



STRATEGIC NEGOTIATION For International Business

UNIT OUTLINE

(Indicative Syllabus)

Strategic Negotiation for International Business

Welcome to Strategic Negotiation for International Business, a unit which will explore the ‘how’ and the ‘why’ of negotiation.

This unit will provide you with an understanding of the dynamics of the agreement reaching process which will enable you to manage your own negotiations across a wide range of contexts.

The unit will draw on research findings, theoretical frameworks and practical experience to develop a strategic approach to negotiation. One of the central themes will be an examination of the real nature of cooperation in negotiation; another will be the importance of creating a negotiating ‘script’ to guide the process through to an agreement. Students will be expected to participate in a number of negotiation exercises (typically based on actual negotiations) and other learning tasks to gain insights into the application of theory into practice. This theory into practice approach will encourage you to develop a strategic rather than reactive perspective to the challenge of reaching an agreement through negotiation.

An understanding of cultural differences will be assumed; the unit will examine how these cultural differences interact with other characteristics of negotiation at both the strategic and process levels of negotiations.

Ray Fells

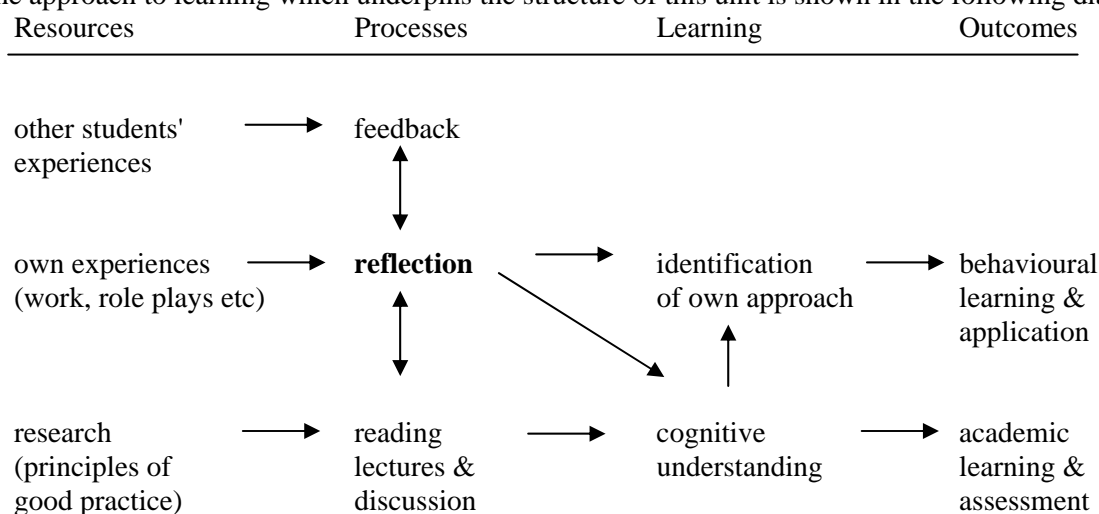
Your lecturer: Professor Ray Fells

Ray Fells’ background is in industrial relations where he worked as an adviser and conciliator assisting managements and unions deal with issues and resolve disputes. He has published widely on topics ranging from an oral history of the Pilbara iron ore industry to the use of strategy and language in negotiation. He teaches a negotiation on the MBA program at the University of Western Australia Business School, and at the Judge Institute of Management, Cambridge University and on the international program at the Vienna University Business School. He presents negotiation workshops for a wide variety of organisations and continues to serve as a mediator.

The learning approach

The unit will involve a high degree of participation from you through a range of class-room activities, particularly in discussions on the literature relating to negotiation, through involvement in the skill-building exercises and through reflective feedback. Additional subject material will be provided during the seminars.

The approach to learning which underpins the structure of this unit is shown in the following diagram:



Learning outcomes

The aim of this unit is to assist you to develop your understanding of the dynamics of the process of negotiation. On completion of this unit, you should:

- know the central models or frameworks for understanding the negotiation process
 - understand and be able to distinguish the core strategies in negotiation which are associated with these models
 - be aware of the individual behavioural skills involved in face to face negotiation, including cross-cultural perspectives
 - be able to critically examine the literature on the subject of negotiation
 - * be able to develop your own negotiation script to guide you in your negotiations
- and
- have enhanced your own skill level
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Reflection on your learning

To assist you in writing your major assignment you are strongly encouraged to reflect upon your own learning after each session. These questions may help you in this regard.

