

Chapter-11

Negotiation Skills for Better Organization

Negotiation

Negotiation is a dialogue between two or more people or parties intended to reach an understanding, resolve points of difference, to gain advantage for an individual or collective, or to craft outcomes to satisfy various interests. Negotiation occurs in business, non-profit organizations, and government branches, legal proceedings, among nations and in personal situations such as marriage, divorce, parenting, and everyday life. The study of the subject is called *negotiation theory*. Professional negotiators are often specialized, such as *union negotiators*, *leverage buyout negotiators*, *peace negotiators*, *hostage negotiators*, or may work under other titles, such as diplomats, legislators or brokers.

Strategies

Negotiation can take a wide variety of forms, from trained negotiator acting on behalf of a particular organization or position in a formal setting, to an informal negotiation between friends. Negotiation can be contrasted with mediation, where a neutral third party listens to each side's arguments and attempts to help craft an agreement between the parties. It can also be compared with arbitration, which resembles a legal proceeding. In arbitration, both sides make an argument as to the merits of their case and the arbitrator decides the outcome. This negotiation is also sometimes called positional or hard-bargaining

negotiation. Negotiation theorists generally distinguish between two types of negotiation. Different theorists use different labels for the two general types and distinguish them in different ways.

Distributive negotiation

Distributive negotiation is also sometimes called positional or hard-bargaining negotiation. It tends to approach negotiation on the model of haggling in a market. In a distributive negotiation, each side often adopts an extreme position, knowing that it will not be accepted, and then employs a combination of guile, bluffing, and brinkmanship in order to cede as little as possible before reaching a deal. Distributive bargainers conceive of negotiation as a process of distributing a fixed amount of value. The term distributive implies that there is a finite amount of the thing being distributed or divided among the people involved. Sometimes this type of negotiation is referred to as the distribution of a "fixed pie." There is only so much to go around, but the proportion to be distributed is variable. Distributive negotiation is also sometimes called ***win-lose*** because of the assumption that one person's gain results in another person's loss. A distributive negotiation often involves people who have never had a previous interactive relationship, nor are they likely to do so again in the near future. Simple everyday examples would be buying a car or a house.

Integrative negotiation:

Integrative negotiation is also sometimes called interest-based or principled negotiation. It is a set of techniques that attempts to improve the quality and likelihood of negotiated agreement by providing an alternative to traditional distributive negotiation techniques. While distributive negotiation assumes there is a fixed amount of value (a "fixed pie") to be divided between the parties, integrative negotiation often attempts to create value in the course of the negotiation ("expand the pie"). It focuses on the underlying interests of

the parties rather than their arbitrary starting positions, approaches negotiation as a shared problem rather than a personalized battle, and insists upon adherence to objective, principled criteria as the basis for agreement. Integrative negotiation often involves a higher degree of trust and the forming of a relationship. It can also involve creative problem-solving that aims to achieve mutual gains. It is also sometimes called *win-win* negotiation

Tactics

There are many different ways to categorize the essential elements of negotiation. One view of negotiation involves three basic elements: *process*, *behavior* and *substance*. The process refers to how the parties negotiate: the context of the negotiations, the parties to the negotiations, the tactics used by the parties, and the sequence and stages in which all of these play out. Behavior refers to the relationships among these parties, the communication between them and the styles they adopt. The substance refers to what the parties negotiate over: the agenda, the issues (positions and - more helpfully - interests), the options, and the agreement(s) reached at the end. Another view of negotiation comprises four elements: *strategy*, *process*, *tools*, and *tactics*. Strategy comprises the top level goals - typically including relationship and the final outcome. Processes and tools include the steps that will be followed and the roles taken in both preparing for and negotiating with the other parties. Tactics include more detailed statements and actions and responses to others' statements and actions. Some add to this *persuasion and influence*, asserting that these have become integral to modern day negotiation success, and so should not be omitted.

