



IIT ROORKEE



NPTEL ONLINE
CERTIFICATION COURSE

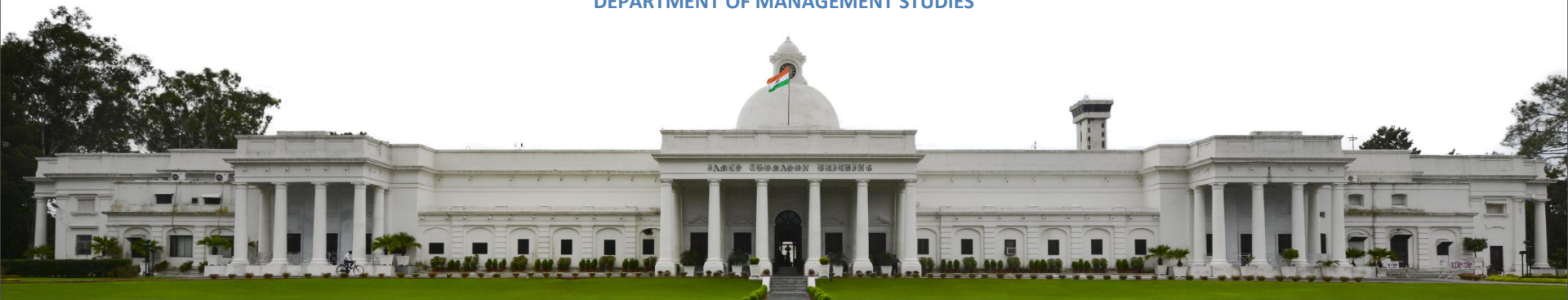
LEADERSHIP AND TEAM EFFECTIVENESS

LECTURE – 28

Negotiation and Leadership

PROF. SANTOSH RANGNEKAR

DEPARTMENT OF MANAGEMENT STUDIES



CONTENTS

- Negotiation
- Negotiation Process
 - Plan
 - Negotiations
 - Postponement
 - Agreement / No Agreement
- Negotiation Styles
- Negotiation Tips for Leaders
- Research paper
- Case study
- Book recommendation
- References



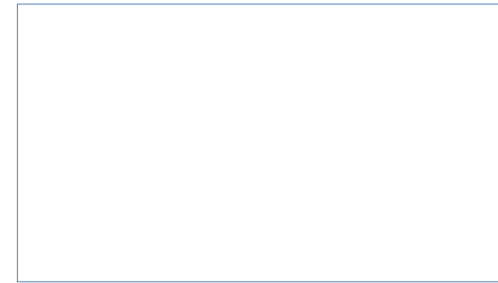
Image Source: <https://www.shapironegotiations.com/strategic-negotiations-essential-skills-and-knowledge/>

Negotiation

- “Negotiating is a process in which two or more parties have something the other wants and attempt to come to an agreement”.
- We negotiate to secure a more favorable outcome, so negotiating is an essential career skill, because good negotiators get more favorable outcomes, such as more pay.
- Negotiation is a fact of life. People negotiate daily, often without considering it a negotiation.



Image Source: <https://pmtips.net/article/the-art-of-negotiation-in-project-management>



Negotiation (Cont.)

- Negotiation occurs in organizations, including businesses, non-profits, and within and between governments as well as in sales and legal proceedings, and in personal situations such as marriage, divorce, parenting, etc.
- Professional negotiators are often specialized, such as union negotiators, leverage buyout negotiators, peace negotiator.
- Any method of negotiation may be judged by 3 criteria
 - Should produce wise agreement (if it is possible)
 - Should be efficient
 - Should improve or at least not damage the relationship between the parties