What one thing have I learned in this session which seems to be important to my understanding of and practice of negotiation?

In view of what I have learned, what, specifically, am I going to try when a negotiation opportunity arises? and why?

Preparation for the unit

Students will be expected to prepare for the unit prior to leaving for Penang. The preparation tasks will include:

- i) reviewing a negotiation you have been involved in
- ii) undertaking some prior reading of research articles as background
- iii) drawing on the negotiation aspects of your readings for your chosen country in the first week Business in Asia unit.

Further information on these and any other preparation tasks will be provided to enrolled students.

Assessment

It is expected that there will be three assessment tasks during the unit. Each will be designed to help students explore the complexities of negotiation and assist them to put the theory of negotiation into practice.

Group assignments

Two group tasks will be undertaken while at AISAM. On previous occasions these tasks have required the student groups to research specific aspects of negotiation and make presentations in class. These group projects have related theory and research to practice and involve an analysis and explanation of cross cultural aspects of negotiation.

The in-class tasks typically comprise 40% of the total marks for the unit.

The major assignment

This assignment will be an individual written assignment of approximately 2,500 words to be completed after AISAM. It will enable students to develop their reflection and analytical skills and require them to develop reasoned, practical strategies for their future negotiations. In assessing the final assignment the following questions will be considered:

- What evidence is there here that this student has actually learned something? and that they are likely to do something different as a result?
- Is the analysis reasonable? Is there some justification for the practical implications which are suggested?
- Did this student read anything on negotiation? Perhaps it is just from the textbook, or from the readings; alternatively, has he or she gone on a learning journey through the literature and found something really insightful and worked out how it can be applied in their own context?
- Would the student be prepared to hand this document to her or his boss as an example of why they believe they should be awarded a salary increase?

The major assignment will be worth 60% of the total marks.

This assignment must be received at the ANBS office by 10th September, 2010.

Session topics

Session 1

Monday morning: 9.00-11.00; 11.30-1.00

An introduction to negotiation

- Some characteristics of negotiation
- An initial self-reflection
- The Petrol Pricing Game

The article by Deutsch (1990) provides an interesting overview of the subject while Sebenius (2001) takes a different approach. Other useful reviews can be found in the introductory chapters in most textbooks on negotiation, eg Lewicki *et al* (2005) chapter 1.

Session 2

Monday afternoon: 2.00-3.30; 4.00-5.30

Competitiveness and cooperativeness in negotiation

- Negotiation exercise: Arak and Barkan at war?

A cultural overlay in negotiation?

- How can we analyse whether cultural context makes a difference?

Sebenius (2002) provides an interesting introduction to inter-cultural negotiation. Brett and Gelfand (2006) provide an interesting review of the research. Ghauri (1996) provides a business negotiation framework while Brett *et al* (1998i), Hendon *et al* (1996), Salacuse (1998) and Schuster and Copeland (1996) provide four different approaches to the question of how cultural factors affect negotiation.

Session 3

Tuesday morning: 9.00-11.00; 11.30-1.00

Managing the issue: the notion of strategic choice in negotiation

- Exploring the strategic choices

The starting point for an examination of strategic choice will be the dual concerns model, first presented by Pruitt (1983), later developed in Rubin *et al* (1994) esp. chapter 3 and in Lewicki *et al* (1996) chapter 5. Allred (2000), Savage *et al* (1989) and Sorensen *et al* (1999) are useful papers.

Managing the process: the notion of phases and developing a script

- Exploring the underlying dynamics in reaching agreement
- Crossing the Nullarbor

There are many process models of negotiation but it was Douglas (1957) who introduced the notion of phases; Putnam (1990) and Brett *et al* (1998ii) both consider the interaction between competitive and cooperative behaviour. Both Lax and Sebenius (1986) chapter 5 and Mnookin *et al* (2000) chapter 1 explore the issue of creating and claiming value.

Session 4

Tuesday afternoon: 2.00-3.30

What does it mean to be cooperative in negotiation?

