s adherence to a decidedly distributive bargaining approach.

Some of them are: good guy/bad guy, highball/lowball, bogey, the nibble, chicken, intimidation, aggressive behavior, snowjob. The authors suggested three ways for responding to typical hardball tactics, including ignore them, discuss them and respond in kind. 5 Book Summary Assignment Essentials of Negotiation Chapter 4: Strategy and tactics of integrative negotiation In many negotiations there need not be winners and losers; all parties can be winner. In integrative negotiation- variously known as cooperative, collaborative, win-win, or problem solving- the goals of the parties are not mutually exclusive.

The fundamental structure of an integrative negotiation situation is such that it allows both sides to achieve their objectives. Integrative negotiation requires a process fundamentally different from that of distributive negotiation. Those wishing to achieve integrative results find that they must manage both the context and the process of the negotiation in order to gain the willing cooperation and commitment of all parties. The following processes tend to be central to achieving almost all integrative agreements: ? creating a free flow of information ? ttempting to understand the other negotiator’s real needs and objectives ? emphasizing the commonalities between the parties and minimizing the difference ? searching for solutions that meet the goals and objectives of both sides There are four major steps in the integrative negotiation process: 1. Identifying and defining the problem, ? define the problem in a way that is mutually acceptable to both sides ? keep the problem statement clean and simple ? state the problem as a goal and identify the obstacles to attaining this goal ? epersonalize the problem ? separate the problem definition from the search for solution 2. understanding the problem and bringing interests and needs to the surface (focusing on interests will allow the parties to move beyond opening positions and demands to determine what the parties really want, what needs truly must be satisfied) 3. generating alternative solutions to the problem (tactics such as expand the pie, logroll, nonspecific compensation, cut the costs for compliance, find a bridge solution 4.

Evaluating those alternatives and selecting among them ? narrow the range of solution options ? agree to the criteria in advance of evaluating options ? evaluate solutions on the basis of quality and acceptability ? be willing to justify personal preferences ? be alert to the influence of intangibles in selecting options ? use subgroups to evaluate complex issues ? take time out to cool off ? explore different ways to logroll ? keep decisions tentative and conditional until all aspects of the final proposals are complete ? inimize formality and record keeping until final agreements are closed Authors identified seven fundamental preconditions for successful integrative negotiation: some form of shared or common goal, faith in one’s own ability to solve problems, a belief in the validity and importance of the other’s position, themotivationand commitment to work together, trust in the opposing negotiator, the ability to accurately exchange information in spite of conflict conditions, and an understanding of how the process works. 6 Book Summary Assignment Essentials of Negotiation

Chapter 5: Communication, perception and cognitive biases Communication is at the heart of the negotiating process. This chapter focuses on the processes by which negotiators communicate their own interests, positions, and goals and in turn make sense of those of the other party and of the negotiation as a whole. Weather the intent is to command and compel, sell, persuade or gain commitment, how parties communicate in negotiation would seem to depend on the ability of the speaker to encode the thoughts properly as well as on the ability of the listener to understand and decode the intended messages.

There are two critical sub-processes of communication: perception and cognition. ? Perception is defined as the process of screening, selecting and interpreting stimuli so that they have meaning to the individual. The complexity of environments makes it impossible to process all of the available information, so perception becomes selective, focusing on some stimuli while turning out others. As a result people have several shortcuts in their perceptual systems that allow them to process information more readily.

Unfortunately these shortcuts come with cost-perceptual errors such as stereotyping, halo effects, selective perception or projectionswhich typically occur without people being aware that they are happening. Stimulus Attention Recognition Translation Behavior Perception ? Rather than being perfect processors of information, negotiators have a tendency to make systematic errors when they process information. These errors, labeled cognitive biases, tend to impede negotiator performance: the irrational escalation of commitment, mythical fixed pie belief, the process f anchoring and adjustment, issue and problem framing, negotiators overconfidence, the winner’s curse, self-serving biases, ignoring others’ cognitions, the law of small numbers and reactive devaluation. Failures and distortions in perception, cognition and communication are the most dominant contributors to breakdowns and failures in negotiations. Three main techniques have been proposed for improving communication in negotiation: the use of questions, listening and role reversal. 7 Book Summary Assignment Essentials of Negotiation