Negotiation Process

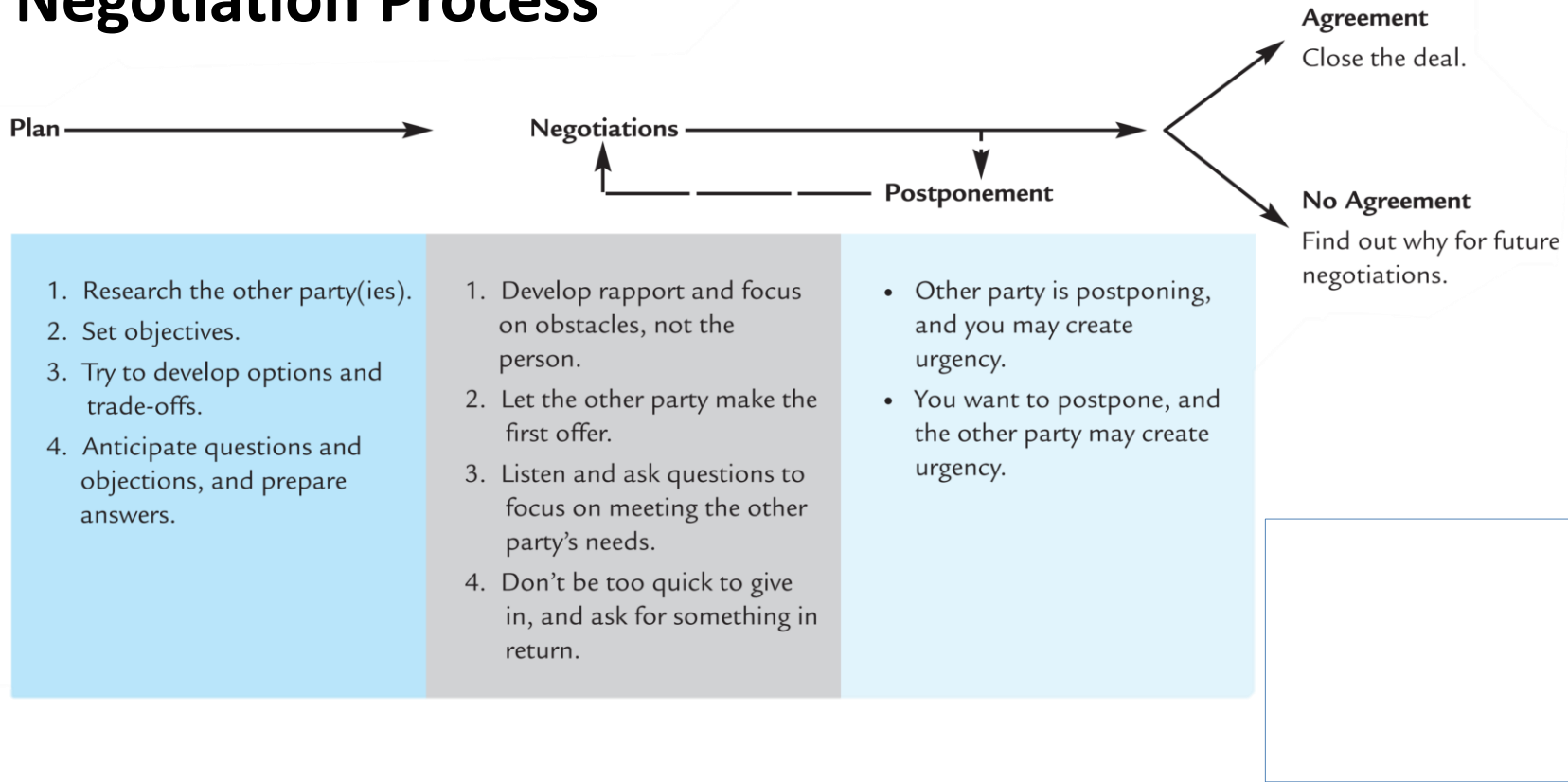


Image Source: (Lussier and Christopher, 2016)

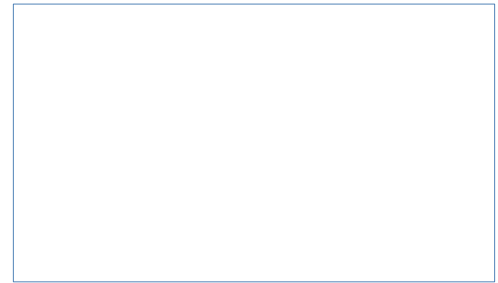
Negotiation Process - Plan

The key to any negotiation is preparation, so develop a plan. Know what's negotiable and what's not.

Step 1. Research the other party(ies). Put yourself in the other party's shoes. Try to find out what the other parties want, and what they will and will not be willing to give up, before you negotiate. Find out their personality traits and negotiation style by networking with people who have negotiated with the other party before.

Step 2. Set objectives. Follow steps a, b, and c:

- a) Set a specific lower limit and be willing to walk away
- b) Set a target objective of what you believe is a fair deal.
- c) Set an opening objective offer that is higher than you expect



Negotiation Process - Plan

Step 3. Try to develop options and trade-offs. If you have other offers, it is common practice to quote other offers and to ask if the other party can beat them. If you have to give up something, or cannot get exactly what you want, be prepared to ask for something else in return.

Step 4. Anticipate questions and objections, and prepare answers. You need to be prepared to answer the unasked question “What’s in it for me?” Don’t focus on what you want but on how your deal will benefit the other party.

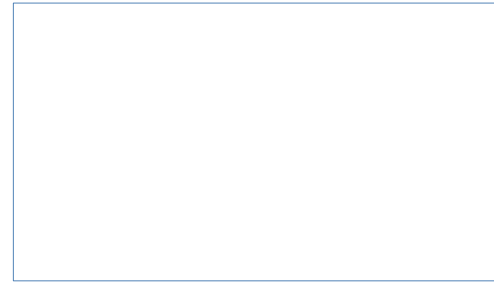


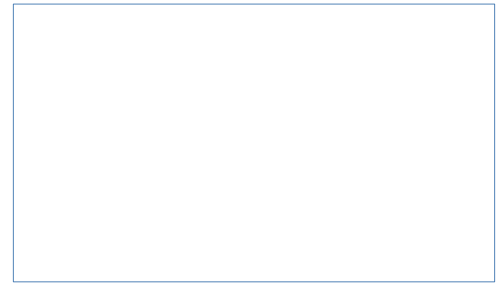
Image Source: <https://atlanticlifequote.com/frequently-asked-questions/>

Negotiation Process - Negotiations

After we have planned, we are now ready to negotiate the deal. Face-to-face negotiations are generally preferred because you can see the other person's nonverbal behavior and better understand objections.

