**Identifying the options**

Once parties have begun to build relationships and to exchange information in order to gain a clearer understanding of the interests at stake, the parties should turn to the task of generating ***options*.** In negotiations, options are possible solutions to a problem shared by two or more parties. In integrative bargaining, options represent possible ways of meeting as many of *both* parties’ interests as possible.

As the story of the orange reveals, when two people (or two companies or two nations) get locked into solutions or habitual patterns of thinking, they easily become blinded to the possibilities that a little creative thinking might reveal.

Because the process of identifying options, or possible solutions to a problem, promotes creative thinking and expands problem-solving capabilities, it is as critical to the negotiation process as identifying underlying interests. Some techniques can help generating options. One of these is *brainstorming* —a technique which involves inviting all parties to list any idea that comes to mind without criticizing or dismissing those ideas.

Criteria/Legitimacy

***Example for Objective Criteria***

One country produces an environmentally friendly fertilizer, another country is interested in importing this fertilizer, but they have a dispute about pricing the product. The potential buyer set their position that it should pay no more than 5 euro per pound of the substance. Meanwhile, the producing country may cling to the position that it should export the substance at 10 euro per pound. How will this difference in positions be overcome? Have you experienced similar situations like this? Can you provide some imaginative solutions?

Though the position of each party may be clear, what is unclear is the basis for their respective price demands. In the course of negotiations, arguments will be more meaningful and solutions, more acceptable, if they do not appear to be arbitrary.

Should prices be based on market rates for similar products or domestic production costs? One party may maintain that a fair standard for determining the price of exported goods is the world market price. Another party may argue that, a fair standard is the domestic price of the exported commodity, in its country of origin. What other possible criteria can become the basis for a mutually acceptable fair standard? There are many. In negotiations of this type, parties often turn to areas such as precedent, scientific judgment, professional standards, efficiency, costs, moral standards, equal treatment, tradition or reciprocity as possible criteria for decision making.

For example, can the importing country persuade the producer to reduce the cost of their environmentally friendly fertilizer because it will be used to produce agricultural products that will, in turn, be exported back to the country which provides the fertilizer to grow them?

A way to approach the task of creating a legitimate basis for agreement is to invoke what both parties agree to be a fair ***procedure*** for deciding the matter. A simple illustration of this is given below.

***Example: a fair procedure***

Two children complain that they each want the last piece of cake. This situation is quite similar to the one orange for two children example. Here we have another smart parent. Their father could divide the cake and arbitrarily decide which child gets each piece but this runs the risk that neither child will be content with their allotted portion. Another way to approach a problem such as this would be to invoke a fair process. The father tells the children that one child will cut the cake and the other will choose who gets each piece. Because the process itself is seen to be legitimate, neither child can easily dispute the legitimacy of the outcome.

**Honesty and Trust**

Negotiators should never underestimate the importance of Honesty and Trust in negotiations*.* It is critical. The perception negotiators have of each other is a crucial factor influencing the flu’idity of negotiations. Being respectful, diplomatic and maintaining one’s credibility is essential to creating positive personal relationships and preventing negative emotions that can result in a return to distributive tactics. This is sometimes easier said than done; trust in relationships is slow to build and easy to destroy. Honoring commitments is one way that parties build trust, and thus serves as another essential element of negotiations.

**Communication**

Negotiation is only possible through communication. Feeling heard is also a key interest for both sides in a negotiation. Good communication can change attitudes, prevent or overcome deadlock and misunderstandings and help to improve relationships. Moreover, good communication skills are essential to cogently relay your message, and to thoroughly understand the message of the other side.

In addition, integrative approaches stress the importance of sharing information as a means of uncovering interests. Still, negotiators are frequently making common communicational errors or inefficiencies. For example parties may concentrate only on their own responses and forget to listen to what the other side is saying. Listening provides important information about the other side and demonstrates that you are being attentive to the other side’s thoughts, and respectful of their concerns.

To improve communication skills, ***active listening*** is recommended*.* This means listening “not to phrase a response, but to understand [the other party] as they see themselves”. Asking questions, paraphrasing without necessarily agreeing, and constantly acknowledging what is or is not said are good ways to demonstrate that you are listening actively.

To insure good communication, adhering to four rules:

1. Listen actively to both verbal and non-verbal cues.

2. Get beneath the surface – ask questions to learn.

3. Describe your “Data”.

4. Inquire, don’t try to persuade.

Misunderstandings can be especially prevalent when different languages or cultures are involved. Here is one example of the kinds of problems that can arise in multilingual encounters:

“...In Persian, the word ‘compromise’ apparently lacks the positive meaning it has in English of a ‘midway solution both sides can live with, ’but has only a negative meaning as in ‘our integrity was compromised.’ Similarly, the word ‘mediator’ in Persian suggests a ‘meddler（干涉者）,’ someone who was uninvited. In the early 1980, UN Secretary General Waldheim flew to Iran to seek the release of American hostages. When he made on his arrival in Tehran, he made a remark: “I have come as a mediator to work out a compromise.” His words were broadcast through Iranian national radio and television in Persian. Within an hour of the broadcast, his car was being stoned by angry Iranians.”

We will talk more about intercultural negotiation in our later lessons.

Review

As usual, let us have a little review of the things we have learned today. Can you explain the words on this page?

Alright, let’s do it together.

Distributive negotiation: It involves the presupposition that negotiations are zero-sum transactions. Negotiators look at negotiations as contests over a limited or fixed amount of some mutually desired benefit such that one person’s gain is another person’s loss.

Integrative negotiation: It frames negotiations as interactions with win-win potential. It looks for ways of creating value and conditions of mutual gain.

Positions: Represent the stated stances and objectives of the negotiating parties, and are the focus of distributive bargaining.

Interests: the underlying reasons that explain people’s position.

BATNA: It is the course of action that will be taken by a party if the current negotiations fail and an agreement cannot be reached. It provides negotiators with a measure of flexibility.

Bottom Line: It is a point beyond which a person will not go and instead breaks off negotiations. It helps to frame the likelihood and possible scope of an agreement.

This is a pretty long video! I tried my best to get things explained clearly and thoroughly. Fortunately, we will have a case study later for a change, which will be more interesting. Thank you for your patience and see you next time!