

CHAPTER 1

FOUNDATIONS OF NEGOTIATION

Ours is an age of negotiation. The fixed positions and solid values of the past seem to be giving way and new rules, roles, and relations have to be worked out. . . . Negotiation becomes not a transition but a way of life.

— Zartman (1976, pp. 2-3)

Tom serves as vice president of sales and marketing for TriCorp, a major supplier of components in the computer industry. His department consistently exceeds sales quotas. Recently, his staff complained to the CEO about Tom's outdated management practices, poorly targeted sales goals, and lack of responsiveness to staff suggestions about improving department processes. Tom says, "I've done things this way for 20 years. It's working. Why change it?" Staff members threaten to quit unless Tom changes the way he works with staff. Coldness and antagonism dominate the staff meetings. Tom's lack of willingness to negotiate with his staff fuels a breakdown of his staff's morale and commitment to goals.

Ten years ago, Bob and Alice, an older couple, moved into a home in a quiet neighborhood where they chose to spend their retirement years. The lack of fences between back yards symbolized the kind of community spirit they wanted. Bob landscaped his back yard, complete with a hedge that bordered his property. As the years went by, the neighborhood began to

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change. About a year ago, a young couple, Sean and Tonya, moved in next door. Bob looked forward to the energy the couple would bring to the neighborhood. But during the spring, relations deteriorated between the neighbors. Sean measured the property line. He found that Bob had planted his hedge, now 3 feet high, 6 inches onto Sean and Tonya's property. Because Sean planned to build a 6-foot fence between the homes, he wanted the hedge pulled out or moved back 6 inches. Bob wanted neither a fence between the properties nor his hedge touched in any way. He wanted a \$1,000 reimbursement if anything was done to his hedge. Sean offered to pay for the fence he wanted, but he had no intention of paying for removal of the hedge. Bob steadfastly refused the offer. The relationship deteriorated to the point of going to court. Fortunately, they were able to negotiate a settlement with a court-appointed mediator, but the relationship remained broken.

Disputes were a common occurrence for Sue, a single parent. When her children were young, she could command obedience through threats of punishment, but now that her children are teenagers, she finds demands and threats ineffective. Although she threatens, they still come home after curfew. When they cut classes or get bad grades, she grounds them. But they sneak out at night. She refuses to give them money, so they steal it from her purse. Coercing, pushing, and threatening worked for many years, but now Sue possesses few tools to influence her children. The problems in this home began many years ago. Each day's conflict looks new but actually has roots in unresolved, underlying issues that date back many years.

Although each of these incidents differs in content, they share a great deal in common. Each situation involves two or more parties whose interests are in conflict, who view others as the problem, and who are willing to endure great personal cost rather than give in. In addition, each engages in a set of moves he or she believes will force others into compliance. Unfortunately, in each of the cases, even if one party achieves its goal through forcing, the winners lose other things they also value. The vice president loses the loyalty of his employees, the neighbors lose a relationship, and the single mother loses the love and friendship of her children.

The cost of unresolved disputes can be high. In one large marketing firm, the CEO estimated a loss of \$1 million a year due to lost contracts because his four vice presidents couldn't get along. The dispute got so bad that three of the vice presidents would schedule board meetings while the other was away or, if he was in town, would occasionally forget to tell him when meetings were held. They'd just explain, "Oh, we just forgot to tell you." In another company, five of six regional directors quit over a dispute with their manager. The CEO explained, "I can't replace the manager because she's been here for 30 years, and she's not open to discussing her management style." In an era where it takes 40% longer than in past years to replace employees, the cost of unresolved conflict and the turnover that results can be high.

Inherent in interpersonal, family, work, and community relationships is a growing need to manage relationships more effectively. The cost of broken relationships, employee disputes, and community violence continues to grow, and new ways for resolving differences are needed. Negotiation is one option to transform conflict into problem solving or compromise. It offers an opportunity for people to reduce tensions caused by their differing views of the world. Negotiation provides an opportunity to create change and overcome resistance to change without having to use threats, make demands, or attempt to coerce.

Because our modern work is filled with many complex challenges, knowing how and when to negotiate has become a fundamental skill for success. A single all-purpose success formula about how to negotiate is an illusion. To become effective, we must develop depth of knowledge about contextual factors and the ability to adapt our strategy accordingly.

