



Chapter 1 Principles of Business Negotiation

商务谈判的原则

What is negotiation? According to Robert Maddux, author of *Successful Negotiation*, negotiation is the process we use to satisfy our needs when someone else controls what we want. Gerard I. Nierenberg, author of the first book on the formalized process of negotiation, *The Art of Negotiating*, stated: “Whenever people exchange ideas with the intention of changing relationships, whenever they confer for agreement, then they are negotiating.”

何谓谈判？谈判是人们为了协调彼此之间的关系，满足各自的需要，通过协商而争取达到意见一致的行为和过程。

Negotiation takes place between human beings. It is the most common form of social interaction. Almost everybody in the world is involved in negotiations in one way or another for a good part of any given day. People negotiate over where to go for dinner, which movie to watch or how to split household chores.

Negotiation, in its modern sense, is defined in *The Roots of Sound Rational Thinking* as follows: the ability to deal with business affairs, to arrange by discussion the settlement of terms, to reach agreements through treaties and compromise, and to travel through challenging territory. All of these suggest a purposeful effort to resolve problems through talking and intellectual maneuvering. Negotiation includes consultation, bargaining, mediation, arbitration, and sometimes, even **litigation**.

Negotiation can take on different forms. Professor Mary P. Rowe of Massachusetts Institute of Technology listed eight different types in her *Negotiation: Theory and Practice*:

Competitive style (竞争式谈判)	To try to gain all there is to gain
Accommodative style (通融式谈判)	To be willing to yield all there is to yield
Avoidance style (回避式谈判)	To try to stay out of negotiation
Compromising style (妥协式谈判)	To try to split the difference or find an intermediate point according to some principle
Collaborative style (合作式谈判)	To try to find the maximum possible gain for both parties—by careful exploration of the interests of all parties—and often by enlarging the pie
Vengeful style (报复式谈判)	To try to harm the other
Self-inflicting style (自损式谈判)	To act so as to harm oneself
Vengeful and self-inflicting style (报复和自损式谈判)	To try to harm the other and also oneself

People who go for the competitive style are known as hard-bargaining negotiators. They start off with outrageous demands, using threats and other **tactics** to get what they want. One side typically starts out high and the other low. After several rounds of offer and counter-offer, the negotiators end up “splitting the difference”. In this form, negotiation is viewed as a game where each side tries to get the best deal for themselves. Neither side exhibits concern for the other side.



1.1 Principle of Collaborative Negotiation 合作式谈判的原则

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Chapter 1

I. Collaborative Negotiation

Negotiation can also assume the form of collaborative style. It involves people with diverse interests working together to achieve mutually satisfying outcomes. Collaborative negotiation is known by many names. Some popular names include “problem-solving negotiation”, “**consensus**-building negotiation”, “interest-based negotiation”, “win-win negotiation”, “mutual gains negotiation”, and so on.

The goal of collaborative negotiation is to manage the dispute so that the outcome is more constructive than destructive. A destructive outcome results in damages and involves exploitation and **coercion**. A constructive outcome fosters communication, problem-solving, and improved relationships.

In their book *Interpersonal Conflict*, William Wilmot and Joyce Hocker offered a detailed discussion on collaborative negotiation. The assumptions of this style are:

- * The negotiating parties have both diverse and common interests.
- * The common interests are valued and sought.
- * The negotiation processes can result in both parties gaining something.
- * The negotiating arena is controlled by enlightened self-interest.
- * Interdependence is recognized and enhanced.
- * Limited resources do exist, but they can usually be expanded through cooperation and creativity.
- * The goal is a mutually agreeable solution that is fair to all parties and effective for the community/group.

The collaborative negotiation focuses on interests rather than positions.



Integrative solutions are obtained by understanding each other's self-interests, not by **jostling** for positions. The classic story to illustrate this describes two sisters fighting over the only orange in the family **larder**. Each sister wants to have the whole orange for herself. Any less is impossible. Their wise mother asks each of the girls privately why she wants the whole orange. One explains that she wants the juice for drinking; the other wants the **rind** for making a pudding. What each sister wants is her position, and why she wants it is her interest. In this case, the simple solution is to give the cook the rind after the juice has been squeezed for the thirsty sister—thus meeting the interest of both parties.

The collaborative negotiation places value on relationship. It requires trust and relies on full disclosure of relevant information.

The disadvantages of this approach are:

- * It may pressure an individual to compromise and accommodate in ways not in his best interest.
- * It avoids confrontational strategies, which can be helpful at times.
- * It increases vulnerability to deception and manipulation by a competitive opponent.
- * It makes it hard to establish definite aspiration levels and **bottom lines**.
- * It requires substantial skill and knowledge of the process.
- * It requires strong confidence in one's perceptions regarding the interests and needs of the other side.

II. Principled Negotiation

In this form, each side of the negotiating parties attempts to meet the other side's interest as well as their own. By thoroughly understanding their own interest as well as the other side's, both sides are often able to arrive at



solutions which neither alone could have envisioned or made possible. In this type of negotiation, each side recognizes and accepts the legitimate interest of the other side and they are committed to dealing with differences constructively in order to advance their own self-interest. This has been called “collaborative principled negotiation”, a concept set forth by Roger Fisher and William Ury in their book *Getting to Yes: Negotiating Agreement Without Giving In*.

Principled negotiation is particularly oriented to collaborative negotiations. However, it can be used in competitive negotiations and in other aspects of conflict management. It is a method that is centered around four considerations (PIOC):

- * People: Separate the people from the problem.
- * Interests: Focus on interests, not positions (interests always underlie positions).
- * Options: Invent options for mutual gains.
- * Criteria: Insist on using objective criteria.

1. Separate the people from the problem

Fisher and Ury pointed out that “negotiators are people first”. There are always relational and **substantive** issues in negotiation. The relational issue tends to become **entangled** with the problem and the positional bargaining puts relational and substantive issues in conflict with each other. Fisher and Ury suggested that the negotiators separate the relationship from the substance and deal directly with the people problem.

It is feasible to deal with a substantive problem and maintain a good working relationship between negotiating parties. People problems are usually caused by inaccurate perceptions, inappropriate emotions and poor communication. In order to deal with those problems, three techniques are recommended for both parties to follow:

A. Establish an accurate perception.

- * Conflict, very often, is not caused by what happens, but by how people perceive what happens.
- * Increase the capability of each party to see the other side's point of view (for example, by reversing roles).
- * Avoid blaming the other party for your problems.
- * Discuss each other's perceptions of the problem.
- * Get the other party to participate in the mutual activities.
- * Seek to make negotiation **proposals** consistent with the other party's values.

B. Cultivate appropriate emotion.

- * Your emotion affects that of the other party.
- * Recognize and understand emotions of both parties.
- * Make emotions explicit and legitimate.
- * Allow the other party to let off steam.
- * Stay calm with the other party's emotional outbursts.

C. Strive for better communication.

- * Negotiation is a process of communicating between parties for the purpose of reaching a joint decision.
- * Be an active listener and acknowledge what is being said.
- * Speak to be understood.
- * Avoid being **judgmental** or debating the other party as an opponent.
- * Avoid criticism that may hurt the other party's feelings.
- * Speak for a purpose.

The best time for handling people problems is before they become people problems. To do so, negotiators need to establish a working relationship with the other party. Be “partners”, not “adversaries”. One specific technique that



works is to change the shape of the table rather than sitting opposite your “opponents”, and arrange the seating so that all the parties are sitting together facing a flip chart or blackboard where the problem is presented. That makes it clear that all the participants are facing the problem together. Instead of “us” against “them”, it has become a case of “all of us” against “it”.

