

Louisiana State University

"Conceptual Model of Negotiation"



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**English 1051
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Conceptual Model of Negotiation

Objective:

By the end of class, undergraduate students will be more knowledgeable about negotiation theory.

Importance:

The incorporation of negotiation skills for student's future: Professional and personal life.

Examples of use:

1. Farmers: Buying fertilizers, and other supplies. Negotiation also occurs when farmers sell cattle, produce or grain.
2. Negotiations of trade agreements: WTO, GATT, NAFTA, CAFTA, MERCOSUR, ALCA, Chile, Argentina, Australia, Vietnam, EU, etc.
3. Military agreements: Iraq, NATO, Spain, NZ, UK, etc.
4. Business: Suppliers, distributors, advertisers, customers, conflict management, wages,
5. Auctions: Ebay, Priceline, etc.
6. Policy procedures: Dealing with citizens, peacekeeping and diplomacy.
7. Daily basis: Wife, husband, children, classmates, coworkers, boyfriends and girlfriends.

Definition of Negotiation

From Latin negotiari: "to carry on business." (1) The process of reaching an agreement by conferring or discussing. august1.com/pubs/dict/n.htm

A discussion intended to produce an agreement. www.cogsci.princeton.edu/cgi-bin/webwn

The act of discussing an issue between two or more parties with competing interests with an aim of coming to an agreement. www.websiteupgrades.com/glossary/free/N.shtml

The buyer and seller reach a mutually satisfactory agreement. www.ncn-ltd.co.uk/sellingtaster/misc/glossary.htm

An exploratory and a bargaining process (planning, reviewing, analyzing, compromising) involving a buyer and seller, each with their own viewpoints and objectives, seeking to reach a mutually satisfactory agreement on all phases of a procurement transaction - including price, service, specifications, technical and quality requirements, freight and payment terms. www.umich.edu/~purch/purch/glossary.html

A process for getting two or more people to reach agreement based on satisfying a mutual goal; typically, when you negotiate, you are a participant in the process representing your own position. www.oly-wa.us/sqn/Glossary.htm

A process of communication by which parties attempt to resolve a dispute between them. www.mediate.ca/shortglossary.htm

Framework for Negotiations

According to Kim and Segev (2001) there are 5 negotiation stages:

1. Negotiation Requirements
2. Negotiation Structure
3. Negotiation Protocol
4. Negotiation Strategy
5. Negotiation Process

Negotiation Requirements

- a. Goals and needs (issues must be negotiable).
 - a. Individual
 - b. Company
- b. Options
 - a. Identification and relaxation (sensitivity) of issues for achieving common goals
- c. Identification of conditions W questions?
- d. Identification of limits. Willingness to bargain?
- e. Calculation of best outcome
- f. Information (POWER)

Negotiation Structure

- Partners and Agenda

Negotiation Protocol

- Set of detailed rules that govern the activities in negotiation process must be understood and agreed upon by partners.

Negotiation Strategy

- Partners perform negotiations strategically.

Negotiation Process

- a. Convergence of desirable outcome and negotiation structure.
- b. Bargaining and evaluation of tradeoffs impacts.
- c. Exploration of options (Scenarios, creativity for options)
- d. Need Theory of Negotiation: X and Y Game
- e. Reach an agreement.
- f. Assessment of costs, benefits and risks.
- g. Final Outcome: Win Win solutions.

Conditions

Cooperation, environment, cultural awareness, verbal and nonverbal communication, give and take, trustworthiness among parties, avoidance of emotions, communication, keen eye for changes of strategies and conditions. ARGUMENTS.

The Art of Negotiating Nierenberg, G. 1995

Ingredients:

Knowledge of human behavior
Preparation
Assumptions
Strategies and tactics
 When to stop?
 Critical Points
 Opening offer

How Nations Negotiate, Fred Charles:
“The complete negotiator, according to seventeenth and eighteenth-century manuals on diplomacy, should have a quick mind but unlimited patience, know how to dissemble without being a liar, inspire trust without trusting others, be modest but assertive, charm others without succumbing to their charm, and possess plenty of money and beautiful wife while remaining indifferent to all temptation of riches and women.”

People's Actions

- Rationalization
- Projections
- Displacement
- Repression
- Reaction
- Self Image
- Role Playing

Preparation

- Know yourself
- Know the people involved.
- Brainstorming
- Psychodrama

Assumptions:

- Extensional: Outside mind
- Intentional: Inside mind
- Avoid bias

Motivation and Recognition of Needs (Maslow, 1954)

- Physiological needs.
- Safety and security needs.
- Esteem needs.
- Self-actualization needs.
- Needs to know and understand.
- Aesthetic needs.