COMMUNICATION AND NEGOTIATION ●

Historically, negotiation was based on self-interest, and tactics involved strategic influence. Parties selectively shared information to achieve an advantage, treating others as adversaries. Claims about knowledge, reports of truth, and bottom-line needs permeated each side's approach. Achievement of short-term goals held priority over the impact of long-term outcomes. Thus, a sale might be closed at the expense of a long-term business relationship, or an argument between neighbors might be settled at the expense of any further contact. The emphasis was on selective sharing of information to create an agreement with little regard for the underlying social processes. Although parties were unaware of it, their interactions influenced the level of trust they held in each other, the way power was experienced, the extent to which each would be open with information, or the kind of relationship that developed.

In a society with complex layers of values, interests, and needs, negotiation has needed to become more than strategic influence or manipulation disguised as negotiation. Deetz (2001) argues that the information-transfer orientation of industrial society is shifting to a society in which negotiation produces a codetermination of understandings about perceptions, knowledge, interests, and outcomes. Negotiation serves as a special type of communication in which parties (a) engage in reasoned discussion and problem-solving processes and (b) develop shared understandings that serve as the basis for agreements. Negotiation becomes a means to facilitate relationships based on dialogue and agreements based on understandings.

Communication serves a valuable role in this process. When differences of opinion or conflicts occur, negotiation serves as a tool for enabling or constraining parties as they consider courses of action. The choice of words can accentuate differences, which further polarizes parties, or emphasize similarities, which closes the psychological distance. Negotiators can accentuate their points or manage the intensity of emotion by slowing their rate of speech or lowering their volume (Neu, 1988).

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Negotiation can serve as a tool for managing the dialectical dimensions of conflict displayed in tensions about autonomy or connectedness, openness or closedness, independence or dependence, and control or yielding. Negotiation provides a method for guiding parties through a process that focuses discussion more on understanding and meaning and less on blaming, control, or who gets authority over what. Putnam (2001) explains,

Negotiators work out their interdependence, not only through exchanging proposals, but also in the way the parties enact and manage dialectical tension. Interdependence, then, is not simply a dimension of all conflict situations; rather it is a dynamic feature of conflict worked out through the bargaining process. (p. 6)

The goals with which one begins a negotiation may be different from the goals achieved. For example, two neighbors negotiating a problem dealing with trees hanging over the fence may not agree about what to do with the trees but may establish enough trust to discuss other issues. A manager negotiating an issue with an employee may not reach agreement but may establish a dialogue about role, authority, and cooperation. Putnam and Roloff (1992b) point out that negotiators “uncover systems of meaning” that influence subsequent messages and communication patterns over time (p. 7). Each negotiation is about more than a single outcome.

The case of the U.S. Forest Service attempting to resolve a 15-year negotiation with the friars of the Atonement in Garrison, New York, provides an example of parties who began with strategic influence and later turned to negotiated understandings to resolve their differences (Box 1.1). The friars held a weak position in their attempts to prevent the Forest Service from creating a land buffer for the Appalachian Trail, but the Forest Service had problems of its own. The public relations fallout for closing down a shelter for the homeless and ill could have serious political implications. Both parties needed to maintain good relations while achieving outcomes they could live with. It was not until both parties agreed that land needed to be protected from development and that they could trust each other that interest-based tradeoffs occurred.

Communication's role in negotiation is captured in various definitions of negotiation provided by scholars:

- “A form of interaction through which (parties) . . . try to arrange . . . a new combination of some of their common and conflicting interests” (Ilke, 1968, p. 117).
- “A process in which at least two partners with different needs and viewpoints try to reach agreement on matters of mutual interest” (Adler, Graham, & Gehrke, 1987, p. 413).
- “An interactive process by which two or more people seek jointly and cooperatively to do better than they could otherwise” (Lax and Sebenius, 1991a, p. 97).

Box 1.1**CONFLICT OVER SACRED LAND**

In 1898, Franciscan friars purchased a 400-acre forest site along the Hudson River that bordered the Appalachian trail in Garrison, New York. There, 130 priests, brothers, and sisters built a retreat center to provide free shelter for the homeless, hikers, and people with health problems. The friars described the land as a holy mountain, sacred, and a place of solitude.