2. Focus on interests, not positions

The following story describes how this principle works. “On a boat ride from Chongqing to Yichang in the spring of 2002, a couple with a young boy shared a cabin with me and another passenger. When it was time to sleep at night, the boy would not allow the light to be turned off or he would cry. However, the other passenger insisted that the light be turned off because he could not sleep with the light on and his activities the following day necessitated a good night’s sleep. While it seemed that neither the boy nor the passenger would give in on their positions, an idea struck me. I got a piece of brown paper from the steward, made a long cone-shaped lampshade and taped it on the ceiling where the bulb was to direct the light toward the boy’s bed. Thus the boy got his light and the other passenger got a good sleep.”

This story may sound familiar to many negotiators. In such a case, negotiators need to distinguish between interests and positions and focus on interests not positions. A position is what you say you want or must have. An interest is why you want what you want.

Positions can be thought of as a one-dimensional point in a space of infinite possible solutions. Positions are symbolic representations of a participant’s **underlying** motivating interests. In negotiation, there are many kinds of interests: multiple interests, shared interests, compatible interests and conflicting interests. Identifying shared and compatible interests as “common ground” can be helpful in establishing a foundation for additional discussions. “Easy points of agreement” can be identified and the principles



underlying those easy points of agreement can often be **extrapolated** to help resolve other issues. Methods for focusing on interests instead of positions are as follows:

A. Identify the self-interests.

- * Explore and recognize the interests of the other party that stand in your way.
- * Examine the different interests of different people on the other side.
- * Respect your counterparts as human beings and recognize the needs and interests that underlie their positions.

B. Discuss interests with the other party.

- * Give your interests a vivid description. Be specific.
- * Demonstrate your understanding of the other party's interests and acknowledge them as part of the overall problem that you are trying to solve.
- * Discuss the problems before proposing a solution.
- * Direct the discussion to the present and the future. Stay away from the difficulties of the past.
- * Be concrete but flexible.
- * Be hard on the problem but soft on the people.

3. Invent options for mutual gains

Before seeking to reach an agreement on solutions for the future, Fisher and Ury suggested that multiple solution options be developed prior to evaluation of those options. The typical way of doing this option generation is brainstorming. The parties generate as many solutions as possible before deciding which of those options or components of identified options when grouped together best fulfill the parties' interests. This brainstorming of options prior to decision-making is a critical piece for the success of the collaborative



negotiation process. Whether this brainstorming is done explicitly as part of a shared exercise or whether the parties individually commit to actively looking at each and every possible solution before moving on to decision-making, this type of open-minded thinking is possible because the parties are cooperating with one another. It is this open-mindedness that ensures the parties are providing themselves with the best possible chance of maximizing their results.

The ability to invent options is one of the most useful assets a negotiator can have. Negotiators tend to be easily trapped by their own positions mainly because they only pay attention to a single event, to which the solution is either win or lose. There are four major obstacles that prevent negotiators from creative thinking: 1) premature judgment; 2) searching for the single answer; 3) the assumption of a fixed pie; and 4) thinking that “solving their problem is their problem”.

Here are the steps for overcoming the obstacles and developing multiple solution options:

A. Separate the act of inventing options from the act of judging them.

- * Run a brainstorming session.
 - Before brainstorming:
 - Define your purpose—what you would like to achieve at the meeting.
 - Choose a few participants (between five and eight people).
 - Change the environment—select a time and place distinguishing the session from regular discussions.
 - Design an informal atmosphere—talking over a drink, meeting at a vacation lodge or any other forms that make participants feel relaxed.
 - Choose a **facilitator**—a facilitator is needed to keep the meeting on track, make sure everyone gets a chance to speak, and stimulate discussion by asking questions.

- During brainstorming:
 - Seat the participants side by side facing the problem.
 - Clarify the ground rules, including the no-criticism rule.
 - Brainstorm.
 - Record the ideas in full view.
- After brainstorming:
 - Check the most promising ideas—mark those ideas that participants think are the best.
 - Explore improvements for promising ideas—take one promising idea and explore ways to make it better and practical.
 - Set up a time to evaluate ideas and make a decision.
- * Consider brainstorming with the other side; it can be very valuable.

B. Develop as many options as possible before choosing one.

- * Adopt the four types of thinking in generating options: identifying a problem, analyzing the problem, considering what ought to be done, and coming up with some specific and workable suggestions for action.
- * Look at the problem through the eyes of different experts. For example, in a case regarding the custody of a child, look at the problem as it might be seen by an educator, a banker, a psychiatrist, a civil rights lawyer, a minister, a **nutritionist**, a doctor, a feminist, a football coach, or one with some other special point of view.
- * Develop different versions of agreement. For example, a scaled down version in case the sought-for agreement is beyond reach; an agreement on procedure if the one on substance hits the rocks; a provisional agreement where a permanent one is not possible, and so on.
- * Change the scope of a proposed agreement—break down the problem into smaller units. Agreements may be partial, involve fewer parties, cover selected subject matters, apply only to certain area, or remain in effect for



a limited period of time.

C. Search for mutual gains.

- * Identify shared interests. Shared interests exist in every negotiation; they are opportunities, not **godsend**s; stressing your shared interests can make the negotiation smoother and/or **amicable**.
- * **Dovetail** differing interests. The story of the two sisters sharing one orange demonstrates that different interests can be dovetailed.

D. Find ways to help make the other party's decision easy.

- * Your success in a negotiation depends upon the other party's making a decision you want; therefore, you should do what you can to make that decision an easy one.

4. Insist on using objective criteria

When options become available, negotiating parties need to decide which one suits both sides best. Fisher and Ury's suggestion that negotiating parties consider using objective criteria (standards independent of the will of any party) to make their decision is where the label "principled negotiation" comes from. Fisher and Ury suggested that solution selection be done according to concepts, standards or principles which the parties believe in and which are not under the control of any single party. They recommended that selections be based upon such objective criteria as market value, precedent, scientific judgment, moral standards, tradition, course of dealing, outside recommendations, a flip of a coin or any other standard where one party does not simply prevail over the other based upon raw power.

The guidelines for objective criteria are:

- * Independent of wills of all parties.



- * Legitimate and practical.
- * Acceptable to all parties.

The next important step is to choose a fair procedural standard, the way of implementing the criterion, when an agreement is reached upon such a criterion. A good example for “fair procedure” is the way to divide a piece of cake between two children: the one who cuts the cake must let the other choose first. The fair procedures may also include “doing it in turns”, “drawing lots” and “looking for an arbitrator”.

After identifying objective criteria and procedures, it is time to discuss them with the other party. There are three basic points to remember:

- A. *Frame each issue as a joint search for objective criteria.* For instance, in a negotiation of buying a used car, one might say: “Look, you want a high price and I want a low one. Let’s figure out what a *fair* price would be.” If the seller starts by giving a position, such as “the price is \$8,000”, ask for the theory behind that price. Treat the problem as though the seller too is looking for a fair price based on objective criteria.
- B. *Reason and be open to reason as to which standards are most appropriate and how they should be applied.*
- C. *Never yield to pressure, only to principle—yield to an argument or presentation that is based on reason and principle, not to one based on pressure.*

In a word, focus on objective criteria firmly but flexibly.