Step 1. Develop rapport and focus on obstacles, not the person The first thing we sell in any negotiation is ourselves. The other party needs to trust us. Smile and call the other party by name as you greet them. Deciding on how much time to wait until you get down to business depends on the other party's style.

Step 2. Let the other party make the first offer. This usually gives you the advantage, because if the other party offers you more than your target objective, you can close the agreement.

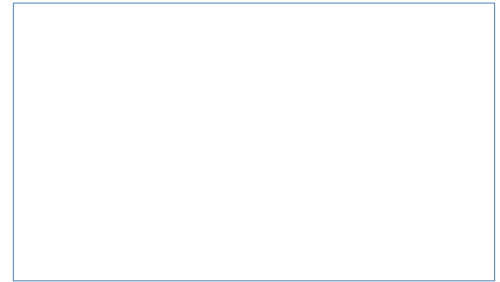


Negotiation Process - Negotiations

Step 3. Listen and ask questions to focus on meeting the other party's needs.

Create an opportunity for the other party to disclose reservations and objections. When you speak, you give out information, but when you ask questions and listen, you receive information that will help you overcome the other party's objections.

Step 4. Don't be too quick to give in, and ask for something in return. Those who ask for more get more. Be persistent, don't just give up. If our competitive advantage is service, and during negotiation we quickly give in for a lower price, we lose all the value in a minute. We want to satisfy the other party without giving up too much during the negotiation. Remember not to go below your minimum objective. If it is realistic, be prepared to walk away.

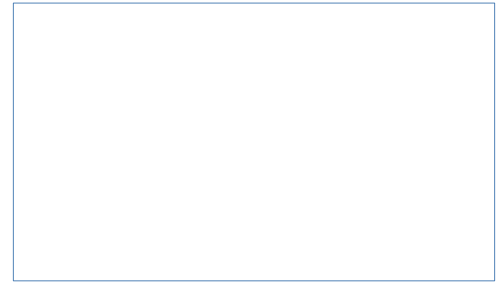


Negotiation Process - Postponement

Take your time. When there doesn't seem to be any progress, it may be wise to postpone the negotiations.

The Other Party Is Postponing, and You May Create Urgency The other party says, "I'll get back to you." When we are not getting what we want, we may try to create urgency. For example, "I have another job offer pending; when will you let me know if you want to offer me the job?"

But what if urgency does not apply—or does not work—and the other party says, "I'll think about it?" You might say, "That's a good idea." Then at least review the major features the other party liked about our proposed deal and ask if it meets their needs.

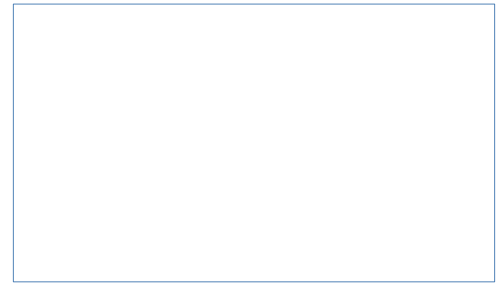


Negotiation Process - Postponement

You Want to Postpone, and the Other Party May Create Urgency Don't be hurried by others, and don't hurry yourself. If we are not satisfied with the deal, or want to shop around, tell the other party you want to think about it.

You may also need to check with your manager or someone else, which simply may be for advice, before you can finalize the deal. If the other party is creating urgency, be sure it really is urgent.

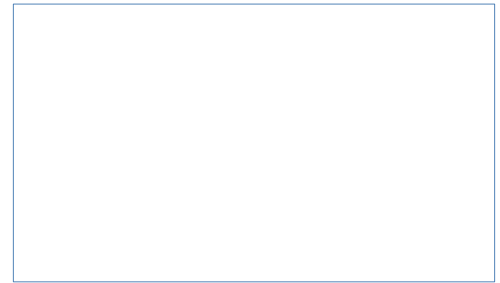
In many cases, we can get the same deal at a later date; don't be pressured into making a deal you are not satisfied with or may regret later. If we do want to postpone, give the other party a specific time that we will get back to them



Negotiation Process – Agreement / No Agreement

Agreement Once the agreement has been made, restate it and/or put it in writing when appropriate. It is common to follow up an agreement with a letter of thanks, restating the agreement to ensure the other parties have not changed their mind about what they agreed to.