In 1985, the National Forest Service feared encroachment of the Appalachian Trail and asked the friars to provide a 57-acre, 50-foot-wide easement (right of way) through the land. Based on a handshake and a payment of \$116,500 for a temporary right of way, the friars agreed. Parties regarded the temporary agreement as satisfactory until early in 2000 when the Forest Service became concerned about a pump and a sewage pipe installed by the friars on the easement land. Additionally, some people in the Forest Service feared that the friars would sell the land which might then be used for a housing development, which could further damage the land along the trail. In May 2000, because the parties had reached no settlement in 15 years, the Forest Service began proceedings to take the land plus an additional 18 acres by power of eminent domain. The friars argued that the government had no right to take the land based on fears that the land would be sold. And if it took an additional 18 acres now, how much more later? They fought the eminent domain procedures through members of the U.S. Congress, the Secretary of the Interior, and a Senate subcommittee. They did not want to go to court to determine rights.

In August 2000, representatives of the Forest Service and the friars met once again. They determined that they had common interests: protect the pristine conditions of the land, reduce escalation of the conflict between the two sides, and reach an agreement without going to court. Both parties acknowledged each other's rights. The representatives walked the property together and each reached an understanding about what the other valued. They reached an agreement to construct a different easement through a swapping of land. The friars agreed to include a provision not to sell the land to developers, and the Forest Service agreed on ways the friars could make changes to the land to fit their needs within the boundaries of the site.

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- “The exchange of information through language that coordinates and manages meaning” (Gibbons, Bradac, & Busch, 1992, p. 156).
- “The interaction of two or more complex social units that are attempting to define or refine the terms of their interdependence” (Walton & McKersie, 1965, p. 35).
- “Two or more interdependent parties who perceive incompatible goals and engage in social interaction to reach a mutually satisfying outcome” (Putnam & Roloff, 1992, p. 3).

This set of definitions emphasizes the intentionality of the negotiation process, the management of conflicting interests, the importance of communication for resolving differences, and, to a small degree, the importance of creativity in problem solving for overcoming conflicting interests. Negotiation is a transactional form of communication in which parties send and receive messages that trigger mutual cycles of influence that affect future interaction.

Of special interest is the ability of negotiation to overcome resistance that may not be surmounted by other methods of social influence. When friendship, authority, reciprocity, or requests fail to influence others to give us what we want, negotiation becomes a more prominent choice. Watkins (2001, p. 120) identifies some of the sources of resistance that may block the more usual sources of influence:

- *Loss of comfortable status quo.* Parents, managers, and community leaders may be resistant to many forms of influence if concessions could result in their loss of power or authority.
- *Challenge to one’s sense of competence.* If granting concessions could be interpreted as a sign of weakness or error in judgment, someone may be more likely to be resistant to influence.
- *Threats to self-defining values.* In some situations, the position someone takes may be linked to his or her identity or to many years of learned behavior for which change would mean a great deal of cognitive dissonance.
- *Potential loss of security due to uncertainty about the future.* People will resist the influence of others if they perceive risks associated with changes to current behavior.
- *Negative consequences to allies.* People value their friendships and alliances and will resist granting what others need if damage to these relationships could occur.

Identifying the sources of resistance—the reasons why someone feels a need to stand in our way, preventing us from accomplishing our objectives—provides a valuable source of information about what needs to be addressed in a negotiation. Patton (1984) explains that when people

experience fear, they will probably have to be persuaded that (a) the benefits of change are greater or more certain than they think or (b) the risks of not changing are greater than they think. A negotiated agreement can include provisions that provide a feeling of safety about status quo, statements of support to bolster confidence, or protection against risk. Negotiation can achieve desired outcomes while addressing the social needs of meaning and understanding, which serve as the basis for dialogue and relationship.

ECONOMIC AND SOCIAL-PSYCHOLOGICAL DIMENSIONS OF NEGOTIATION

Reminiscent of Blake and Mouton's (1985) managerial grid, which looks at task and relational dimensions of leadership, Thompson (1990b) argues that every negotiation possesses outcomes that may be measured along two dimensions: economic and social-psychological. The economic dimension refers to the tangible outcomes of negotiation—that is, the substantive interests and goals achieved. These goals are easily identified in consumer or business negotiations as savings or profits.

