LEVELS AND TYPES OF NEGOTIATION

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LEARNING OUTCOMES

Students are able to:

1. Describe the different levels of negotiation,
2. Define two different types of negotiation, &
3. Explain other fundamental concepts related to negotiation
LEVELS OF NEGOTIATION

- Personal
  - situations where personal issues are involved, but neither party can demand out loud; more subtle issues.
  - e.g. scheduling a vacation, another reorganization in the company & a new boss, spouse wanting the other home for dinner party.
LEVELS OF NEGOTIATION (cont’d)

• Intra-organisational

- a situation when there are 2 people sitting across the table negotiating while others are unseen; negotiators are but one part of a larger organizational entity; a negotiator, rarely, if ever his own man; needs to serve the demands of a group or be in trouble.

- e.g., the salesman must fulfill the expectations of credit men, manufacturing people, product & price managers, etc
LEVELS OF NEGOTIATION (cont’d)

- Inter-organisational
  - a situation where the 2 parties represent separate entities with different goals & objectives,
  - e.g., commercial deals, real estate salesperson showing a house to a couple
LEVELS OF NEGOTIATION (cont’d)

• International
  - situations where 2 parties represent differing interests, personalities, culture, etc.
  - e.g., trade agreements, UN issues, policy issues
TYPES OF NEGOTIATION

Distributive Negotiation

• Win-lose bargaining

• The goals of the parties are normally in direct conflict

• Resources are fixed and limited

• Goal: maximize the share of the resources
TYPES OF NEGOTIATION (cont’d)

Integrative Negotiation

• Win-win bargaining

• Parties’ goals are inter-related, not mutually exclusive.

• Discussion & mutual exploration will open the door to win-win possibilities.

• Parties are willing to participate.
BASIC PRINCIPLES

• There must be an open & honest 2-way communication
• Conscious effort to understand other party’s needs
• Focus on similarities & minimize differences
• Look for mutually satisfying solutions
BARGAINING RANGES

• Each party has a range of ‘values’ in which they will negotiate.

• Top & bottom ends of the range are resistance points.

• Where the parties’ bargaining ranges overlap is the bargaining range.

• Negotiations without bargaining ranges: usually a stalemate.
NEGOTIATING POSITIONS

• Opening offers

• Opening stance = competitive or cooperation

• Concessions (recognized as a part of the negotiating process)

• Final offer