Management Communication B

BUSINESS NEGOTIATION

Week 3

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Today's Topics

1. Integrative Negotiation

2. Negotiation Leverage

Issue 1

Textbook chapter 4

Integrative Negotiation: Strategy And Tactics

What Make Integrative Negotiation Different?

- Focus on commonalties rather than differences
- Attempt to address needs and interests, not positions
- Commit to meeting the needs of all involved parties
- Exchange information and ideas
- Invent options for mutual gain
- Use objective criteria for standards of performance

Overview of the Integrative Negotiation Process

- Create a free flow of information

- Attempt to understand the other negotiator's real needs and objectives

- Emphasize the commonalties between the parties and minimize the differences

- Search for solutions that meet the goals and objectives of both sides

Key Steps in the Integrative Negotiation Process

1. Identify and define the problem
2. Understand the problem fully-identify interests and needs on both sides
3. Generate alternative solutions
4. Evaluate and select among alternatives

Step 1. Identify and Define the Problem

- Define the problem in a way that is mutually acceptable to both sides
- State the problem with focus on practicality *and* comprehensiveness
- State the problem as a goal and identify the obstacles to attaining this goal
- Depersonalize the problem
- Separate the problem definition from the search for solutions

Step 2. Understand the Problem Fully-Identify Interests and Needs

- **Interests**: The underlying concerns, needs, desires, or fears that motivate a negotiator
  - Substantive interests relate to key issues in the negotiation
  - Process interests are related to the way the dispute is settled
  - Relationship interests indicate that one or both parties value their relationship
  - Interests in principle in doing what is right, fair, ethical may be shared by the parties

Step 3. Generate Alternative Solutions

After agreeing on a common definition of the problem and understood each other's interests, negotiators need to search for alternatives: this is the creative phase of integrative negotiations

- Invent options by redefining the problem set:
  - Expand the pie
  - Logroll
  - Use nonspecific compensation
  - Cut the costs for compliance
  - Find a bridge solution
- Generate options with the problem as a given:
  - Brainstorming
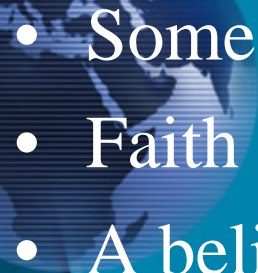 - Nominal groups
  - Surveys

Step 4. Evaluation and Selection of Alternatives

- Narrow the range of solution options
- Evaluate solutions on:
  - Quality
  - Acceptability
  - Objective standards
- Agree to evaluation criteria in advance
- Be willing to justify personal preferences
- Use subgroups to evaluate complex options
- Exploit differences in expectations and risk/ time preferences
- Keep decisions tentative until proposal is complete
- Minimize formality, record keeping until final agreements are closed

Step. 4. Evaluation and Selection of Alternatives (cont.)

- Exploit differences in expectations and risk/ time preferences

- Keep decisions tentative until proposal is complete

- Minimize formality, record keeping until final agreements are closed

Factors That Facilitate Successful Integrative Negotiation

- Some common objective or goal
- Faith in one's own problem solving ability
- A belief in the validity of one's own position and the other's perspective
- The motivation and commitment to work together
- Trust
- Clear and accurate communication
- An understanding of the dynamics of integrative negotiation

Why Integrative Negotiation Is Difficult to Achieve

- The history of the relationship between the parties
  - If contentious in past, it is difficult not to look at negotiations as win-lose

- The belief that an issue can only be resolved distributively
  - Negotiators are biased to avoid behaviors necessary for integrative negotiation

- The mixed-motive nature of most negotiating situations
  - Purely integrative or purely distributive situations are rare

Issue 2.

(Textbook chapter six)

Finding and Using Negotiation Leverage

Leverage as Advantage

- Leverage is synonymous with power
  - Seeking leverage usually arises from one of the following:
    1. The negotiator believes they have less leverage than the other party
    2. The negotiator believes that he/she needs more leverage than the other party
  - The tactics to achieve gaining leverage can either enhance one's power or diminish the other party's power

A Definition of Power

1. "The ability to bring about outcomes you desire" or "the ability to get things done the way [they want] them to be done"

2. "Someone has power in a given situation (situational power) to the degree that he can satisfy the *purposes* (goals, desires, or wants) that he/she is attempting to fulfill in that situation."