The social-psychological dimension involves relational factors such as quality of relationship, satisfaction with communication, perceptions about fairness of procedures, impressions of the other party, or judgments about personal performance. Some people may be satisfied with a negotiation even if they do not fully achieve their economic interests, and some may not be satisfied with outcomes even if they achieve their economic goals (see Figure 1.1).

Box 1.2 describes a conflict between a man and his daughter-in-law. It begins with a statement of concern, a question about health insurance (economic interest), but moves very quickly to an issue about autonomy (social-psychological interest). The example illustrates how interpersonal relationships frequently involve negotiations about boundaries, levels of intimacy, independence, and salience of issues.

The context dictates whether the substantive interests or the social-psychological needs are more important to parties involved in negotiation. For example, in family and community settings, the social-psychological dimension may be stronger. In organizational and consumer settings, the economic dimension may be stronger. But in both settings, both dimensions play a role in achieving a satisfactory settlement. Failing to address both of the dimensions often leads to failure in achieving our goals.

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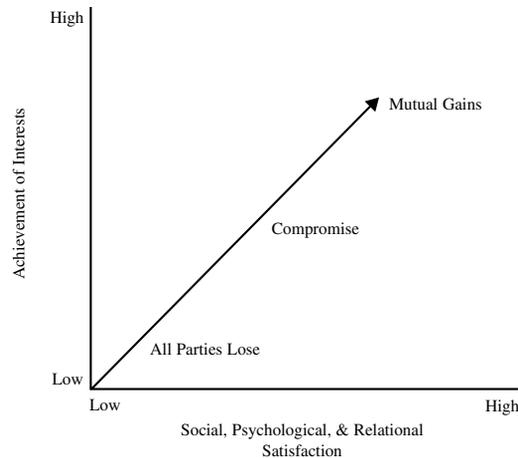


Figure 1.1 Measures of Negotiation

● THE CONTENT OF NEGOTIATION

The importance of maximizing both the economic and social-psychological dimensions of negotiation points out the importance of developing awareness about what you are negotiating. Superficially, it may appear that trading interests may be the focus of discussions. But as discussion of the interests bogs down, it might become apparent that other issues are affecting the ability to trade. The actual content of negotiation may involve many factors:

- *Perceptions.* The attributions, assumptions, and bias with which we view problems
- *Information.* The relevance, meaning, and importance we assign to facts or data
- *Issues.* What we believe the problem to be
- *Interests.* The wants or needs we seek to achieve
- *Relationship.* The respect, communication, or power we want from another
- *Process.* The way we resolve differences
- *Outcomes.* The solutions we're willing to accept

We may be negotiating one or more of these factors at any point in a negotiation. For example, an angry husband points at the checkbook and complains to his wife about how much money was spent this month. The wife, unhappy with how she's being talked to, complains about how he's speaking to her. Both are engaging in negotiations, but about different issues. He wants to talk about his interest: money. She wants to talk about relationship. Unless they align themselves to one issue, the conflict will

Box 1.2**WHEN CARING MAY BE PERCEIVED AS MEDDLING**

Friends describe Phil as a father who manages his family's finances with careful planning. Phil rarely uses a credit card to make purchases, paid for his home with a 15-year loan, taught his children the art of frugal buying, and helped his two sons complete college without the need for a school loan.

Phil's eldest son, Jim, married Sarah at the end of his junior year of college. Sarah held a position as a second-grade teacher, a job that she didn't really like. Her plan was to pursue another career in the city they moved to after Jim graduated from college. Late in Jim's senior year, Sarah told her principal that she would not renew her contract because she expected Jim to graduate. As the end of the year approached, Jim found that he couldn't complete all of the courses he needed to graduate. Maybe during the summer he'd finish. It didn't happen. In the fall, Sarah began a job in a preschool as an interim source of income. Late in the fall semester, Jim told Sarah that it might not actually be until May before he completed his work.