No Agreement Our goal is to come to an agreement, but rejection, refusal, and failure happen to us all, even the superstars. The difference between the also-rans and the superstars lies in how they respond to the failure. The successful people keep trying, learn from their mistakes, and continue to work hard; failures usually don't persevere. When there is no agreement, analyze the situation and try to determine what went wrong to improve in the future.



Negotiation Styles

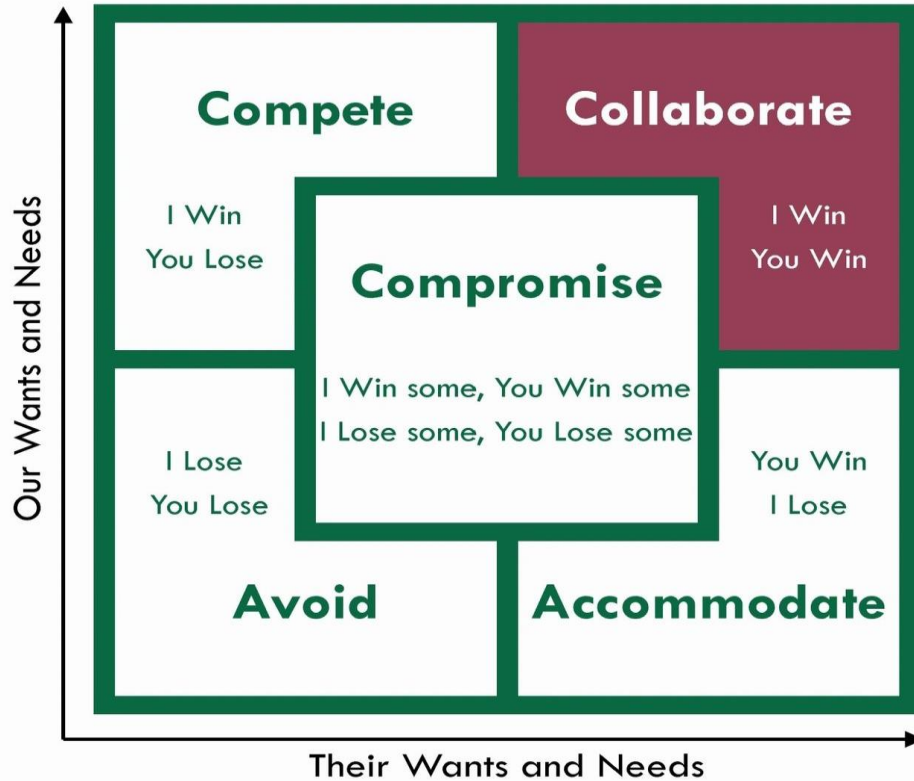


Image Source: <http://www.hart.ro/en/resources/news/toxic-leadership-jarrett-shalhoop-senior-consultant-global-alliances-hogan-assessment-usa/>

Negotiation Styles (Cont.)

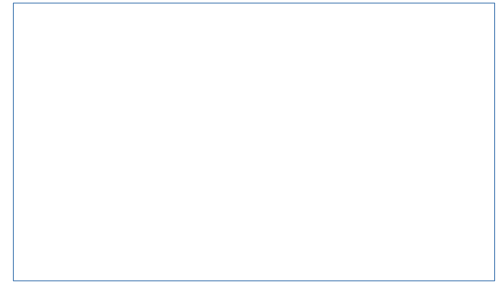
- **Avoidance (I Lose – You Lose)**

It involves indifference to the concerns of both parties. It reflects a withdrawal from or neglect of any party's interests.

This style is most often referred to as “passive aggressive”. We habitually use this style when we really dislike conflict. Rather than talk directly to others about the issue, we may instead try to take revenge without others knowing.

The avoid style can be a typical reaction to high compete negotiations.

When to use: When the value of investing time to resolve the conflict outweighs the benefit, or if the issue under negotiation is trivial to both parties.



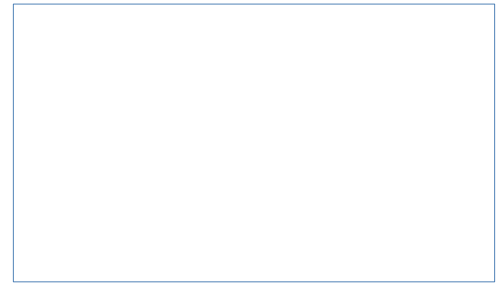
Negotiation Styles (Cont.)

- **Competition(I Win – You Lose)**

It reflects a desire to achieve one's own ends at the expense of someone else. This is domination, also known as a win–lose orientation.

Competitive style negotiations tend to pursue our own needs. This is true even when the result is that others may suffer. These negotiations tend to be narrowly focused on short-term gains. This kind of negotiation often uses whatever power and tactics we have, including personality, position, economic threats, brand strength or size, and market share.