Adversary or Partners:

The two basically different approaches to negotiating will require different tactics. In the distributive approach each negotiator is battling for the largest possible piece of the pie, so it may be quite appropriate - within certain limits - to regard the other side more as an adversary than a partner and to take a somewhat harder line. This would however be less appropriate if the idea were to hammer out an arrangement that is in the best interest of both sides. A good agreement is not one with maximum gain, but optimum gain. This does not by any means suggest that we should give up our own advantage for nothing. But a cooperative attitude will regularly pay dividends. What is gained is not at the expense of the other, but with him.

Employing an advocate:

A skilled negotiator may serve as an advocate for one party to the negotiation. The advocate attempts to obtain the most favorable outcomes possible for that party. In this process the negotiator attempts to determine the minimum outcome(s) the other party is (or parties are) willing to accept, then adjusts their demands accordingly. A "successful" negotiation in the advocacy approach is when the negotiator is able to obtain all or most of the outcomes their party desires, but without driving the other party to permanently break off negotiations, unless the **best alternative to a negotiated agreement** (BATNA) is acceptable. Skilled negotiators may use a variety of tactics ranging from negotiation hypnosis, to straightforward presentation of demands or setting of preconditions, to more deceptive approaches such as **cherry picking**. Intimidation and **salami tactics** may also play a part in swaying the outcome of negotiations. Another negotiation tactic is bad guy/good guy. Bad guy/good guy is when one negotiator acts as a bad guy by using anger and threats. The other

negotiator acts as a good guy by being considerate and understanding. The good guy blames the bad guy for all the difficulties while trying to get concessions and agreement from the opponent.

Perspective taking for integrative negotiation:

Perspective taking can be helpful for two reasons: that it can help self-centered negotiators to seek mutually beneficial solutions, and it increases the likelihood of logrolling (when a favor is traded for another i.e. quid pro quo). Social motivation can increase the chances of a party conceding to a negotiation. While concession is mandatory for negotiations, research shows that people who concede more quickly, are less likely to explore all integrative and mutually beneficial solutions. Therefore conceding reduces the chance of an integrative negotiation

Negotiation styles:

1. **Accommodating:** Individuals who enjoy solving the other party's problems and preserving personal relationships. Accommodators are sensitive to the emotional states, body language, and verbal signals of the other parties. They can, however, feel taken advantage of in situations when the other party places little emphasis on the relationship.
2. **Avoiding:** Individuals who do not like to negotiate and don't do it unless warranted. When negotiating, avoiders tend to defer and dodge the confrontational aspects of negotiating; however, they may be perceived as tactful and diplomatic.
3. **Collaborating:** Individuals who enjoy negotiations that involve solving tough problems in creative ways. Collaborators are good at using negotiations to understand the concerns and interests of the other parties. They can, however, create problems by transforming simple situations into more complex ones.

4. **Competing:** Individuals who enjoy negotiations because they present an opportunity to win something. Competitive negotiators have strong instincts for all aspects of negotiating and are often strategic. Because their style can dominate the bargaining process, competitive negotiators often neglect the importance of relationships.
5. **Compromising:** Individuals who are eager to close the deal by doing what is fair and equal for all parties involved in the negotiation. Compromisers can be useful when there is limited time to complete the deal; however, compromisers often unnecessarily rush the negotiation process and make concessions too quickly.

Types of negotiators:

Three basic kinds of negotiators have been identified by researchers involved in The Harvard Negotiation Project. These types of negotiators are: **Soft bargainers**, **hard bargainers**, and **principled bargainers**.