Following a Thanksgiving meal, Phil asked Sarah, "By the way, what are you two doing about health insurance? You realize that when Jim gets his job, any illnesses not covered by insurance now will be regarded as preexisting conditions and may not be covered. That would be catastrophic." Sarah replied, "We didn't get insurance because we're both healthy, and we expected Jim to be working by now." Phil said, "You maybe ought to be thinking about insurance if this is going to take until May." Sarah replied, "I've asked Jim to take care of it, but he hasn't done anything." Then Sarah burst out crying, went to her room, and sobbed in Jim's arms for the next 2 hours.

Phil said later, "I know that this isn't about insurance. I'm asking a question out of concern, and she's saying by her action, 'Stay out of our business.' It's a negotiation about boundaries and influence over Jim. I'm involved in a negotiation that I hadn't planned on being involved in." Sarah said, "Things aren't going the way I had hoped, and I'm held responsible. It makes me look like a bad wife."

Although Phil is engaged in a boundary negotiation with his daughter-in-law, perceptions about why he chose to say anything and the hidden meaning behind his words (which Sarah thinks is "I'm a bad wife") are influenced by the greater context of Sarah and Jim's relationship. Superficially, an economic interest fueled the discussion, but by the end, a social-psychological interest became more important.

Is the answer to this boundary dispute that Phil refrain from meddling? What part would you say Jim has in this tension between Sarah and her father-in-law?

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escalate and negotiations fail. An effective negotiator needs to probe for underlying issues—the real subject of negotiations—and not get caught up in superficial issues where agreements often prove elusive. Box 1.3 provides an example of a conflict where the *what* (that is, the substance of the argument) varies with which of the disputing parties you ask, making agreements especially challenging.

Sorting out the facts within the information is a challenge in many negotiations. In the trailer park dispute, which information do we regard as evidence that the park owner is trying to force out low-income renters? After a recent comparison analysis of homes, a real estate agent lamented, “This is more of an art than a science. Determining how much a house is worth involves comparisons of homes by different builders, locations, construction, conditions, time of year sold, and quirks in the business climate.” In an environmental negotiation, what level of contamination is dangerous and how much is acceptable? In many highly complex disputes, we end up with dueling experts who focus on different aspects of the same information.

Mary Parker Follett, a pioneer in the field of conflict management, negotiation, and mediation, lists many of the difficulties in determining the facts of a situation:

- Facts do not remain stationary.
- Pictures can lie.
- The interpretation of facts depends on needs.
- A fact out of relation is not a fact.
- Facts have an intimate connection with the whole question of power.
- Many facts defy measurement. (Davis, 1991, pp. 133-136)

Facts must be ferreted out of information, negotiated, and agreed upon. Often, in complex negotiations, parties jointly select third parties, regarded as neutrals, to provide research and analysis of the information that serves as the foundation for discussion. Determining facts and relevant information requires dialogue about all aspects of a situation. As Box 1.4 illustrates, even when we know the facts, negotiations can be difficult.

Lax and Sebenius (1991b) describe interests—that is, what we need to be satisfied—as the content of negotiation. Interests vary a great deal among parties, and interests may change over the life of a conflict. Interests may involve economic factors such as money or resources, or they may involve social-psychological factors such as a need to be listened to, to be valued, or to feel included. At times, interests focus on values such as freedom, autonomy, or identity. They may involve philosophical principles such as justice or fairness. The more objective the interest, the easier it will be to engage in tradeoffs that may satisfy all parties in a dispute.

Interests may be clustered into *positions*, represented by statements such as “Here’s where I stand on this problem” or “I’m totally against that

Box 1.3**FEUD AT THE TRAILER PARK**

The 7-acre Fantasy Island trailer park provides spaces for 126 modular trailer homes, just a few hundred feet from a California beach and a few blocks from the Yacht Club. Historically, the 70-year-old park provided affordable housing for senior citizens and low- to middle-income families. Rent currently averages \$304 per month. The homes average \$120,000 in value compared to \$700,000 in the neighboring beach community.