When to use: When we need to act or get results quickly. This negotiation style can be useful when we buy or sell something as a one-off.



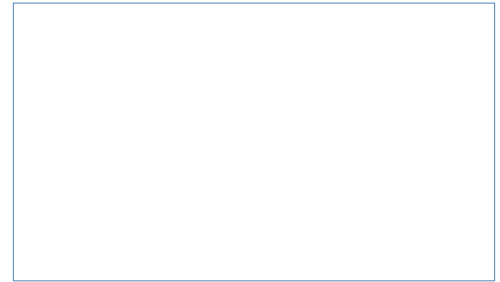
Negotiation Styles

- **Accommodation (I Lose – You Win)**

It reflects a mirror image of competition—entirely giving in to someone else's concerns without making any effort to achieve one's own ends. This is a **tactic** of appeasement.

For accommodating style negotiations, the relationship is everything. Accommodating profiles win people over and give people what they want.

When to use: When we or our company are at fault, repairing the relationship is critical. We can also take this approach when we have nothing else that would benefit the other side, i.e. a gift to rebuild bridges.



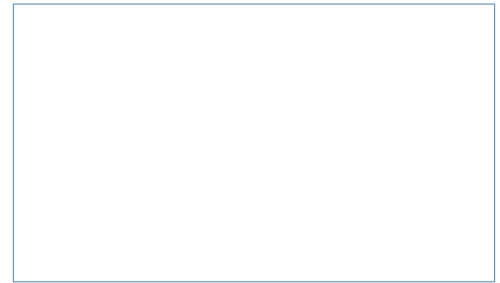
Negotiation Styles

- **Compromise (Sharing) (I Lose / Win Some – You Lose / Win Some)**

It is an approach that represents a compromise between domination and appeasement. Both parties give up something, yet both parties get something. Both parties are moderately, but incompletely, satisfied.

Compromising often involves one or both settling for less than we want or need. This can result in an end position of roughly halfway between both sides' opening positions.

When to use: When we are pushed for time and we are dealing with someone who we trust. It also needs to be clear that it would not be in the other side's interest for them to “win” a cheap victory. Both sides win and lose. Make sure we win the right things and lose the right things.



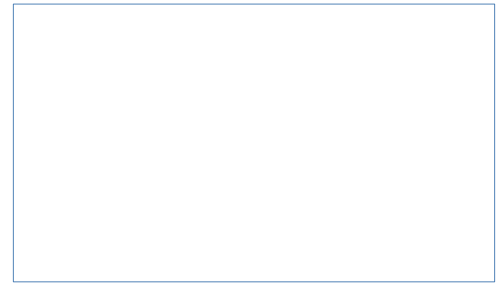
Negotiation Styles

- **Collaboration (I Win – You Win)**

It reflects an effort to fully satisfy both parties. This is a problem-solving approach that requires the integration of each party's concerns.

We often confuse Win/Win or collaboration, with compromise. However, these two styles are distinct from each other. Win/Win is about making sure both sides have needs or goals met while creating as much mutual value as time and resources allow.

When to use: Under most circumstances. Collaboration and partnership are the primary styles we should use for most goals in business-to-business negotiations.



Negotiation Tips for Leaders

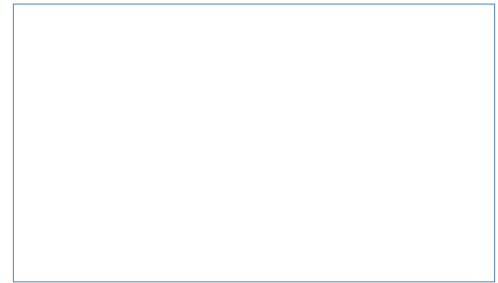
(Fisher, Uri & Patton, 2011) offer the following tips for negotiating for leaders

- **Prepare Well for the Negotiation**

To successfully resolve conflicts, leaders may need to spend considerable time in preparation for the negotiation. Leaders should anticipate each side's key concerns and issues, attitudes, possible negotiating strategies, and goals.

- **Separate the People from the Problem**

Negotiations involve substantive issues and relationships between negotiators, it is easy for these parts to become entangled. When that happens, leader may inadvertently treat the followers and the problem as though they were the same. Leaders can do several things to separate the people from the problem.



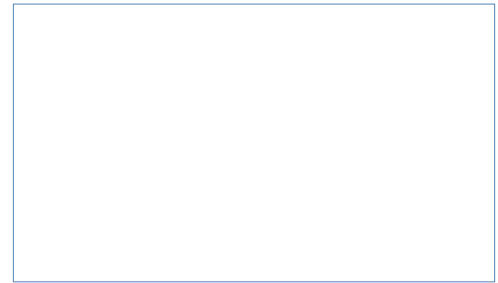
Negotiation Tips for Leaders (Cont.)

- **Focus on Interests, Not Positions**

In negotiating, it is much more constructive to satisfy interests than to fight over positions. Furthermore, it is important to focus both on your follower's interests (not position) and on your own (leader's) interests (not position).