- **Soft.** These people see negotiation as too close to competition, so they choose a gentle style of bargaining. The offers they make are not in their best interests, they yield to others' demands, avoid confrontation, and they maintain good relations with fellow negotiators. Their perception of others is one of friendship, and their goal is agreement. They do not separate the people from the problem, but are soft on both. They avoid contests of wills and will insist on agreement, offering solutions and easily trusting others and changing their opinions.
- **Hard.** These people use contentious strategies to influence, utilizing phrases such as "this is my final offer" and "take it or leave it." They make threats, are distrustful of others, insist on their position, and apply pressure to negotiate. They see others as

adversaries and their ultimate goal is victory. Additionally, they will search for one single answer, and insist you agree on it. They do not separate the people from the problem (as with soft bargainers), but they are hard on both the people involved and the problem.

- **Principled.** Individuals who bargain this way seek integrative solutions, and do so by sidestepping commitment to specific positions. They focus on the problem rather than the intentions, motives, and needs of the people involved. They separate the people from the problem, explore interests, avoid bottom lines, and reach results based on standards (which are independent of personal will). They base their choices on objective criteria rather than power, pressure, self-interest, or an arbitrary decisional procedure. These criteria may be drawn from moral standards, principles of fairness, professional standards, tradition, and so on.

Researchers from The Harvard Negotiation Project recommend that negotiators explore a number of alternatives to the problems they are facing in order to come to the best overall conclusion/solution, but this is often not the case (as when you may be dealing with an individual utilizing soft or hard bargaining tactics) (Forsyth, 2010).

Different Tactics:

Tactics are always an important part of the negotiating process. But tactics don't often jump up and down shouting "Here I am, look at me." If they did, the other side would see right through them and they would not be effective. More often than not they are subtle, difficult to identify and used for multiple purposes. Tactics are more frequently used in distributive negotiations and when the focus is on taking as much value off the table as possible. Many negotiation tactics exist. Below are a few commonly used tactics.

Auction: The bidding process is designed to create competition. When multiple parties want the same thing, pit them against one another. When people know that they may lose out on something, they will want it even more. Not only do they want the thing that is being bid on, they also want to win, just to win. Taking advantage of someone's competitive nature can drive up the price.

Brinkmanship: One party aggressively pursues a set of terms to the point at which the other negotiating party must either agree or walk away. Brinkmanship is a type of "hard nut" approach to bargaining in which one party pushes the other party to the "brink" or edge of what that party is willing to accommodate. Successful brinkmanship convinces the other party they have no choice but to accept the offer and there is no acceptable alternative to the proposed agreement.

Bogey: Negotiators use the bogey tactic to pretend that an issue of little or no importance to him or her is very important.¹ Then, later in the negotiation, the issue can be traded for a major concession of actual importance.

Chicken: Negotiators propose extreme measures, often bluffs, to force the other party to chicken out and give them what they want. This tactic can be dangerous when parties are unwilling to back down and go through with the extreme measure.

Defense in Depth: Several layers of decision-making authority is used to allow further concessions each time the agreement goes through a different level of authority. In other words, each time the offer goes to a decision maker, that decision maker asks to add another concession in order to close the deal.

Deadlines: Give the other party a deadline forcing them to make a decision. This method uses time to apply pressure to the other party. Deadlines given can be actual or artificial.

Flinch: Flinching is showing a strong negative physical reaction to a proposal. Common examples of flinching are gasping for air, or a visible expression of surprise or shock. The flinch can be done consciously or unconsciously. The flinch signals to the opposite party that you think the offer or proposal is absurd in hopes the other party will lower their aspirations. Seeing a physical reaction is more believable than hearing someone saying, "I'm shocked."

Good Guy/Bad Guy: The good guy/bad guy approach is typically used in team negotiations where one member of the team makes extreme or unreasonable demands, and the other offers a more rational approach. This tactic is named after a police interrogation technique often portrayed in the media. The "good guy" will appear more reasonable and understanding, and therefore, easier to work with. In essence, it is using the law of relativity to attract cooperation. The good guy will appear more agreeable relative to the "bad guy." This tactic is easy to spot because of its frequent use.