Principled negotiation is a powerful tool to crack the tough nuts in negotiation. It is applicable to almost all situations from international negotiations to domestic and private negotiations, from simple events to complex



situations and from routine talks to urgent meetings. It is an all-purpose strategy. The essentials of the success of collaborative negotiation are fairness, objectiveness and mutual understanding.

Notes

litigation	<i>n.</i>	诉讼, 起诉
tactics	<i>n.</i>	技巧
consensus	<i>n.</i>	一致的意见, 共识
coercion	<i>n.</i>	强迫, 胁迫
jostle	<i>v.</i>	推, 挤, 撞
larder	<i>n.</i>	食品贮藏室 (柜)
rind	<i>n.</i>	某些果实的外皮
bottom line		谈判底线
substantive	<i>a.</i>	实质的, 实际的
entangle	<i>v.</i>	纠缠, 卷入
proposal	<i>n.</i>	建议书
judgmental	<i>a.</i>	审判的
underlying	<i>a.</i>	潜在的
extrapolate	<i>v.</i>	推断, 推知
facilitator	<i>n.</i>	促进者, 推动者, 协调人
nutritionist	<i>n.</i>	营养学家
godsend	<i>n.</i>	天赐之物
amicable	<i>a.</i>	友好的, 和睦的
dovetail	<i>v.</i>	(使) (两个计划、观点等) 吻合

EXERCISES

I. Please check off the following situations that represent negotiations.

1. Purchasing a computer at a department store
2. Deciding with the family where to go for the weekend
3. Bidding for a second-handed car
4. Deciding how the house will be cleaned up
5. Borrowing a musical instrument from a friend
6. Selecting a contractor to build a new kitchen
7. Deciding whether to stay late at work to finish up a project
8. Getting an extension on your unfinished assignments
9. Making up, or rebuilding a relationship with someone you love
10. Deciding on a date for the next meeting with your customer
11. Picking a successor for the CEO of a company where you are on the board
12. Getting a child to go to bed
13. Buying plants for your backyard
14. Soliciting a major gift from a major donor
15. Deciding who gets to use the car for the weekend
16. Getting admitted to a technical seminar with limited enrollment
17. Agreeing on change of work schedule with your employer
18. Arranging a trip abroad through a travel agency
19. Finding an advisor or a new dentist
20. Discussing with a recruiter the salary and benefits you feel you deserve
21. Trying to harm or ruin a competitor
22. Deciding with your partner where and how to invest your joint capital
23. Apologizing to someone whose property you unknowingly damaged
24. Interviewing a potential housekeeper



25. Accepting a bribe
26. Turning down a bribe
27. Getting another country to lower a trade barrier
28. Meeting someone who is going to share an apartment with you
29. Trying to capture/kill a warlord in a regional battle
30. Talking to a stranger on the street who keeps following you

II. List below other negotiating situations in which you are apt to find yourself.

1. _____
2. _____
3. _____
4. _____
5. _____

III. Review the story which happened on the boat ride (see the section of “Focus on interests, not positions”) and point out the boy’s position and interest and the other passenger’s respectively.

IV. Case study.

1

In one negotiation in the early 1980s, a Chinese manufacturer was locked in (纠缠于……) a dispute with an American importer over how many models of the bicycles 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 (存货), 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 positions, the dispute could be resolved only through concessions (让步) 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 (分配, 分摊) between the American importer and the Chinese manufacturer? In this example, the parties 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 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 (抵消) the increased manufacturing costs. (Adapted from *The Global Negotiator* by Trenholme J. Griffin & W. Russell Daggatt.)

Questions:

- 1) What type of negotiation approach was applied to the negotiation?
- 2) What principle was used to solve the conflict between the Chinese manufacturer and the American importer?

2

This simple procedure was used in the Law of the Sea negotiations, one of the most complex negotiations ever undertaken. At one point, the issue of how to allocate mining sites in the deep seabed deadlocked (使僵持, 使陷入僵局) the negotiation. Under the terms of the draft agreement, half the sites were to be mined by private companies, the other half by the Enterprise, a mining organization to be owned by the United Nations. Since the private mining companies from the rich nations had the technology and the expertise (专门知识或技能等) to choose the best sites, the poorer nations feared the



less knowledgeable Enterprise would receive a bad bargain.

The solution devised was to agree that a private company seeking to mine the seabed would present the Enterprise with two proposed mining sites. The Enterprise would pick one site for itself and grant (授权) the company a license to mine the other. Since the company would not know which site it would get, it would have an incentive to make both sites as promising as possible. This simple procedure thus harnessed (利用) the company's superior expertise for mutual gains. (Adapted from *Getting to Yes: Negotiating Agreement Without Giving In* by Roger Fisher, William Ury & Bruce Patton.)

Questions:

- 1) "This simple procedure" appears twice in the passage. What procedure does it indicate?
- 2) In what part of the Principled Negotiation is the simple procedure discussed?
- 3) Name some examples of this procedure.

V. Simulated negotiation.

1

Directions: *Read the short passage below. Do you think the conflict between the manager and the workers can be solved? Imagine you are the manager/workers' representative who would negotiate with the workers/manager. How would you prepare your proposal that may lead to a win-win solution? Write down your plan and find a partner to role-play the negotiation.*

The management of a major television manufacturer's warehouse (仓库) has a dispute with employees about overtime scheduling. Workers do not want to be locked into a spur-of-the-moment (冲动的, 未经仔细考虑的) overtime



assignment, yet management needs to be sure that the warehouse will be fully staffed (为……配备职员[工作人员]). Please help both sides work out a solution that satisfies them all.

2

Directions: *Try to negotiate with someone about a problem that divides you two. Use some of the principles to deal with the difficulty arising between you.*

1.2 Principle of Interest Distribution 利益分配原则

The purpose of negotiation is to reach agreements between parties with different interests. Negotiation can take a variety of forms. While the traditional competitive approach to negotiation tries to maximize one party's gain over the other party's loss, the collaborative approach focuses on parties with diverse interests working together to achieve mutually satisfying outcomes. However, no matter what form a negotiation may take, its goal will never change: interest realization.

In a two-party one-issue negotiation such as buying/selling a used car, the result of the bargaining may only affect the two individuals concerned. But in negotiations involving three or more parties, discussing multiple issues concerning such as economic development, environmental protection, national security, arms control, and the like, the results can be serious or even disastrous if the negotiators put their personal interests above their organization's or national interests.

In negotiations at the domestic level, there are two types of interests involved: personal and organizational; at the international level, there are three: personal, organizational and national.



Personal interests are interests of individuals who participate in negotiation. Organizational interests are interests of collective bodies such as private or state-owned enterprises, institutions and other kinds of entities. Organizations cannot negotiate with each other by themselves. They delegate individuals—negotiators who act on their behalf. The national interests are the interests of the whole nation—the entire population of a country—not merely the interests of certain groups.

Negotiations are conducted by people—human beings. Like it or not, when a negotiator sits at the negotiating table, he has his personal interests with him, which may include aspects such as realization of personal value, position promotion, salary increase and more comfort in life. If his personal interests are in line with those of the organization that he represents in the negotiation, namely, the realization of his personal value, position promotion, salary increase and more comfort in life are closely related to and determined by his performance at work and his contribution to the organization, the negotiator will try his best to push for the most attractive deal for the organization.

Personal interests, however, are not always **in sync** with organizational interests. If lured by money or other material gains, a negotiator may place his own interests before the interests of the organization he represents and cut a deal unfavorable to the organization. The organization therefore suffers loss.