E.g. Say Ram has had the same reserved seats to the local symphony every season for several years, but he was just notified that he will no longer get his usual tickets. Feeling irritated, he goes to the ticket office to complain.

- One approach he could take would be to demand the same seats he has always had; this would be his position.
- A different approach would be to find alternative seats that are just as satisfactory as his old seats were; this would be his interest.



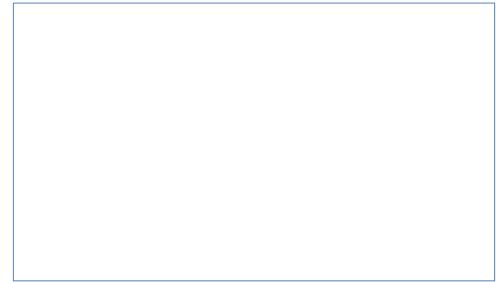
Negotiation Tips for Leaders (Cont.)

- **All Parties Should Believe They Got a Good Deal**

Negotiation is often a zero-sum game in which one party's gain is the other party's loss. For example, every dollar less that you pay for a car is your gain and the seller's loss. But it doesn't have to be an "I win and you lose" negotiation.

Leader should not take advantage of others, it's about building relationships and helping each other get what we want.

To get what we want, we have to sell our ideas and convince the followers to give us what we want. However, negotiation should be viewed by all parties as an opportunity for everyone to win. When possible, make the pie larger rather than fight over how to split it.



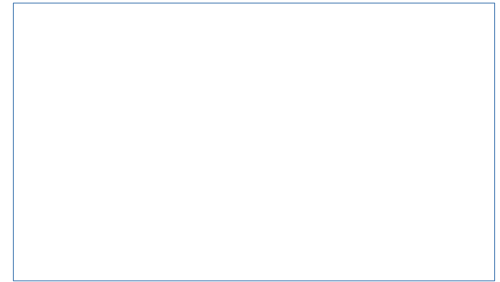
Negotiation Tips for Leaders (Cont.)

- **Focus on the obstacle, not the person**

It means never to attack the follower's personality or put follower down with negative statements like “You are being unfair to ask for such a price cut.” If we do so, the follower will become defensive, we may end up arguing, and it will be harder to reach an agreement.



Image Source: https://www.pngfind.com/mpng/ixorxxj_the-art-of-negotiation-negotiation-png-transparent-png/



Research Paper



Journal of Management
Development
Vol. 36 No. 7, 2017
pp. 940-958
© Emerald Publishing Limited
0262-1711
DOI 10.1108/JMD-01-2016-0002

Received 6 January 2016
Revised 8 July 2016
2 December 2016
Accepted 23 February 2017

A proposed model for effective negotiation skill development

Elizabeth Chapman

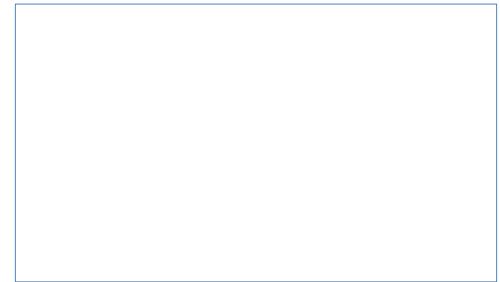
*Eugene W. Stetson School of Business and Economics, Mercer University,
Atlanta, Georgia, USA, and*

Edward W. Miles and Todd Maurer

*J. Mack Robinson College of Business, Georgia State University, Atlanta,
Georgia, USA*

Purpose

The purpose of this paper is to develop an initial model from an intra-organizational perspective to outline the factors that contribute to the development of negotiation skills and behaviors by employees.



Research Paper

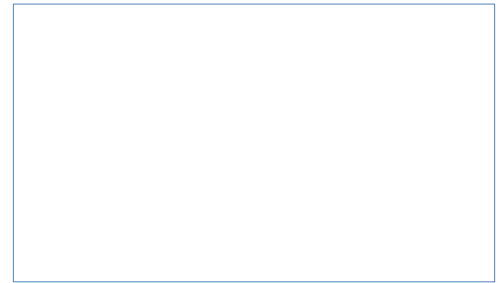
Design/methodology/approach

This conceptual paper relies on prior research and existing theory to focus on the types of developmental and learning experiences and processes that lead to the acquisition of three specific types of key negotiation skills and behaviors.

Findings

Distributive, integrative, and adaptable negotiation skills are developed most effectively via different learning and development activities, respectively.

Additionally, unique individual difference and situational variables could contribute to particular negotiation behaviors, either directly or via an interaction with developmental experiences.