Sources of Power-How People Acquire Power

- Three main power types:
  - Power based on information and expertise
  - Power based on control over resources
  - Power based on one's position

Power Based on Information and Expertise

- Information is the most common source of power
  - Derived from the negotiator's ability to assemble and organize data to support his or her position, arguments, or desired outcomes
  - A tool to challenge the other party's position or desired outcomes, or to undermine the effectiveness of the other's negotiating arguments

Power Based on Control Over Resources

- People who control resources have the capacity to give them to someone who will do what they want, and withhold them (or take them away) from someone who doesn't do what they want.

- Some of the most important resources:
  - Money; -Supplies
  - Human capital; -Time; -Equipment;
  - Critical services;
  - Interpersonal support (e.g. verbal praise and encouragement for good performance or criticism for bad performance…)

Power Based on One's Position

- Two kinds of power based on one's position:
  - **Legitimate power**: Derived from occupying a particular job, office, or position in an organizational hierarchy
  - **Location power**: Derived from whatever flows through that particular location in an organization (usually information and resources, such as money)

Managing Power: Influence and Persuasion

- **Influence***: Efforts designed to use information* (as well as the qualities of the sender and receiver of that information) to adjust the other party's positions, perceptions, and opinions

- **Persuasion**: The effectiveness of influence tactics

Persuasion

(see fig. 6.2, textbook p. 204)

- 2 major ways to think about the key factors in the influence process: characteristics of the message and how persuasion works:

  - **The Central Route** (characteristics of the message):
    - Occurs consciously and involves integration of the message into the individual's existing cognitive structures (thoughts, intellectual frameworks, etc.)

  - **The Peripheral Route** (how persuasion works):
    - Characterized by subtle cues and context
    - Occurs automatically, leading to "attitude change without argument scrutiny"

The Central Route to Influence

- Message Content
  - Make the offer attractive to the other party
  - Frame the message so the other party will say "yes"
  - Make the message normative
  - Suggest an "agreement in principle"

The Central Route to Influence

- Message Structure
  - One-sided (ignore the other side's arguments) versus two-sided (mention the other side and show why it is less desirable)

  - Message components
    - Negotiators can help the other party understand and accept their arguments by breaking them into smaller, more understandable pieces

The Central Route to Influence

- Message Structure (cont.)
  - Repetition
    - Enhances the likelihood that the message will be understood
  - Conclusions
    - With people who are very intelligent, or have not yet made up their minds, leave the conclusion open
    - For people whose ideas are already well-formulated and strong, state the conclusion

Peripheral Routes to Influence

- Source Characteristics That Foster Peripheral Influence
  - Source credibility (Personal reputation for integrity, appearance and self-presentation, associates (*who they associate with*), perceived expertise, persistence and tenacity)
  - Personal attractiveness (friendliness, likeability, helping the other party, perceived similarity)
  - Authority (people with authority have more influence than those without authority)

Peripheral Routes to Influence

- Aspects of Context
  - Reciprocity (do me a favor today and I'll return it in the future)
  - Commitment (once people have decided something, they can be remarkably persistent in their beliefs)
  - Social Proof (People often behave in certain ways because everyone else is doing so)
  - Scarcity when things are less available, they will have more influence
  - Use of reward and punishment (exchange: "If I do X for you, will you do Y for me?";
    - Threat of punishment)

The Role of Receivers-The Targets of Influence

- Attending to the Other
  - Make eye contact
  - Adjust body position
  - Nonverbally encourage or discourage what the other says
- Exploring or Ignoring the Others Position
  - Selectively paraphrase
  - Reinforce points you like in the other party's proposals
- Resisting the Other's Influence
  - Have a BATNA and know how to use it
  - Make a public commitment
  - Inoculate yourself against the other party's arguments