While personal interests seem easier to be in line with organizational interests, national interests sound remote and indirectly connected with personal interests. For some individuals, national interest is a “meaningless idea—everyone pursues narrow self-interest”. However, when an individual represents his country in bi-national or multi-national negotiations, he must defend the interests of the country and make all his efforts to gain national interests. That is because any suffering of national interests will bring heavy losses not only to the nation but to organizations and individuals as well.



Organizational interests and national interests should be in sync and well coordinated, too, since national interests represent organizational interests fundamentally. When dealing with issues involving **bilateral** relations of two countries, organizations have to get the support from the government because bilateral or **multilateral** relations of countries are so complicated that they are beyond organizations' abilities and authorities to manage. By requesting assistance from the government, organizations can still have strong influence on government's decision-making. The government will give its full support for the realization of the interests at both the organizational and national level.

Organizations, on the other hand, paying undue attention to their own interests at the negotiating table will undermine or jeopardize national interests. Such cases are not uncommon in recent years. For instance, some companies imported scrapped cars causing air pollution; some enterprises manufactured products such as disposable chopsticks for export at the expense of valuable natural resources.

In addition to what have been discussed, there are some other kinds of factors that play an important role in determining which one should have the priority in negotiation among personal interests, organizational interests and national interests. In the book *Principles of International Politics: People's Power, Preferences, and Perceptions*, the author discussed international politics and decision-making from different perspectives. The issues described and the principles suggested by the author can be enlightening to negotiation. And here are some of the points:

Organizational Roles

- * Each organization in a government (for example, Department of Defense, Department of Agriculture, Department of Commerce, Congress) has a different job to do.



- * As a result, each has its own perspective on what is the “best” choice.
- * Because of their different perspectives, representatives of any given organization might offer suggestions in cabinet meetings or ask for treatment that reflects what is good for that organization than what is good for the nation as a whole.

A typical example to support the above arguments is as follows:

In the 1990s, the private industry lobbied for a relaxation on U.S. government restrictions on the export of **encryption** technology. State of the art encryption produced by U.S. manufacturers is extremely difficult to **decode**. Export of this technology would benefit U.S. manufacturers and open a new realm of goods for sale. The Defense and Justice Departments consistently opposed allowing the export of advanced encryption technologies because such technologies would allow foreign governments and individuals to better protect their secrets and allow them to communicate securely with their agents inside the United States.

The example clearly indicates that national interests should always be of top priority. When there is a conflict between organizational interests and national interests, organizational interests must be **subordinate** to the national interests.

Principals and Agents

- * National leaders must often act through intermediaries to get things done.
- * An agent is an individual or a group that acts on behalf of someone else—the principal.
- * If a leader delegates, a principal-agent situation is relevant.
- * Leaders must delegate if they are to effectively manage the many tasks they face in government.
- * Agents may have their own interests and these interests may be distinct



from those of the principal.

- * Agents often bring particular skills that a principal needs (for example, the president needs advice from experts on the budget, the economy, the military, negotiations, etc.), and so the principal needs to rely on agents.

The problem is—how does the principal manage to allow the agent enough freedom to do a good job while still being able to recognize when the agent has acted against the principal’s core interests? The following example illustrates the principal-agent problem.

There are two leaders, P (principal) and F (foreign leader), and three agents, A1, A2, and A3, all of whom work for P. There is a range of options for the treaty P and F want to negotiate ranging from “Disarmament” to “No Arms Control”. The preferences of the various players are:

- * P will accept any deal from “Disarmament” but “No Arms Control”.
- * F will accept neither “Disarmament” nor “No Arms Control”, but something in between.
- * A1’s preferred treaty is “Bilateral Disarmament”.
- * A2’s preferred treaty is close to “Disarmament”.
- * A3’s preferred treaty is “No Arms Control”.

P does not know the ideal points of F, A1, A2, or A3. But A1, A2, and A3 know the ideal points and range of acceptable options of both P and F. The difficulty in the real world is that P and F do not know each other’s ideal points and do not know what agreement will be acceptable to the other player. Because he does not know F’s ideal point and the range of options, P is worried about two outcomes that might result from this negotiation. First, P is worried about making a demand that is rejected by F. Second, P is worried about making a deal that is not as good as it could have been. That is, P wants



a deal that is favorable to P and does not “give away the farm” to F. Because of these problems, P calls in a set of expert agents, A1, A2, and A3, to recommend what deal P should ask for. The problem with this solution is now P must rely on what A1, A2, and A3 tell him. And A1, A2, and A3 might propose solutions that are in their personal interest or fit their personal beliefs, even if these do not match what P wants. How much can A1, A2, and A3 get away with in terms of getting their own private preferences?

The extremists, A1 and A3, cannot offer their preferred positions, because either P or F will reject them. If A1 offers a disarmament treaty, P would say yes while F would say no. If A3 offers no arms control, neither P nor F would take it. So the preferences that P and F have act as a constraint on what the extremist agents can offer. However, as long as they offer some deal that is acceptable to both P and F, the agents do have the ability to manipulate the terms of the offer. Given that X is acceptable to P and F, A1 will propose deal X, since out of all the deals that can be cut, X is closest to what A1 wants. Given that Z is acceptable to P and F, A3 will propose deal Z, since Z is closest to what A3 wants out of all the deals that can be cut. Only A2 will offer a “moderate” solution like Y, because Y is closest to A2’s personal ideal point, and this deal will fly with both P and F.

Given that agents can significantly shape agreements, how can leaders maximize their own interests rather than their agents’ interests? The author offers two suggestions:

- * Use multiple agents. If agents offer deals that work but that also reflect their personal interests, then the leader can use different agents with different personal interests to get a set of different workable deals to pick from. The leader can pick the deal that is closest to what he prefers.
- * Use agents with preferences close to the leader’s. Different agents make different recommendations based solely on their own preferences. A leader



may have to discount the recommendations of the more extreme agents because their recommendations are driven further from the leader's ideal point based on personal preferences.

To sum up, agents have a significant ability to manipulate deals, as long as they stay within the broad preferences of the two negotiating principals. When a leader appoints a particular negotiator to make a particular deal, people should not take it for granted that this negotiator would do exactly what the leader wants since he is working for him. If there is a range of acceptable deals that can be cut, then the preferences of a particular negotiator can be a big deal.

Notes

in sync		同步 (的), 协调 (的)
bilateral	<i>a.</i>	双方的, 双边的
multilateral	<i>a.</i>	多方的, 多边的
encryption	<i>n.</i>	加密, 编码
decode	<i>v.</i>	解码, 译解
subordinate	<i>a.</i>	次要的, 从属的
	<i>n.</i>	从属者, 下级

EXERCISES

I. Answer the following questions.

1. What is the goal of negotiation?
2. How many levels of interests are involved in an international negotiation?
What are they?
3. According to your view, is it right that personal interests should submit to



organizational and national interests? Why?

4. In the principal-agent relationship, do you agree that agents have a significant ability to manipulate deals? What do they do in order to realize their goal?
5. What should leaders do to minimize the influence from their agents when they ask for recommendations?

II. Case study.

1

During the Cold War, the Department of Agriculture of the United States consistently recommended that the U.S. sell grain to Moscow in times of shortage (this benefited U.S. farmers). The U.S. Department of Defense consistently recommended against it.