This past year, Steve Jenson bought the park because he believed it was a good investment. The area has changed greatly in the 70 years the park has been in this location. Many of the modular homes have been significantly renovated, becoming two-story and permanent. The city covenant states that the owner possesses the right to make “moderate, appropriate rent increases.” Jenson asked for a 36% increase in rent, based on similar values in the community. The city council turned him down, explaining that the increase would place an undue burden on low-income families. Jenson then asked for a graduated increase, based on level of income. The council turned him down but granted a 7.8% rate. Jenson countered with a request for a court order to raise the rents. He explained that many of the residents are actually subleasees who make substantial incomes. They pay as much as \$60,000 for lot rental rights as well as high monthly rent to the original renters. The city attorney countered that only the initial renters needed to qualify as low income when they originally applied for the space. After they qualify, they have the rights to the space.

The residents claim that Jenson is trying to drive them out to make the park into a luxury resort home park. Some believe they have the right to sublease to whomever they choose. Jenson states that he has no intention of closing the park but deserves fair return on his investment. A nonprofit housing development corporation offered Jenson \$6.4 million for the park, but Jenson turned down the offer, saying that it's worth at least \$8 million.

How do we weigh the interests of the various parties in negotiating a settlement? How important is information about community development or subleasing of spaces? Who determines fair rental rates? What is the most important issue to be resolved here? Each of the parties perceives different outcomes for the park. Which outcome do you think is most important: affordable housing, return on investment, community development, protection of tenants' rights, or protection of owner's rights?

Box 1.4**MUDFEST TURNS DIRTY**

Throughout the week, disc jockeys from a popular radio station spoke of an off-road vehicle expedition to the mountains for a mudfest, including cash prizes for anyone who could drive through a bog. No mention was made about where the event would take place, but the disc jockeys spoke of meeting at a freeway exit before proceeding into a “well-known Jeeping area.”

About 200 off-road vehicles, including two National Guard Humvees, showed up for the event. About 400 people in 200 vehicles four-wheeled for 6 hours on a 25-acre bog near an old gold mine, despite the fact that a man standing outside the mine was yelling for the group to stop and go home. He couldn't be heard above the roar of the engines. The SUVs left tire tracks, oil slicks, and debris across the land. Later, the damage estimates approached several thousand dollars an acre.

The trouble is that the man who was yelling owned the property. The owner claimed that No Trespassing signs and large boulders stood at the entrance of a road to the property. He wanted all of those responsible punished to the full extent of the law. Later, the signs were found off to the side in a ditch, and the boulders had been pushed to the side as well. Many who drove off-road vehicles claimed they saw no signs and weren't aware that it was private property. In addition, the land was an EPA-protected alpine wetland site that provided one of the few habitats for a nearly extinct species of toad. Penalties for killing the toads can be as high as \$100,000 and a year in prison. An additional complication was that officials of the National Guard said that they had not given guardsmen permission to take vehicles to the event.

How do you regard the information as presented? In a multiparty negotiation, who should be responsible for the damages? Should anyone be fined or sent to jail, as the law allowed? What potential settlements do you envision?

proposal.” When negotiators hear positions, they frequently begin probing for underlying interests on which the position is built. Stalemates occur more often in situations where both parties hold rigidly to inflexible positions. Positions are rarely negotiable; interests are frequently negotiable. The case

Box 1.5**THE CASE OF THE BLOTCHED BLOUSES**

For several years, Kathy, the owner of a small dress shop, has taken blouses that have been sold and are in need of alteration to Martha's Seamstress Shop. Sally, an employee of Martha's for several years, does wonderful work with fast turnaround time. During a 3-week period when Sally was on vacation, Martha, a longtime seamstress in her own right, worked on five blouses for Kathy.

Martha had promised that she would return the blouses in 2 days, but instead her alterations took 2 weeks. In addition, after Kathy gave the blouses to the buyers, the buyers returned them because of Martha's poor work. In fact, the buyers cancelled their sales. Kathy returned to Martha's shop. She requested a refund of \$30 for the alterations and \$200 for the lost sales (Kathy's economic interests). Martha refused. She didn't have that kind of money to refund (Martha's economic interests). The conversation turned nasty. Martha said, "I don't want to ever see you in my store again." Kathy countered with, "If I see you in my dress shop, I'll snatch your heart out." Two issues emerged from the lack of responsiveness to interests: one involving the deteriorating relationship between the two business owners and the other dealing with processes for resolving problems associated with poor-quality work.