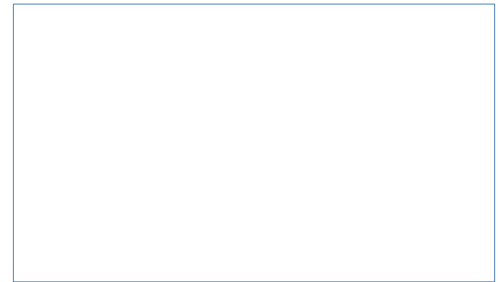
Research Paper

Originality/value

This proposed holistic model provides new insights, structure, and suggestions for more research on factors that lead to negotiation skill development and exhibition of effective negotiation behaviors. This paper goes beyond description of negotiation tactics and addresses the various negotiation contexts and the unique skills needed for each. Most importantly, the paper addresses how those skills are uniquely and most effectively developed.

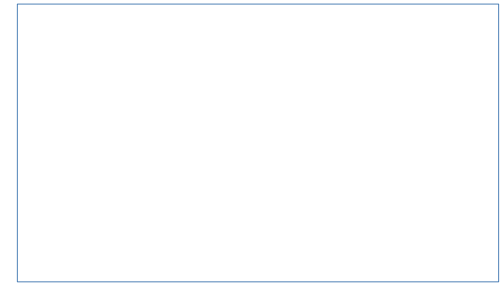
Practical implications

The paper proposes a model for future testing in which results can provide support for tailored/customized training and development of employee negotiation skills. Providing the correct people with the correct tools in the correct manner is always desirable by practitioners.



Case Study : Indian Labor Unions

- Indian labor union have seen a dramatic decline in memberships in the private sector. In India the unionization rate is low at 5 percent of the total workforce. This is due to the fact that 95 percent of people are employed in rural and informal sectors.
- Most unions are found in government-related sectors and in large enterprises. The situation is very different in the public sector, however, where 40 percent of government employees are unionized. These numbers are the results of very different trends.
- Research suggests two core reasons why public sector unions have grown.
 1. Changes in state and national labor laws
 2. Private Sector Jobs

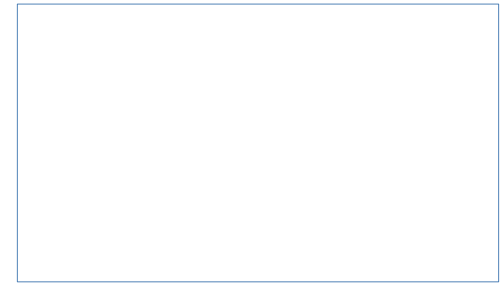


Case Source: (Robbins, Judge & Vohra, 2016)

Case Study : Indian Labor Unions

- Labour Union Negotiations has their own plus and mines
- **On the positive side**, by negotiating as a collective, unionized workers are able to earn, on average, roughly 15 percent more than their nonunion counterparts. Unions also can protect the rights of workers against capricious actions by employers. Consider the following **Example**:

Lavanya criticized the work of four or five of her co-workers. They were not amused and posted angry message on a Facebook page. Lavanya complained to her supervisor that the postings violated the employer's "zero tolerance policy against bullying and harassment". The employer investigated and agreeing that its policy had been violated, fired the five.

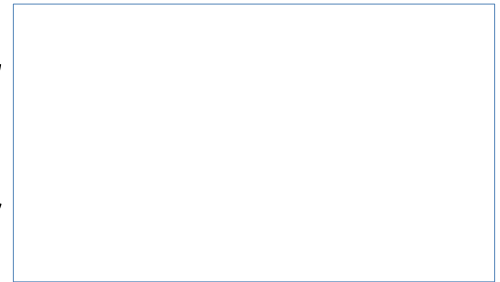


Case Source: (Robbins, Judge & Vohra, 2016)

Case Study : Indian Labor Unions

- Most of us would probably prefer not to be fired for Facebook posts. This is a protection unions can provide.
- **On the Negative side**, public-sector unions at times have been able to negotiate employment arrangement that are hard to sustain. The nexus of politics and unions has been detrimental to both workers and enterprises.
- It is often extremely difficult to fire a member of a public-sector union, even if performance is exceptionally poor. Consider other **Example:**

Nandu shah, 46, a sports teacher in a government school in Gujarat, was pulled from the classroom for repeated sexual harassment of female students. There is an ongoing case against him. He has been suspended but continues to draw his suspension salary.



Case Source: (Robbins, Judge & Vohra, 2016)

Case Study : Indian Labor Unions

- Such protections exist for teachers in nearly every state, protecting even those who are involved in wrongdoing or who are not teaching effectively. Teachers are not alone. There are such safeguards for all union jobs
- Reasonable people can disagree about the pros and cons of unions and whether they help or hinder an organization's ability to be successful. There isn't any dispute, however, that they often figure prominently in the study of workplace conflict and negotiations strategies.