Highball/Lowball: Depending on whether selling or buying, sellers or buyers use a ridiculously high, or ridiculously low opening offer that will never be achieved. The theory is that the extreme offer will cause the other party to reevaluate his or her own opening offer and move close to the resistance point (as far as you are willing to go to reach an agreement). Another advantage is that the person giving the extreme demand appears more flexible he or she makes concessions toward a more reasonable outcome. A danger of this tactic is that the opposite party may think negotiating is a waste of time.

The Nibble: Nibbling is asking for proportionally small concessions that haven't been discussed previously just before closing the deal. This method takes advantage of the other party's desire to close by adding "just one more thing."

Snow Job: Negotiators overwhelm the other party with so much information that he or she has difficulty determining which facts are important, and which facts are diversions.^[41] Negotiators may also use technical language or jargon to mask a simple answer to a question asked by a non-expert.

Negotiation and Non-verbal communication:

Communication is a key element of negotiation. Effective negotiation requires that participants effectively convey and interpret information. Participants in a negotiation will communicate information not only verbally but non-verbally through body language and gestures. By understanding how nonverbal communication works, a negotiator is better equipped to interpret the information other participants are leaking non-verbally while keeping secret those things that would inhibit his/her ability to negotiate.^[42]

Examples in negotiation

Non-verbal "anchoring" In a negotiation, a person can gain the advantage by verbally expressing his/or her position first. By "anchoring" your position, you establish the position from which the negotiation will proceed. In a like manner, one can "anchor" and gain advantage with non verbal (body language) cues.

- Personal space: The person at the head of the table is the apparent symbol of power. Negotiators can repel this strategic advantage by positioning allies in the room to surround that individual.
- First impression: Begin the negotiation with positive gestures and enthusiasm. Look the person in the eye with sincerity. If you cannot maintain eye contact, the other person might think you are hiding something or that you are insincere. Give a solid handshake.

Reading non-verbal communication Being able to read the non-verbal communication of another person can significantly aid in the communication process. By being aware of inconsistencies between a person's verbal and non-verbal communication and reconciling them, negotiators will be able to come to better resolutions. Examples of incongruity in body language include:

- **Nervous Laugh:** A laugh not matching the situation. This could be a sign of nervousness or discomfort. When this happens, it may be good to probe with questions to discover the person's true feelings.
- **Positive words but negative body language:** If someone asks their negotiation partner if they are annoyed and the person pounds their fist and responds sharply, "what makes you think anything is bothering me?"
- **Hands raised in a clenched position:** The person raising his/her hands in this position reveals frustration even when he/she is smiling. This is a signal that the person doing it may be holding back a negative attitude.
- If possible, it may be helpful for negotiation partners to spend time together in a comfortable setting outside of the negotiation room. Knowing how each partner non-verbally communicates outside of the negotiation setting will help negotiation partners to sense incongruity between verbal and non-verbal communication within the negotiation setting.

Conveying receptivity The way negotiation partners position their bodies relative to each other may influence how receptive each is to the other person's message and ideas.

- **Face and eyes:** Receptive negotiators smile, make plenty of eye contact. This conveys the idea that there is more interest in the

person than in what is being said. On the other hand, non-receptive negotiators make little to no eye contact. Their eyes may be squinted, jaw muscles clenched and head turned slightly away from the speaker

- **Arms and hands:** To show receptivity, negotiators should spread arms and open hands on table or relaxed on their lap. Negotiators show poor receptivity when their hands are clenched, crossed, positioned in front of their mouth, or rubbing the back of their neck.
- **Legs and Feet:** Receptive negotiators sit with legs together or one leg slightly in front of the other. When standing, they distribute weight evenly and place hands on their hips with their body tilted toward the speaker. Non-receptive negotiators stand with legs crossed, pointing away from the speaker.
- **Torso:** Receptive negotiators sit on the edge of their chair; unbutton their suit coat with their body tilted toward the speaker. Non-receptive negotiators may lean back in their chair and keep their suit coat buttoned.