The case went to small-claims court. Even if both parties achieved their economic interests, the issue of the poor relationship would be unresolved between the two women. If Kathy wanted to continue bringing her blouses to Martha's shop, the issue of guaranteeing quality work would also have to be resolved.

of the botched blouse in Box 1.5 illustrates once again that social-psychological and economic interests may be intertwined. It's difficult to resolve the problem without addressing both sets of concerns.

DISTRIBUTIVE AND INTEGRATIVE APPROACHES •

Negotiation in which strategic influence and guarding information have priority over dialogue and relationship is frequently described as a *distributive*

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negotiation approach. In this perspective, parties perceive that their goals and interests are mutually exclusive or may be in competition with one another. One party wants to gain as much as possible at the expense of another (win-lose)—that is, every dollar won by one party is lost by another. Keltner (1994) argues that distributive negotiation occurs when “parties are clearly adversaries, victory is the goal, the parties demand concessions of each other as a condition of the relationship, they are hard on people, distrust others, dig in their position, make threats [and] hide or mislead about the bottom line” (p. 72).

Bazerman and Neale (1992) describe this approach as an attempt to divide a mythical fixed pie. Both sides want more than half of the pie and become competitive and contentious in efforts to get their share. Unfortunately, the downside of competitive win-lose approaches is that losers have long memories, so if the parties have to do business again, discussions will be much more difficult. Bazerman (1991) points out that American culture supports this perspective:

The win-lose orientation is manufactured in our society in athletic competition, admission to academic programs, industrial promotion systems, and so on. Individuals tend to generalize from their objective win-lose situations and apply these experiences to situations that are not objectively fixed-pies. (p. 201)

Behaviors commonly associated with this orientation include argument and debate, extreme demands and grudging concessions, unwillingness to listen, positional statements, and contentious tactics. Historically, parties have approached international negotiations, labor bargaining, divorce settlements, and sports negotiations as distributive negotiations.

Negotiation based on cocreation of understandings about the problem and an integration of parties’ needs is known as an *integrative* approach. Parties perceive that goals are compatible and that problem solving will produce a mutually beneficial settlement for all parties (win-win). Behaviors associated with the integrative approach include open sharing of information, willingness to trust others, tradeoffs of valued interests, and interest-based discussion. In effect, parties enlarge the fixed pie through creation of additional benefits for all parties. Table 1.1 summarizes the distributive and integrative approaches to negotiation.

For many problems, integrative negotiation may be seen “as a process by which people collaborate on the basics of their disagreements, which helps them identify what is not working in their relationship, come up with solutions, create deeper understandings, and open possibilities for resolution and transformation” (Cloke & Goldsmith, 2000, p. 212). Box 1.6 provides an example of a firm in which parties, though encouraged to find integrative solutions, remained firmly committed to a distributive solution.

Walton and McKersie (1965) point out that in actual practice, a wide range of potential outcomes exists between the win-win and win-lose extremes. Through tradeoffs, parties may win on some issues and lose on

Table 1.1 Approaches to Negotiation

<i>Integrative Negotiation</i>	<i>Distributive Negotiation</i>
Open sharing of information	Hidden information
Trade of valued interests	Demand of interests
Interest-based discussion	Positional discussion
Mutual goals	Self goals
Problem solving	Forcing
Explanation	Argument
Relationship building	Relationship sacrificing
Hard on problem	Hard on people

others. According to Watkins (1999), “The mix of shared, conflicting and complementary interests means negotiators must simultaneously cooperate to create joint value and compete to claim their share of the value” (p. 249). Joint value may involve tradeoffs of economic interests for social-psychological interests. For example, parties may gain greater voice in a decision process in exchange for giving up access to valued resources. On the other hand, a negotiator may give up power to gain economic advantage. Joint gain will depend on the priority each party places on each interest.

Deutsch (1971) points out that the level of gain for disputing parties greatly influences the parties’ willingness to cooperate. Deutsch explains, “When a relatively low payoff is associated with competitive behavior, it is less likely to be selected. . . . [Relatively high payoffs] stimulate competitive behavior and attack which verifies and supports further competitive behavior” (p. 50). This explains, in part, why, despite participants’ best intentions to cooperate, car buying, house buying, labor relations, sports negotiations, and divorce negotiations become so contentious. There’s a great deal at stake.