Exploring the problem solving models of negotiation

The interest based models

Negotiation exercise: Wholesale Retail Trading

Fisher, Ury and Patton's *Getting to YES* provides a starting point for examining the role of interests in negotiation. Thompson (1998) chapter 7 and Bazerman and Neale (1992) chapter 11 look at how to achieve cooperative negotiation from a decision making perspective. Rackman and Carlisle (1978) provide insights into effective negotiation behaviours (cf Sebenius, 2001).

Essence session

- an introduction to other AISAM electives

Tuesday afternoon: 4.00-5.30

Session 5

Wednesday morning: 9.00-11.00; 11.30-1.00

Managing the competitiveness in negotiation

Exploring the competitive models of negotiation

The practicalities of the contending and end-game strategies

Negotiation exercise

Buckley (2001) provides a spirited defence of adversarial negotiation while Rubin *et al* (1994) chapter 4 on being contentious provides a different perspective. Fisher (1983) provides insights into the slippery notion of power.

Wednesday afternoon

Time set aside for a company visit. If the visit takes place at another time the class sessions will be rescheduled, but the sequence of topics will remain the same.

Session 6

Thursday morning 9.00-11.00; 11.30-1.00

Managing the negotiation

Case study analysis: The healthcare case; the airline case and the telco case

These cases are all based on actual negotiations. The healthcare provide an opportunity to analyse a negotiation strategically. The airline and telco cases provide insights into the way negotiations unfold. One reached agreement, the other did not but it can be argued that both negotiations were successful. Though group discussion we will analyse the cases and identify key learning points about the nature and conduct of negotiation.

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Session 6 (continued)

Thursday morning 9.00-11.00; 11.30-1.00

Building some cross cultural profiles

Revisiting the question of the cultural context
Negotiation exercise: The Bookdeal negotiation

This session will integrate earlier sessions on issue strategies, on the process and behaviour of negotiation to develop cross cultural profiles of negotiation characteristics and their practical implications for negotiators. Students will be expected to make group presentations (Assignment One).

Session 7

Thursday afternoon: 2.00-3.30; 4.00-5.30

Managing the negotiation

Negotiation exercise: The Island Queen negotiation

Group presentations (for session 8)

Time for preparation

Session 8

Friday morning: 9.00-11.00; 11.30-1.00

Group presentations

During this session groups will make presentations based on a task, the details of which will be provided during the course of the unit (Assignment Two).

The complexities of negotiation

The Ffestiniog model

To conclude, Watkins (1999) provides an interesting perspective on the complexity of negotiation, as does Fells (2000ii).