Questions:

- 1) If you are in their shoes, do you think the Department of Defense of the U.S. did the right thing?
- 2) What principle did the Department of Defence follow?

2

A U.S.-European conservation group wished to preserve the maximum amount of rainforest habitat ([动物的]栖息地,[植物的]产地) in a South American country. From membership contributions and foundation support, the conservation group had U.S. dollars it could use to buy development rights after they convert the dollars to local currency at the official exchange rate. The owner of the land and the conservation group negotiated hard and tentatively (暂时地) agreed on an amount of rainforest to be protected and a price per hectare based on local currency. Before the deal was made, the



conservation group found out that the financial situation of the host country was bad. The country was indebted (负债的) in dollar-denominated bonds, which were trading at a 45% discount to their face value. It had to use scarce earnings from export, needed for many pressing domestic purposes, to keep its debt-service obligations current. Interest payments were determined by the face value of the debt, not the bond discount. These facts suggested that more value could have been created by adding two other sets of players to the initial negotiation between the landowner and the conservation group. So, the conservation group bought the country's debt from foreign holders at the prevailing (优先的) 45% discount. It then brought this debt to the country's Central Bank and negotiated its redemption (买回) for local currency at a premium (奖赏, 奖金) between the discounted value of the debt and its full-dollar face value. The conservation group then used this greater quantity of local currency from the Central Bank to buy more development rights from the landowner at a somewhat higher unit price.

This expanded four-party negotiation—sequentially (相继地, 结果) involving the conservation group, international bondholders (债券持有人), the Central Bank, and the landowner—benefited everyone more than the best result possible in the initial negotiation between just the landowner and the conservation group. The bank was able to retire debt and cancel dollar-interest obligations, which were very costly to the country. The conservation group was able to save more rainforest at the same dollar cost, and the landowner got a higher price and hence a better income. (Adapted from *3-D Negotiation* by David A. Lax and James K. Sebenius.)

Questions:

- 1) How many parties were involved in the negotiation at the beginning? How many more were added to it later? Who were they?



- 2) What type of negotiation was this? What approaches and principles might have been applied to the negotiation?
- 3) How many types of interests were involved in the negotiation? Was everybody happy with the outcome of the negotiation? Why?

1.3 Principle of Trust in Negotiation 信任的原则

Trust is something of great importance in negotiation. Professor Richard C. Reuben defined it as “a state involving expectations about another’s motives and actions with respect to oneself in situations entailing risk of uncertainty”. In the outline of his *Negotiation—Law 5810*, he states that there are three types of trust in professional relationships:

- * **Deterrence-based trust** (威慑型信任): People trust or expect that they will be punished if they do or do not do something based on consistency with past behavior. It extends to:
 - **Calculus-based trust** (预计型信任): An extended concept beyond punishment to include benefits of behaviors. People trust or expect to benefit if they do or do not do something.
- * **Knowledge-based trust** (了解型信任): People trust or expect that the other person will act in a certain way based on what they have learned about that person. Predictability is based on their understanding of the other person’s actions, thoughts and intents, not just his past behavior.
- * **Identification-based trust** (识别型信任): People trust or expect that they can act on behalf of the other person because they share the interests, values and concerns of the other person very well. It involves substantial



internalization of the other person's desires, intentions, values, and so on.

In his paper "Building Trust Among Enemies: The Central Challenge to Peace Making Efforts", Herbert C. Kelman points out that in both communal and exchange relationships, trust is an essential ingredient. In a communal relationship, such as friendship or marriage, mutual trust is a **given**. The relationship is defined by the parties' responsiveness to each other's needs and concern for each other's welfare, and there is a strong **normative** expectation that they will not harm or deceive each other and that each will look out for the other's interests. A violation of trust **precipitates** a serious crisis in a communal relationship and often marks the end of it.

In an exchange relationship, mutual trust is a fundamental condition for the advancement of the parties' interests. Take the trust in the relationship between managers and their subordinates and colleagues as an example. It is not a given, but it must be built and tested over time. To build a relationship of mutual trust, managers must extend trust to their subordinates and they must earn the trust of their subordinates by their own trustworthy behavior.

As discussed in *Negotiation Quality*, the problem of building mutual trust is one of the challenges negotiators face. It is a serious problem because, on many occasions, suspicion is justified. Trust can only be built when adequate honesty is both given and returned. When people on one side are noticeably dishonest, those on the other side suspect their motives. In turn, when people on the other side are dishonest, those on this side become wary of their motives.

Honesty in negotiation implies that people on all sides tolerably tell the truth and are willing to give the benefit of the doubt to one another. In contrast, when fundamental mistakes that distort people's understanding of truth work their way into a political framework, it becomes difficult for people in contact with that system to have sufficient trust in one another to conduct high-level



negotiations. The easiest solution to this problem (perhaps the only solution) is to address the **errant** ideology and correct the root errors that stand in the way of building honesty, trust, and esteem for impartial truth.

I. Trust Building in Negotiation

Winning the trust from the other party is key to successful negotiation. All negotiations involve some level of risk. Sometimes when negotiators say they are prepared to bargain in good faith, they do not really mean it or they are misunderstood. Talks collapse since each side lacks trust in the other's competence and good intentions. According to Professor Deepak Malhotra of Harvard Business School, "trust is particularly elusive in high-stress, high-stakes conditions, as when you are negotiating with strangers, facing deadlines, coping with differences in power and status, or hammering out unenforceable contracts." It may develop naturally over time, but negotiators hardly have the time to let nature take its course. Professor Malhotra described six ways to build trust in negotiations in her article "Risky Business: Trust in Negotiations".

1. Speak their language

It helps to:

- * Understand technical terms and lingo.
- * Catch the nuances and cultural implications behind what's being said.
- * Learn how the other side uses words to convey ideas.

The following example shows the importance of speaking one another's language. At a meeting sponsored by an airline seeking high technology for its ticketing process, one company was gravely out of competition because its representatives failed to catch the meaning of *lifts*—paper tickets.

2. Manage your reputation

- * Reputation spreads. A bad reputation may be destructive in negotiation, while a good one can be constructive.
- * Make your reputation a tool in negotiation by providing references from mutually trusted third parties that speak for your character and competence or by offering other forms of evidence of past success such as media or trade reports.

3. Make dependence a factor

- * Trust between parties will increase when both sides believe that they need each other to achieve their individual goals.
- * Start the trust-building process by highlighting the unique benefits you can provide and by emphasizing the damage that might result from an **impasse**.
- * A negotiator who senses he has no other **recourse** may come to trust even his “enemy”.

4. Make unilateral concessions

- * Negotiations with strangers and enemies tend to be calculative, namely, both parties carefully measure what they have gained with each concession made by the other side.
- * Negotiations based on long-term relationships are less focused on counting wins and losses.
- * A carefully crafted unilateral concession can work wonderfully for trust.
- * A true unilateral concession requires no **commitment** or concession from the other side.

5. Name your concessions

- * Actions in negotiation are often ambiguous.



- * Negotiators are motivated to discount and devalue each other's concessions and contributions to relieve their obligation to **reciprocate**.
- * Unnoticed or unacknowledged concessions may lead to confusion, resentment or unaccommodating behavior by the slighted party.
- * When making a significant concession, make it clear to the other party how much you have given away and what the sacrifice means to you.

6. Explain your demands

- * It helps avoid misunderstanding of your motives and intentions from the other party.
- * Make a strong case for your moves in a negotiation and provide the other party with explanations of your demands.
- * An offer that is explained and justified may preserve trust and enhance it as well.