THE IMPORTANCE OF UNDERSTANDING CONTEXT ●

Successful negotiators possess awareness about the contextual factors that influence the progress of a negotiation. They understand that trust, cooperation, sharing of information, and achievement of objectives can be influenced by the communication norms or values of negotiating parties, the history of the relationship, the structure of the negotiation, or the perceived power of each of the parties. Inherent in contexts are unspoken expectations, formal or informal roles, and psychological boundaries, all of which influence how parties interpret information, understand options, or pursue agreements. Chapter 2 looks at six categories of contextual factors that influence most negotiations. Awareness of these factors enables negotiators to adapt their communication to better meet the needs of the situation.

Box 1.6**DISTRIBUTIVE NEGOTIATION
IN WHICH EVERYONE LOSES**

Bill and Ann work as research scientists in a small biotech firm. For the past year and a half, they've worked in relative, though shaky, harmony. About 6 months ago, their research project began to move toward a successful completion. Tensions began to escalate. Ann expressed her belief to colleagues that Bill secretly planned to put his name first on a published article. In addition, she believed that Bill wanted to make her look bad. She accused Bill of trying to sabotage her work by contaminating her test tubes or leaving her experiments out overnight.

Then the distributive tactics began. Bill accused Ann of being selfish and unprofessional in her staff relations and of manufacturing evidence against him. It did not set well with Bill when Ann yelled down a hall, "Bill is a liar and an incompetent professional." Ann refused to come to work until Bill was fired. She went to one of the executive officers, Ron, and said, "It's time to look at why he left his past jobs." Ron agreed and began to make phone calls. Bill went to one of the other executive officers, Brian, and asked that Ann be demoted to the grade of a technician and told to stop complaining about him to the rest of the staff. Brian said that he wouldn't do that, but he would think about reprimanding her.

Bill and Ann met with the CEO and the CFO to negotiate a working relationship. The group discussed moving one of them out of their shared office, dividing the lab into two areas (with Bill promising not to cross the line into Ann's half), having them work flex hours so that the two wouldn't have to see each other, and creating a locked area so that no one could tamper with Ann's equipment. Ann responded, "No. I'll not return to work until Bill leaves." Bill was invited to change the way he treats Ann. He responded, "No. She initiated all of this. She can change the way she treats me and talks about me."

After multiple discussions with neither party giving in, Brian and Ron demanded that Bill work harder to change the way he interacted with Ann. Bill quit. Despite the fact that Ann had said she would return to work if Bill left, Ann now claimed that her feelings were sufficiently hurt and that she had no intention of coming back to work.

What would you have done to move this from a distributive discussion to an integrative one? How could the situation have been saved?

SUMMARY ●

Negotiation is a form of communication that channels messages through a constructive process whose goals involve both economic and social-psychological interests. The social-psychological dimension involves issues such as identity, interdependence, power, control, boundaries, and relationship. The economic dimension involves the substantive interests achieved, such as items of value, financial gain, or favorable courses of action. Each of the two dimensions—economic and social-psychological—can influence the other. Overly demanding requests for resources can influence levels of trust in a relationship, and low trust can influence the willingness to grant resource requests.

Negotiation serves as a communication tool for facilitating understanding, consideration of options, and discussion that leads to mutually satisfying outcomes. Rarely are any of the factors of a negotiation purely objective. Parties must negotiate perceptions about issues, understandings about problems, the value of information, and an acceptable way to talk about common concerns.

Distributive negotiation, familiar to many in sales settings, involves moves and countermoves, bluffs, selective sharing of information, and demands. Distributive negotiators will pursue a desired outcome at the cost of a positive relationship or conditions favorable to future negotiations. Integrative negotiation involves a commitment to mutual gains of all parties, the open sharing of information, a commitment to understanding, and protection of the long-term relationship. Competitive parties understand that by cooperating, they can achieve more through integrative tactics than through distributive tactics. Listening, understanding, and sharing reasons characterize integrative processes, while telling, positioning, and manipulating describe distributive processes.