Chapter 6: Finding and using negotiation leverage In this chapter, the authors focus on leverage in negotiation that means the tools negotiators can use to give themselves an advantage or increase the probability of achieving their own objectives. Leverage is often used synonymously with power. Authors explain three major sources of power: information and expertise, control over resources, and location in an organizational structure and then point to the process for using power as an attempt to change the other’s position, view or perspective.

During negotiations, actors frequently need to convince each other, influence the other party’s positions, perceptions and opinions and for doing these they employ a group of tactics that are called persuasion. Authors consider four key elements of persuasion: ways in which sources of information can be powerful, ways in which messages can be structured to be more powerful, ways in which targets of persuasion can enhance or reduce their power and ways in which the elements in social context can exert indirect influence on the target.

There are some ways in which to think about the key factors in the persuasion/ leverage process. One of them is shown in below figure. Message factors Resultant attitudes (positions) Initial attitudes (positions) ? Message content ? Message Structure ? Persuasive style Source factor ? Credibility ? Attractiveness Target factors ? attending to the other ? Resisting the other’s arguments Context factor Reciprocity, Commitment, Social proof, Use of reward and punishment, Scarcity Central Route Peripheral Route ? ? ? ?

Message factors or ways in which he content of the message can be structured and presented to enhance its effectiveness Source factors or ways in which the sender of the message can enhance his or her credibility and attractiveness in order to make the message more believable or more friendly Receiver factors or ways in which the receiver of the message can either shape and direct what the sender is communicating or intellectually resist the persuasive effects of the message Context factors or elements inherent in the social structure (such as the relationship between the parties, the setting in which the message is sent or the amount time taken to communicate the message) that can determine whether a message is more or less likely to be received and complied with. There are at least three major things that you as the listener can do to resist the other’s influence efforts: have a best alternative to a negotiated agreement (BATNA), make a public commitment (or get the other party to make one) and inoculate yourself against the other’s persuasive message. 8 Book Summary Assignment Essentials of Negotiation Chapter 7: Ethics in negotiation In this chapter authors explored the question of whether there are or should be accepted ethical standards for behavior in negotiation.

Ethics are broadly applied social standards for what is right or wrong in a particular situation or a process for setting those standards. Ethics proceed from particular philosophies, which purport to (a) define the nature of the world in which we live and (b) prescribe rules for living together. The authors present a model to help explain how a negotiator decides whether to employ one or more deceptive tactics. Intentions and motives for using deceptive tactics Consequences: 1. Impact of tactic: does it work? 2. Self-evaluation 3. Feedback and reaction from other negotiator, constituency and audiences Influence Situation Identification of range of influence tactics Selection and use of a deceptive tactic Explanation and Justification

Deception and disguise may take several forms in negotiation as follows: misrepresentation of one’s position to another party, bluffing, falsification (introduction of factually erroneous information), deception (collection of true and/or untrue arguments that leads the other party to the wrong conclusion) and selective disclosure or misrepresentation to constituencies. The authors predicted that (1) when motivated to be competitive and when expecting the other to be competitive the negotiator would see the marginally ethical tactics as appropriate and (2) when both parties were competitively motivated they would exhibit the greatest tendency to employ marginally ethical tactics. From the negotiator’s perspective the primary motivation to use a deceptive tactic is to gain a temporary power advantage.

Using these tactics then produces consequences: the tactic may work (produce desired results) or not work; people evaluate their own use of the tactics( asking themselves if they were satisfied with the results, and if using the tactic was personally acceptable) and people also may receive evaluative comments from the other negotiator from constituencies and from audiences. Those evaluative comments may serve to increase or decrease the use of similar tactics in the future. If using the tactic allows negotiators to attain rewarding outcomes that would be unavailable to them if they behaved ethically and if the unethical conduct is not punished by others the frequency of unethical conduct is likely to increase because the negotiator believes he or she can get away with it.

