EXERCISES AND CASE STUDY

In this chapter, we have learnt about the basic concepts of distributive negotiation and integrative negotiation and the differences between these two approaches. Let’s review the things we have learnt by doing a little quiz! This quiz has three parts, words, true or false questions, translation and case study.

Key Words

Please translate these key words into Chinese.

1. strategy and tactics
2. game theory
3. negotiation approaches
4. distributive and integrative approaches
5. fixed pie
6. win – lose
7. zero-sum game
8. coercion
9. strong opening
10. salami
11. ZOPA (zone of possible agreement)
12. reservation point
13. bottom line
14. game theory
15. concession
16. dilemma
17. retribution
18. fare
19. uncertainty
20. incentive
21. optimum
22. sub-optimal
23. tit-for-tat strategy
24. dominant
25. reciprocated

True or False Questions

Please read the following sentences and tell whether they are true or false.

1. Negotiators who adopt integrative approaches aim to build a good relation with their counterparts and pay less attention to the results of a particular negotiation.
2. A strategy is “a careful plan or method, especially for achieving an end.”
3. Tactics refers to “the skill of using available means” to reach that end.
4. Integrative negotiation approaches means that negotiation parties make concessions mutually to reach an agreement.
5. The method of Coercion tactic takes advantage of the other party, by giving a very small concession to the other side when it can no longer be avoided in order to placate /pləˈkeɪt/ the other side for a little while longer.
6. ZOPA means Zone of Agreement or Zone of Possible Agreement, e.g. the overlap between the maximum purchase price that the buyer is willing to pay and the minimum sell price that the seller is willing to accept.

Translation

Please translate the following sentences into Chinese.

1. The totality of available benefits is often represented metaphorically as a ‘pie’. Because negotiators battle over a fixed amount of some good or benefit, negotiators hope to ‘win’ a portion or ‘slice’ of the pie at the expense of a corresponding loss (of pie) by the other.
2. Integrative negotiation approaches seek to use negotiations as a way to enlarge the pie, or in other words, to multiply gains in order to make both parties better off.
3. In any negotiation, each side has a reservation point, sometimes referred to as a ‘bottom line’. It is a point beyond which a person will not go and instead breaks off negotiations. The reservation points of negotiating parties help to frame the likelihood and possible scope of an agreement.
4. Integrative approaches use objective criteria, look to create conditions of mutual gain, and emphasize the importance of exchanging information between parties and group problem-solving.

Case Study

Please read the following two cases about negotiation strategies and answer the related questions.

Case One:

In one negotiation in the early 1980s, a Chinese manufacturer was locked in a dispute with an American importer over how many models of the bicycle his company would produce. The American importer wanted four different models to give its customers greater selection. The Chinese company wanted to produce only two models, to keep tooling, inventory, and other manufacturing costs down. The position of the Chinese company was that it would produce only two models, while the underlying interest was to keep manufacturing costs down. The position of the American importer was that it wanted four models, while its underlying interest was to increase its profits by selling more bicycles. As long as the negotiators focused on these position, the dispute could be resolved only through concessions by one or both sides. But an interest-oriented examination of the dispute leads to the question: how can the higher cost of manufacturing four models be allocated between the American importer and Chinese manufacturer? In this example, the parted were able to devise a formula that increased the unit cost of the different models to reflect the Chinese manufacturer’s increased manufacturing cost. The interests of the Chinese manufacturer’s increased manufacturing cost. The interests of the Chinese manufacturer were achieved by the solution –profit per unit remained constant. The interests of the American importer were also met –it sold more units at higher prices, which more than offset the increased manufacturing costs.

Questions:

1. What type of negotiation approach was applied to the negotiation?
2. Can you analyze the process of solving the conflict between the Chinese manufacturer and the American importer?

Case Two:

You are an incredibly busy person whose demanding jobs keep you from spending as much time as you’d like with your families. You often get home late, travel on business a lot and regularly work weekends. You are determined to make it up to your seven-year-old son by buying him the toy he’s been talking about for months –a limited-edition action figure of his favourite comic-book superhero for his birthday.

But, unfortunately, by the time you finally get a free afternoon to go shopping, it’s on the very day and you discover that all the toy stores have completely sold out! In desperation, you drive 50 kilometers out of town to the biggest toy store and arrive just minutes before it closes. Pushing through the crowds of shoppers, you see that there is just one left on the shelves! A sticker on it says “LAST ONE IN STOCK!” But, as you reach for it, somebody else appears beside you and grabs the box at the same time …

At that moment, you realized that you knew that person! And you have known each other since school. You used to meet up regularly and your kids got on really well. But he was transferred abroad three years ago and somehow you gradually lost touch with each other. You’ve missed them quite a bit and can’t believe they’re back in town!

Questions:

1. How many choices can you have in such situation?
2. What would be the outcome of each of the choices?

Choice 1: This is an example of a single-issue negotiation and, in this case, the single issue was the toy. You really want to get what you wanted. This made it what’s known as a zero-sum game, one in which only one side can win –either you got the toy or your opponent did. You had no choice but to go head to head with them, to fight it out, and you probably reached a deadlock where you simply couldn’t agree. This kind of negotiation often results in unhelpful behavior such as intimidation (Take your hands off it! I saw it first! It’s mine!), Self-justification (I’ve spent the whole day looking for this damn toy!), Lying (Actually, I asked the shop to reserve this one for me), Emotional blackmail (My son’s been so ill and I just want to give him a happy birthday), Submission (OK, I give up. Go ahead, take it!)

Choice 2: you had a relationship you wanted to renew and maintain. This was no longer just a one-off deal with a total stranger, so the idea that one of you must lose was no longer an option. You two can collaborate to come up with a creative solution to your dilemma. Working together more collaboratively brought you closer to a compromise.