Student learning review

Readings

- Allred, K.G. (2000) 'Distinguishing Best and Strategic Practices: A Framework for Managing the Dilemma between Creating and Claiming Value' Negotiation Journal 16(4) pp.387-397.
- Bazerman, M.H. and Neale, M.A. (1992) Negotiating Rationally New York, Free Press, Chapter 11 'Rational Strategies for Creating Integrative Agreements' pp.89-101.
- Boulle, L. (1996) Mediation Sydney, Butterworths Chapter 4 'The mediation process' pp.91-120.
- Brett, J.M., Adair, W., Lempereur, A., Okumura, T., Shikhirev, P, Tinsley, C. and Lytle, A. (1998i) 'Culture and Joint Gains in Negotiation' Negotiation Journal 14(1) pp.61-86.
- Brett, J.M., Shapiro, D.L. and Lytle, A.L. (1998ii) 'Breaking the Bonds of Reciprocity in Negotiations' Academy of Management Journal 14, pp.410-424.
- Brett, J. & Gelfand, M. (2006) 'A cultural analysis of the underlying assumptions of negotiation theory' in Thompson, L.L. (ed.) Negotiation Theory and Research Hove: Psychology Press, pp.173-201.
- Buckley, R.P. (2001) 'Adversarial Bargaining: The Neglected Aspect of Negotiation' Australian Law Journal 75, pp.181-189.
- Deutsch, M. (1990) 'Sixty Years of Conflict' International Journal of Conflict Management 1, pp.237-263.
- Fells, R.E. (2000i) 'Negotiating 'strategically' in Travaglione, A. and Marshall, V. (eds.) Human Resource Strategies: An Applied Approach Sydney, McGraw-Hill, pp.81-116.
- Ghauri, P. (1996) 'Introduction' in Ghauri, P.N. and Usunier, J. (eds) International Business Negotiations Oxford, Pergamon, pp.3-20.
- Hendon, D.W., Hendon, R.A. and Herbig, P. (1996) Cross-Cultural Business Negotiations Westport, Conn., Praeger, Chapter 4 'How 1: Verbal' pp.43-60.
- Lax, D.A. and Sebenius, J.K. (1986) The Manager as a Negotiator New York, Free Press, Chapter 5 'Creating value or where do joint gains really come from?' pp.88-116.
- Lewicki, R.J., Hiam, A. and Olander, K.W. (1996) Think Before You Speak New York, John Wiley and Son., Chapter 5 'Selecting a Strategy' pp.54-75.
- Mnookin, R.H., Peppet, S.R. and Tulumello, A.S. (2000) Beyond Winning Harvard University Press, Cambridge, Mass., Chapter 1 'The tension between creating and distributing value' pp.11-43.
- Putnam, L.L. (1990) 'Reframing Integrative and Distributive Bargaining: A Process Perspective' in Sheppard, B.L., Bazerman, M.H. and Lewicki, R.J. (eds) Research on Negotiations in Organizations Greenwich, Conn., JAI Press, pp.3-30.
- Rackman, N. and Carlisle, J. (1978) 'The Effective Negotiator' Parts 1 and 2, Journal of European Industrial Training Part 1:2(6) pp.6-11; Part 2:2(7) pp. 2-5.
- Rubin, J.Z., Pruitt, D.G. and Kim, S.H. (1994) Social Conflict New York, McGraw Hill Chapter 4 'Contentious tactics' pp.47-67.
- Savage, G.T., Blair, J.D. and Sorenson, R.L. (1989) 'Consider Both Relationship and Substance When Negotiating Strategically' Academy of Management Executive 3(1) pp.37-48.
- Salacuse, J.W. (1998) 'Ten Ways that Culture Affects Negotiating Style: Some Survey Results' Negotiation Journal 14(3) pp.221-240.
- Schuster, C. and Copeland M. (1996) Global Business Fort Worth, Tx., Dryden Press, Chapter 2, 'Culture classification model' pp.17-35.
- Sebenius, J.K. (2001) 'Six Habits of Merely Effective Negotiators' Harvard Business Review April, pp.87-95.
- Sebenius, J.K. (2002) 'The Hidden Challenge of Cross-Border Negotiations' Harvard Business Review March, pp.76-85.
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- Thompson, L. (1998) The Mind and Heart of the Negotiator Upper Saddle River, NJ., Prentice Hall, Chapter 7 'Social cognition: a look into the mind of the negotiator' pp.102-119.
- Wade, J.H. (1994) 'Strategic Interventions used by Mediators, Facilitators and Conciliators' Australasian Dispute Resolution Journal 9(4), pp.292-304

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Other references

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Carnevale, P.J. and Pruitt. D.C. (1992) 'Negotiation and Mediation' Annual Review of Psychology 43, pp.531-582.

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Fisher, R., Ury, W. and Patton, B. (1991) Getting To Yes London, Hutchinson.

Green, G.M. and Wheeler, M. (2004) 'Awareness and Action in Critical Moments' Negotiation Journal 20(2) pp.349-364.

Honeyman, C. (1988) 'Five Elements of Mediation' Negotiation Journal 4(2) pp.149-160.

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Murray, J.S. (1986) 'Understanding Competing Theories of Negotiation' Negotiation Journal 2(2) pp.179-186.

Olekalns, M., Brett, J.M. and Weingart, L.R. (2003) 'Phases, Transitions and Interruptions: Modelling Processes in Multi-Party Negotiations' International Journal of Conflict Management 14(3/4) pp.191-211.

Pruitt, D.G. (1983) 'Strategic Choice in Negotiation' American Behavioral Scientist 27(2) pp.167-194

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Usunier, J. and Lee J.A (2005) Marketing Across Cultures (4th ed) Harlow, Essex, Pearson Education.

Walton, R.E. and McKersie, R.B. (1965 or 1991) A Behavioral Theory of Labor Negotiations New York, McGraw-Hill.

Watkins, M (2002) Breakthrough Business Negotiation San Francisco, CA., Jossey-Bass.

Weiss, S.E. (1994) 'Negotiating with "Romans" Parts 1 and 2' Sloan Management Review 35(2) pp.51-61; and 35(3) pp.85-99.