The above are the six strategies presented by Professor Deepak Malhotra for building trustworthiness. In their book entitled *The Only Negotiating Guide You'll Ever Need*, Peter B. Stark and Jane Flaherty list fifteen things that a negotiator can do to build trust with his counterpart.

1. Demonstrate your competence

- * Trust can be built by convincing your counterpart that you have both the expertise and the will to support your end of the negotiation. For example, when buying a computer, you have a higher level of trust in a salesman who gives knowledgeable answers to your questions.

2. Make sure the nonverbal signals you are sending match the words you are saying

- * Your counterpart can tell more about your total message by reading

and understanding the nonverbal signals you are sending than by just listening to your words.

3. Maintain a professional appearance

- * A **well-groomed** professional appearance is important.
- * Further enhance your appearance with good posture, a careful choice of words, a clear confident voice and eye contact.

4. Communicate your good intentions

- * People tend to give greater **leeway** to an individual if they know his intentions are good.
- * Emphasize that your counterpart's needs and goals are important to you and that you will do whatever it takes to create a lifelong win-win relationship.

5. Do what you say you are going to do

- * Keep your promises and honor your commitments. Your reliability may be the most important factor in a counterpart's decision to negotiate with you again at a later date.

6. Go beyond the conventional relationship

- * The example is that when a negotiator needed more time to study a contract that was unfamiliar to him, his counterpart not only allowed him more time, but also offered him samples of the contract to study. By doing so, the counterpart went well beyond the conventional relationship. Thus the trust between them built up quickly.

7. Listen

- * Listen openly to your counterpart's ideas.



- * Encourage your counterpart to exchange ideas.
- * Get complete information before expressing your opinion.

8. Over-communicate

- * When negotiations get tough, the natural tendency is to communicate less. Resist that tendency.
- * Open and honest communication breeds trust.

9. Discuss the indiscussibles

- * There are issues difficult to address. Salary is one example. But discussing these types of issues helps build trust and eliminate future problems.

10. Provide accurate information, without any hidden agenda

- * Each counterpart has to have enough information to make good decisions that meet both negotiators' goals.
- * Give your counterpart information on both sides of the issue, not just the side you prefer.
- * Admit it when you do not have all the answers.

11. Be honest—even when it costs you something

- * If your counterpart has made a mistake in adding his figures, tell him.
- * If you have made a mistake in your calculations or decision-making, admit it.

12. Be patient

- * Patience breeds trust—and better decisions.

**13. Uphold fairness**

- * It is your responsibility to ensure that your counterpart gets a fair outcome. If you make sure everyone goes away happy, you will earn yourself a good reputation as a negotiator.

14. Negotiate for abundance, not scarcity

- * Focus on creating a bigger pie. If your counterpart in a negotiation wants you to lower the price of your product or service, instead of simply refusing, consider agreeing to lower the price if he will buy more products or extend the length of the service contract.

15. Take calculated risks

- * One of the fastest ways to build trust in a relationship is to be willing to take calculated risks.

II. Maximizing Joint Gain

Trust is hard to build, but easy to destroy. Once destroyed, it is very difficult to rebuild. Believing that the other party is competent and trustworthy allows negotiators to take the risks that are necessary to achieve negotiated outcomes, and to implement agreements in ever-changing social, economic, and political environments. When profit, security, or peace depends upon the motives and actions of another party, trust becomes essential. Fortunately, by applying the principles and strategies discussed above, negotiators can build the trust that is necessary for a negotiation to yield maximum joint gain.

deterrence	<i>n.</i>	威慑
internalization	<i>n.</i>	内在化
given	<i>n.</i>	认为正确的基本事实
normative	<i>a.</i>	标准的, 规范的
precipitate	<i>v.</i>	促成, 促使……加快
errant	<i>a.</i>	犯错误的, 不正确的
impasse	<i>n.</i>	绝境, 僵局
recourse	<i>n.</i>	依靠, 依赖; 追索权
unilateral	<i>a.</i>	单边的
commitment	<i>n.</i>	承诺
reciprocate	<i>v.</i>	回报, 回应
well-groomed	<i>a.</i>	穿着考究的, 十分整洁的
leeway	<i>n.</i>	余地, 灵活性

EXERCISES

I. Answer the following questions.

1. Define *trust* in your own words.
2. How important is trust in your communal and exchange relationships?
Name two examples.
3. Do you trust people around you? How do you show your trust to others?
4. Review the principles and strategies for building trust. Compare those presented by Professor Deepak Malhotra with those listed by Peter B. Stark and Jane Flaherty.



5. Which of these principles and strategies would work best for you in negotiation?

II. Case study.

1

An author was negotiating with a literary agent over the right to sell his book. The agent told him that her commission (佣金) would be higher for profits received in international deals than in domestic ones. At first, the author was annoyed. The higher international rate sounded arbitrary (任意的), and just a sneaky (鬼鬼祟祟的) way to squeeze more money out of him. But the agent went on to explain that she had to charge a higher commission for an international deal because she needed to split her percentage with the agent in the foreign country. Her net commission would be actually lower for international deals than for domestic ones. Though this explanation had no impact on the writer's bottom line, it smoothed his ruffled (弄皱的, 弄乱的) feathers and made him like the agent and trust her even more. (Adapted from *Six Ways to Build Trust in Negotiations* by Deepak Malhotra.)

Question:

What strategies did the agent use to build trust in her relationship with the author? Write them down.

2

In 1996, the executives at Boeing Aircraft in the United States had a negotiation with the company's suppliers. In an effort to make the production of the 717 profitable, Boeing asked its suppliers to cut their prices by 20 to 30 per cent. This was a bold (大胆的) move, since the suppliers' prices were already competitive. Although not all the suppliers were enthusiastic (热情



的) about the proposition, almost everyone agreed that if the plane could not be produced profitably, everyone, including the suppliers, would lose. In return for the lower prices, Boeing promised to outsource (外购, 外部采办) as much work as possible to the suppliers and do more business with each of them in the future. Thus, an agreement was reached.

Questions:

- 1) What strategies did Boeing apply to the negotiation?
- 2) Do you think that trust was established between the company and its suppliers? Why?

1.4 Principle of Distributive, Integrative & Complex Negotiation 两分法谈判、双赢谈判和复杂谈判的原则

Negotiations, according to parties being involved and issues discussed, can be divided into two categories: simple negotiation and complex negotiation. Simple negotiation is between two parties and deals with one issue, whereas complex negotiation involves three or more parties with different interests and deals with multiple issues. Negotiations, based on how they are conducted—competitively or cooperatively—can also be divided into two different types: distributive and integrative negotiation.

I. Distributive Negotiation

Distributive negotiation or distributive bargaining, also called positional bargaining, claiming value bargaining, zero-sum bargaining, or win-lose bargaining, is a competitive approach that is used when there is a fixed “pie”—a finite limit to a resource—and negotiators have to decide who gets how



much of that pie. The negotiators assume that there is not enough to go around, and they cannot “expand the pie”, so the more one side gets, the less the other side gets.