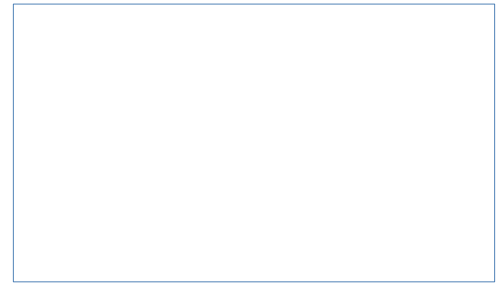
Image Source: <https://www.downloadclipart.net/browse/76488/labour-union-png-transparent-picture-clipart>

Case Source: (Robbins, Judge & Vohra, 2016)

Case Study (Cont.)

Questions

- Q1)** Labor management negotiations might be characterized as more distributive than integrative. Do you agree ? What do you think about this case?
- Q2)** If unions have negotiated unreasonable agreements, what responsibility does management or the administration bear for agreeing to these terms? Why do you think they do agree?
- Q3)** If you were advising union and management representatives about how to negotiate an agreement, drawing from the concepts of negotiation, what would you tell them?



Book Recommendation

Negotiation in the Leadership Zone

Authors: Ken Sylvester
Publisher: Academic Press;
(September 2015)
Language: English
Paperback: 248 Pages
ISBN-10: 0128003405

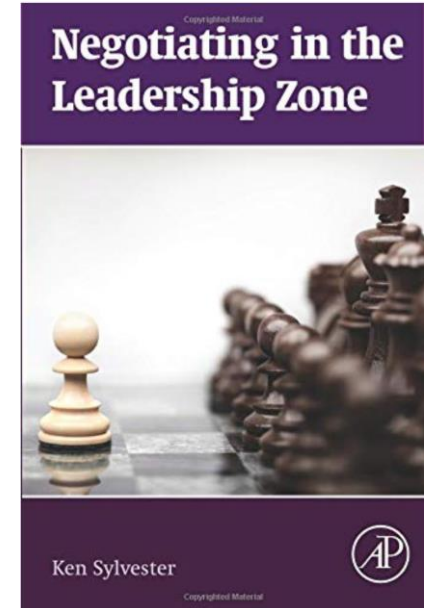


Image Source: https://www.amazon.in/Destructive-Leaders-Dysfunctional-Organizations-Therapeutic/dp/0521717345/ref=tmm_pap_swatch_0?_encoding=UTF8&qid=&sr=

Book Recommendation

- Book expertly addresses the question: **How do leaders become better negotiators?**
- This book successfully brings negotiation and leadership together for the first time, building separate insights about them into practical, applied lessons and tools that can be used immediately.
- Book has unique cases, examples, and insights for high-stakes and routine negotiations alike.
- The author's use of 50+ years of experience to convey the fundamental logic and strategies underlying negotiations

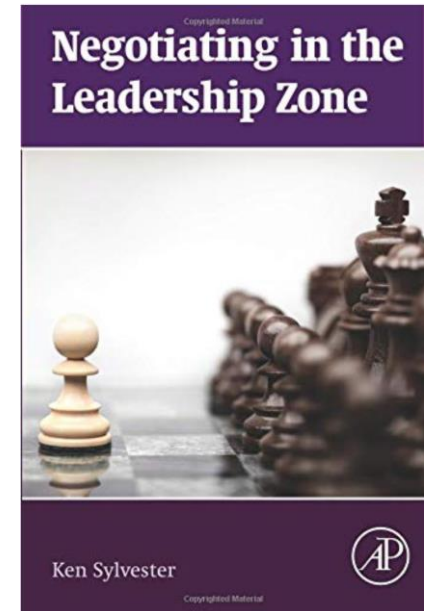
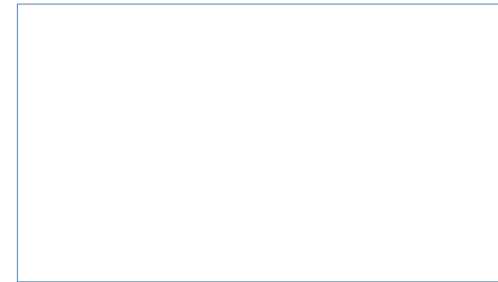


Image Source: https://www.amazon.in/Destructive-Leaders-Dysfunctional-Organizations-Therapeutic/dp/0521717345/ref=tmm_pap_swatch_0?_encoding=UTF8&qid=&sr=

References

1. Fisher, R., Ury, W. L., & Patton, B. (2011). Getting to Yes: Negotiating Agreement Without Giving In. Penguin.
2. Hughes, R. L., Ginnett, R. C., & Curphy, G. J. (2015). Leadership: Enhancing the Lessons of Experience (8th Edition). McGraw Hill.
3. Northouse, P. G. (2019). Leadership Theory and Practice Eighth Edition (8th ed.). Sage Publications, Inc.
4. Lussier, R. N., & Achua, C. F. (2016). Leadership: Theory, Application, & Skill Development (6th ed.). Cengage Learning.
5. Robbins, S. P., Judge, T. A., & Vohra, N. (2016). Organizational Behavior (16th Edition). Pearson Education Inc.



Thank You