Negotiators frequently overlook the fact that although unethical or expedient tactics may get them what they want in the short run these same tactics typically lead to diminished effectiveness in the long term. (Consequences of these tactics on the negotiator’s reputation and trustworthiness, other party retaliation and revenge) If negotiators think the other party is using deceptive tactics he/she can do the following acts: Ask probing questions and recognize the tactic. 9 Book Summary Assignment Essentials of Negotiation Chapter 8: Global negotiation In this chapter authors examined various aspects of a growing field of negotiation that explores the complexities of negotiating across borders.

Negotiators from different cultures (countries) use different negotiation strategies and communication patterns when negotiating intra-culturally than when negotiating cross-culturally. Two overall contexts have an influence on cross border negotiations: the environmental context, includes forces in theenvironmentthat are beyond the control of either party but that influence the negotiations, and immediate context, includes factors over which the negotiators have influence and some measure of control. To know more cultures, Hofstede suggested that there are four important dimensions that can be used to describe cultural differences: power distance, individualism/collectivism, masculinity/femininity and uncertainty avoidance.

Foster suggests thatculturecan influence global negations in several ways, including: the definition of negotiation, the selection of negotiators, protocol, communication, time, risk propensity, groups versus individuals and the nature of agreements. The chapter concludes with a discussion of how to manage cultural differences when negotiating across borders. Weiss presented the options that people have when negotiating with someone from other culture. According to him, when choosing a strategy, negotiators should be aware of their own and the other party’s cultures in general, understand the specific factors in the current relationship, and predict or try to influence the other party’s approach.

His suggested responsive strategies may be arranged into three groups, base on familiarity (low, moderate, high) that a negotiator has with the other party’s culture. Within each group there are some strategies that the negotiator may use individually (unilateral strategies) and others that involve the participation of the other party (joint strategies). Low familiarity ? Employ agents or advisors (unilateral Strategy) ? bring in a mediator ? Induce the other party to use your approach Moderate familiarity ? Adapt to the other party’s approach ? Coordinate adjustment High familiarity ? Embrace the other party’s approach ? Improvise an approach ? Effect symphony 10 Book Summary Assignment Essentials of Negotiation

Chapter 9: Managing difficult negotiations: individual approaches Through any number of different avenues – breakdowns in communication, escalation of anger and mistrust, polarization of positions and refusal to compromise, the issuance of ultimatums or simply the inability to invent options that are satisfactory to both sides – negotiations often hit an impasse. Productive dialogue stops. The parties may continue talking but the communication is usually characterized by trying to sell or force one’s own position, talking about other’s unreasonable position and uncooperative behavior or both. This chapter reviewed actions that the parties can take to return to a productive dialogue. In general there are five major conflict reduction strategies that can be applied in contentious situations: 1.

Reducing tension and managing the de-escalation of hostility (via methods such as tension release, acknowledgment of the other’s feelings (active listening), separating the parties, synchronized de-escalation) 2. Enhancing communication, particularly improving each party’s understanding of the other’s perspective (via methods such as role reversal or imaging) 3. Controlling the number and size of issues in the discussion ? Reduce the number of parties on each side ? control the number of substantive issues involved ? state issues in concrete terms rather than as general principles ? restrict the precedents involved, both procedural and substantive ? search for ways to fractionate the big issues ? depersonalize issues: separate them from the parties advocating them 4.

Establishing a common ground on which the parties can find a basis for agreement (via methods such as determining super ordinate goals, clarifying common enemies, agreement on the rules and procedures) 5. Enhancing the desirability of the options and alternatives that each party presents to the other (give the other party a “ yes-able” proposal, ask for a different decision, sweeten the offer rather than intensify the threat, use legitimacy or objective criteria to evaluate solutions) The order of above steps is the one most frequently used by third parties in resolving disputes and hence we believe it also will be the most effective if employed by negotiators themselves. If the conflict cannot be controlled effectively, third-party intervention may become necessary. 11