Distributive bargaining, according to Brad Spangler of University of Colorado, is important because there are some disputes that cannot be solved in any other way. Consider the following example:

Barbara wants to buy a used *How to Program* textbook. The bookstore is selling used copies for \$80. She hopes to get one for \$50 but is willing to pay up to \$75 for one in good condition. Peter has posted a note advertising his used *How to Program* for \$80. He can sell it back to the bookstore for \$55, so he won't go lower than that price. The ideal outcome for Barbara is \$50, for Peter \$80. If they can't reach an acceptable deal, Barbara's *best alternative to a negotiated agreement* (BATNA) is to share a text with her roommate and Peter's is to wait and see whether a more generous buyer shows up or to sell the textbook to the bookstore. In this case, Barbara and Peter arrive at a deal that is halfway between the positions for each party. Peter asks for \$80, Barbara counters with \$60, and they split the \$20 difference at \$70.

The process of distributive negotiation, as stated by Spangler, involves the interplay of one's walk-away value—the minimum or maximum one can accept before “walking away” from the deal—and the adversary's walk-away value. The trick is to get an idea of your opponent's walk-away value and then try to negotiate an outcome that is closer to your own goals than his. Whether or not parties achieve their goals in distributive bargaining depends on the strategies and tactics they use.

Spangler further pointed out that information is the key to gaining a strategic advantage in a distributive negotiation. A negotiator should do his best to guard his information carefully and also try to get information out of his opponent. To a large extent, the negotiator's bargaining power depends on how clear he is about his goals, alternatives, and walk-away values and how



much he knows about those of his opponents. Once he knows these values, he will be in a much stronger position to figure out when to concede and when to hold firm in order to best influence the response of the other side.

Common tactics in distributive bargaining include trying to gain an advantage by insisting on negotiating **on one's home turf**; having more negotiators than the other side; using tricks and deception to try to get the other side to concede more; making threats or issuing ultimatums; trying to force the other side to give in by overpowering them or outsmarting them, not by discussing the problem as an equal.

Jennifer E. Beer listed a set of distributive bargaining strategies in *Culture at Work*:

1. Preparation

- * Prepare yourself to walk away to get your needs met elsewhere.
- * Develop a strong BATNA and keep it to yourself.
- * Research their BATNA and their intangible needs (such as getting the deal done, making the customer happy, being fair, beating the competition, saving face, preserving reputation and setting a precedent). What matters to them?
- * Set high aspirations for yourself. Do not look at your minimum standard and say “anything better than this is a deal”. Research what the deal is worth in the market, think about the *best* real-world outcome you can imagine, then stretch some more and go for it.
- * Have a purpose, an agenda, and a “what next” in mind before each interaction with the other party.

2. Opening offers

- * Listen carefully and ask many questions before making any proposal.
- * Make the first offer if you have done your homework and have a good



idea about what the transaction is worth.

- * Wait for a response after making an offer.
- * Be quick to counter-offer.

3. Exchanging information and arguments

- * Base your discussion on “objective” standards, principles, rationales, norms of fairness.
- * Beware of giving information that lowers your leverage—the ability to help or harm the other party—just to seem “nice” or to signal that you trust them. They may not notice your signal or interpret it as you intended. Leverage given away is tough to regain.

4. Concessions and decisions

- * Make sure you receive something of similar value for each concession you offer.
- * Start with small concessions; give larger, more generous concessions towards the end.
- * Focus on your goal; do not let your fears, anger, weariness, or ego **derail** you.
- * Do not agree to split the difference unless it meets your interests.
- * Help the other party save face, achieve what you need without humiliating others.

II. Integrative Negotiation

Integrative negotiation or integrative bargaining, also called “interest-based bargaining”, “win-win bargaining”, is an approach in which parties collaborate to look for a solution that maximizes joint gain and allows everyone to walk away feeling like they have won something. The basic idea is



that both sides can achieve their objectives.

This approach focuses on developing mutually beneficial agreements based on the interests of the negotiators. Interests include the needs, desires, concerns, and fears important to each side. They are the underlying reasons why people become involved in a conflict. “Integrative” refers to the potential for the parties’ interests to be combined in ways that create joint value or enlarge the pie. Potential for integration only exists when there are multiple issues involved in the negotiation. This is because the parties must be able to make **trade-offs** across issues in order for both sides to be satisfied with the outcome.

Integrative bargaining is important because it usually produces more satisfactory outcomes for the parties involved than does positional bargaining. Positional bargaining is based on fixed, opposing viewpoints (positions) and tends to result in compromise or no agreement at all. Often, compromises do not efficiently satisfy the true interests of the negotiators. Instead, compromises simply split the difference between the two positions, giving each side half of what they want. Creative, integrative solutions, on the other hand, can potentially give everyone all what they want.

Let’s take a look again at the classic example of two little girls disputing over an orange. Both girls take the position that they want the whole orange. If the mother, based on their positions, cut the orange in half and gave each girl one half, the outcome would represent a compromise. However, the mother asks each of the girls why she wants the orange and finds out that one girl wants the juice for drinking and the other wants the rind for cooking. By giving one girl the pulp of the orange and the other the rind, the wise mother applies the principle of the integrative negotiation to the dispute and creates a win-win outcome.

Integrative bargaining is a collaborative process and the parties actually end up helping each other. It facilitates constructive, positive relationships



between previous adversaries.

To apply integrative bargaining to negotiation, the first step is to identify each side's interests. A key approach to determining interests is asking "Why?". Why does the other side want that? The bottom line is you need to figure out *why* people feel the way they do, and *why* they are demanding what they are demanding. Be sure to make it clear that you are asking these questions so you can understand their interests (needs, hopes, fears, or desires) better, not because you are challenging them or trying to figure out how to beat them.

Next you might ask yourself how the other side perceives your demands. What stands in the way of their agreeing with you? Do they know their underlying interests? Do you know your own underlying interests? If you can figure out their interests as well as your own, you will be much more likely to find a solution that benefits both sides.

After interests are identified, the parties need to work together cooperatively to try to figure out the best ways to meet those interests. Often by "brainstorming"—listing all the options the participants can think of without criticizing or dismissing anything initially, parties can come up with creative new ideas for meeting interests and needs that have not occurred to anyone before. The goal is a win-win outcome, giving each side as much of their interests as possible so that they see the outcome as a win.

Distributive bargaining and integrative bargaining are not mutually exclusive negotiation approaches. Even in cooperative negotiations, distributive bargaining will come into play. Integrative bargaining is a good way to make the pie as large as it can possibly be, but ultimately the parties must distribute the value that was created through negotiation.



III. Complex Negotiation

Complex negotiation, also called multilateral negotiation, multiparty negotiation and group negotiation, is a process in which three or more parties, with their own interests, decide how to resolve their conflicts among issues. The dynamics of multiparty negotiation are far more complex than those of two-party negotiations. Negotiators must understand what may be good for one party or a coalition may be bad for the group as a whole. It is more difficult to reach rational agreement in a multiparty negotiation than in two-party bargaining. Negotiators need to consider the varying interests of more people and deal with the possibility of forming coalitions. In their book *Negotiating Rationally*, Max H. Bazerman and Margaret A. Neale developed five principles for complex negotiation.

1. Think carefully about the distribution rule to be used in allocating resources among the parties

- * People have different perceptions of what is fair in a situation.
- * There are specific distribution rules one can follow in dividing the negotiation resources:
 - An *equity* allocation rule divides the available resources in proportion to each group member's input.
 - *Equality* allocation rules divide the resources equally among the group members.
 - Divide the resources according to the *needs* of the individual group members.
 - *Past practice* is also a critical way to determine the fairness of resource distributions in group negotiation.
- * Be sensitive to what other group members consider fair when developing

proposals. If one follows the equitable allocation rule when other group members expect equality, it can lead to misunderstandings and inefficient outcomes.