Need Theory of negotiation

- Negotiator works for the opposer's needs.
- Negotiator allows the opposer work for his needs.
- Negotiator works for the opposer's and his own needs.
- Negotiator works against his needs.
- Negotiator works against the opposer's needs.
- Negotiator works against the opposer's and his own needs.

Negotiation Techniques

- Forbearance: Patience and abstention.
- Surprise: Sudden shift.
- Fait accompli: Reach goals against opposition.
- Bland withdrawal
- Apparent withdrawal
- Reversal: Opposition to popular trend.
- Limits: No more than one subject.

How and Where Strategies

- Participation: More partners on behalf
- Association: Endorsements
- Disassociation: Polemic
- Crossroads: Insert many issues
- Blanket: Cover big issues first
- Randomizing: Probabilities

Glossary

Cooperation

A process where parties with similar interests plan together, negotiate mutual roles and share resources to achieve joint goals but maintain separate identities (Taylor-Powell et al., 1998).

citnews.unl.edu/TOP/english/dictionarywhole.html

Compromise

An accommodation in which both sides make concessions; "the newly elected congressmen rejected a compromise because they considered it 'business as usual'"

www.cogsci.princeton.edu/cgi-bin/webwn

Pareto Optimality

Pareto Optimality is the principle that states that there is an optimal solution that cannot be improved upon without disadvantaging at least one group. Pareto Optimality maximizes benefits subject to the existing constraints.

Philosophy

A belief (or system of beliefs) accepted as authoritative by some group or school.

www.cogsci.princeton.edu/cgi-bin/webwn

The study of seeking knowledge and wisdom in understanding the nature of the universe, man, ethics, art, love, purpose, etc.

www.carm.org/atheism/terms.htm

Psychology

The scientific study of behaviour and mental processes and how they are affected by an organism's physical state, mental state and external environment.

access.autistics.org/resources/glossary/main.html

Risk

The exposure to loss of investment as a result of changes in business conditions, domestic or foreign economies, investment markets, interest rates, relative currency

rates, or inflation. Any or all of these risks may affect the market price of a security. In general, the higher the potential return on an investment, the higher the risk may be.

There is generally a correlation between the amount of risk one assumes and the amount of reward one may gain as compensation for taking the added risk.

atwork.harvard.edu/b-glossary.html

Strategy

A strategy is a series of planned and sequenced tasks to achieve a goal. Strategies must be clearly stated and be observable.

hra.co.sacramento.ca.us/quality/Quality/glossary.htm

A plan or technique for achieving some end.

ucdnema.ucdavis.edu/imagemap/nemmap/ENT135/135Definitions.htm

Tactic

A method or action intended to accomplish a strategy.

higher.mcgraw-hill.com/sites/0072443901/student_view0/chapter2/glossary.html

A method or action intended to accomplish a strategy.

higher.mcgraw-hill.com/sites/0072443901/student_view0/chapter2/glossary.html

An activity designed to achieve a desired result. Tactics are the things you do to implement a strategy. Where strategy describes "what", tactics describe "how to."

www.succeedinginmusic.net/glossary05.htm

Tradeoffs:

An exchange of one thing in return for another, especially relinquishment of one benefit or advantage for another regarded as more desirable.

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http://www.pon.harvard.edu/raiffa/na_sup/nas.pdf

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<http://www.vacets.org/vtic97/txbui3.htm>

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<http://www.cin.ufpe.br/~straw01/epapers/paper13/paper13.html>

A Web Services-Enabled Marketplace Architecture for Negotiation Process Management
<http://www.ieor.berkeley.edu/~jinbaek/publications/DSS-KimSegev.pdf>

A Requirements Negotiation Model Based on Multi-Criteria Analysis
<http://faculty.cs.tamu.edu/hohin/projects/VCR/pdf4.pdf>

Consortium on Negotiation And Conflict Resolution
<http://law.gsu.edu/cncr/pdf/papers/96-4Brecke.pdf>

The Chinese Business Negotiation Process: A socio-cultural Analysis
<http://www.ub.rug.nl/eldoc/som/b/99B15/99b15.pdf>

Speech Act Theories for Computer-Aided Collaborative Design
<http://www.arch.usyd.edu.au/kcdc/journal/vol3/dcnnet/avarena/>

Other links that were used:
<http://www.compensationmaster.com/pareto.html?source=Overture>

<http://education.yahoo.com/reference/dictionary/>

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Appendix: Poster

Negotiation

Requirements

- Needs
- Goals
- Information
 - Options
 - Conditions



Structure

- Partners
- Cooperation
- Agenda
- Environment

Process

- Need Theory
 - Arguments
 - Non verbal
 - Conditions

Protocol

- Rules
- Ethics
- Outcome:
 - Ethically correct



Strategy

- Series of plans
- Tactics
- People's Actions
- Risks