- * To **expedite** a negotiation, groups should agree on the appropriate allocation norm.

2. Avoid majority rule in group negotiations whenever possible

- * Consensus in group negotiation is one of many decision rules.
- * Majority rule is commonly used to make decisions in groups.
 - In a purely cooperative group, it may be the most efficient way to reach a decision.
 - In a purely competitive group, a majority vote may be the best way to avoid an impasse.
 - In a mixed-motive (neither purely cooperative nor purely competitive), when there are more than two issues to be negotiated, there are many ways majority rule can be strategically manipulated to prevent fully integrative outcomes.
- * Majority rule fails to recognize the strengths of individual preferences. While one person may care very strongly about an issue, his vote counts the same as the vote of someone who does not have a strong opinion on that issue.
- * Encouraging negotiation groups to reach unanimous decisions may help expand the pie of resources and satisfy the interests of all group members.

3. Avoid strict issue-by-issue agendas whenever possible

- * Agendas are essential to efficient decision-making.
- * In mixed-motive negotiation, groups using an agenda usually reach less integrative agreements than groups not using one because the agenda



forces the group to consider the dispute on an issue-by-issue basis.

- * Managers should use agendas that structure the general problem-solving process: 1) identify priorities, 2) reveal individual interests, and 3) suggest creative approaches to solving the problems.

4. Focus on the differing interests and preferences of group members to facilitate creative integrative agreements

- * Decision rules and agendas are two options to structure group negotiation. Which particular rule the parties prefer depends on the possible outcomes achieved by using that rule.

5. Recognize that coalitions are inherently unstable, often leading to agreements that are not in the best interest of the organization

- * Two or more parties within a group may form a coalition in order to pool their resources and have a greater influence on the outcomes.
- * What is best for one coalition may not be in the best interest of the group.
- * In mixed-motive groups where coalitions have formed, majority rule can easily lead to outcomes that are not in the larger group's best interests.
- * When group members have equal power, the group achieves more integrative agreement and uses resources more effectively than groups where coalitions have formed and power is distributed unevenly.
- * In groups already suffering from power imbalances, group members are much more likely to form coalitions to take advantage of that imbalance.

Group negotiations are becoming increasingly common in and among organizations. To effectively manage these negotiations, one needs to look



more carefully for integrative opportunities, be aware of barriers to integrative agreements, and be sensitive to the impact of decision-making rules on the quality of group outcomes. Negotiating as a group allows one to take advantage of the knowledge, information, and perspective of each member to reach a creative, integrative solution.

Notes

on one's home turf		在某人自己的地盘 / 领域
derail	v.	使脱轨, 使离开正常进程
trade-off	n.	(公平) 交易, (平等) 交换
expedite	v.	有助于……的发展, 促进

EXERCISES

I. Answer the following questions.

1. What is *distributive negotiation*? Have you had distributive negotiation in your life? Describe your experience in such a negotiation to your classmates.
2. Define *integrative negotiation*. Have you experienced integrative negotiation? What are the major differences between distributive negotiation and integrative negotiation?
3. What is *complex negotiation*? What are the five principles developed by Bazerman and Neale?



II. Case study.

1

Tony is a computer software designer who lives in St. Louis, Missouri. He got a job offer from a big company located in Seattle, Washington. Based on his experience and ability, Tony is confident that his new position should justify a big increase from his current annual salary of \$80,000. As he and James, his prospective boss, begin to discuss compensation, they both want to negotiate the best deal possible without starting off their relationship on the wrong foot. James asks Tony how much he is expecting for his salary. Tony says that he wants \$140,000. James offers \$75,000, which annoys Tony. He says: “That’s less than I’m making now! I guess you don’t want me as much as I thought you did.” James’ second offer is \$85,000 and Tony counters with \$130,000. Then James says: “We can do \$95,000 and that’s my final offer.” A few months after accepting the offer and starting his new job, Tony is shocked by what he found out: not only is he the lowest-paid software designer on the staff, but James would have paid more than \$120,000 to get him to take the job. Feeling undervalued (轻视, 小看) and disrespected (不尊敬, 无礼), Tony soon leaves the company, to James’ dismay.

Questions:

- 1) What kind of negotiation approach does James apply to his negotiation with Tony?
- 2) Is the result ideal for James? Why? How about Tony?
- 3) How would you handle the negotiation if you were the hiring manager?

2

During the 1960s, Kennecott Copper’s long-term, low-royalty (低税[费]) contract governing its huge El Teniente mine in Chile was at high risk of



renegotiation; the political situation in Chile had changed drastically since the contract was originally drawn up, rendering the terms of the deal unstable. Chile had what appeared to be a very attractive walk-away option—or in negotiation lingo, a BATNA (best alternative to negotiated agreement). By unilateral action, the Chilean government could radically change the financial terms of the deal or even expropriate (没收) the mine. Kennecott's BATNA appeared poor: submit to new terms or be expropriated. Chile's officials seemed to hold all the cards: They didn't need Kennecott to run the mine; the country had its own experienced managers and engineers. Kennecott's hands seemed to be tied: It couldn't move the copper mine, nor did it have a lock on downstream processing or marketing of the valuable metal, nor any realistic prospect, as in a previous era, of calling in the U.S. fleet.

Fortunately for Kennecott, its negotiators set up the impending (即将发生的) talks most favorably. The team took six steps and changed the playing field altogether. First, somewhat to the government's surprise, Kennecott offered to sell a majority equity interest in the mine to Chile. Second, to sweeten that offer, the company proposed using the proceeds (收益) from the sale of equity, along with money from an Export-Import Bank loan, to finance a large expansion of the mine. Third, it induced the Chilean government to guarantee this loan and make the guarantee subject to New York State law. Fourth, Kennecott insured as much as possible of its assets under a U.S. guarantee against expropriation. Fifth, the company arranged for the expanded mine's output to be sold under long-term contracts with North American and European customers. And sixth, the collection (托收) rights to these contracts were sold to a consortium (国际财团) of European, U.S., and Japanese financial institutions.

These actions fundamentally changed the negotiations. A larger mine, with Chile as the majority owner, meant a larger and more valuable pie for the host country: the proposal would result in more revenue for Chile and



would address the country's interest in maintaining at least nominal (名义上的) sovereignty (统治权) over its own natural resources.

Moreover, a broad array of customers, governments, and creditors (债权人) now shared Kennecott's concerns about future political changes in Chile and were highly skeptical (怀疑的) of Chile's capacity to run the mine efficiently over time. Instead of facing the original negotiation with Kennecott alone, Chile now effectively faced a multiparty negotiation with players who would have future dealings with that country—not only in the mining sector but also in the financial, industrial, legal, and public sectors. Chile's original BATNA—to unceremoniously (不拘礼仪地) eject (排斥, 驱逐) Kennecott—was now far less attractive than it had been at the outset, since hurting Kennecott put a wider set of Chile's present and future interests at risk.

And finally, the guarantees, insurance, and other contracts improved Kennecott's BATNA. If an agreement were not reached and Chile acted to expropriate the operation, Kennecott would have a host of parties on its side. (Adapted from *3-D Negotiation* by David A. Lax and James K. Sebenius.)

Questions:

- 1) What kind of negotiation is this?
- 2) What type of negotiation approach/approaches did Kennecott apply to the negotiation?
- 3) What do you learn from those fairly complicated strategies used by the negotiators on Kennecott's side? How do you like the result?