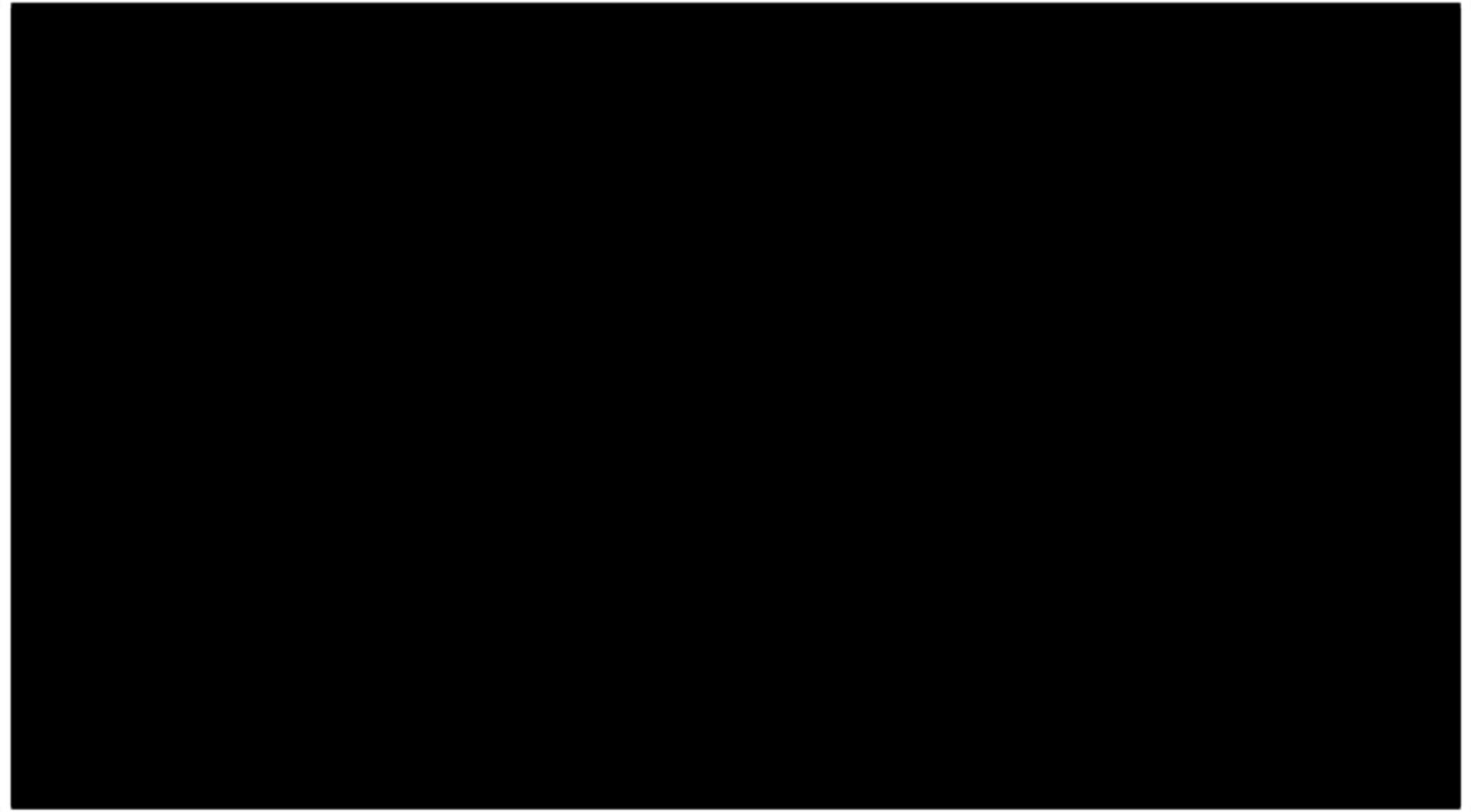




Negotiation

Cross-cultural negotiations; Integrative Negotiations

Krannert Weekend MBA 2015

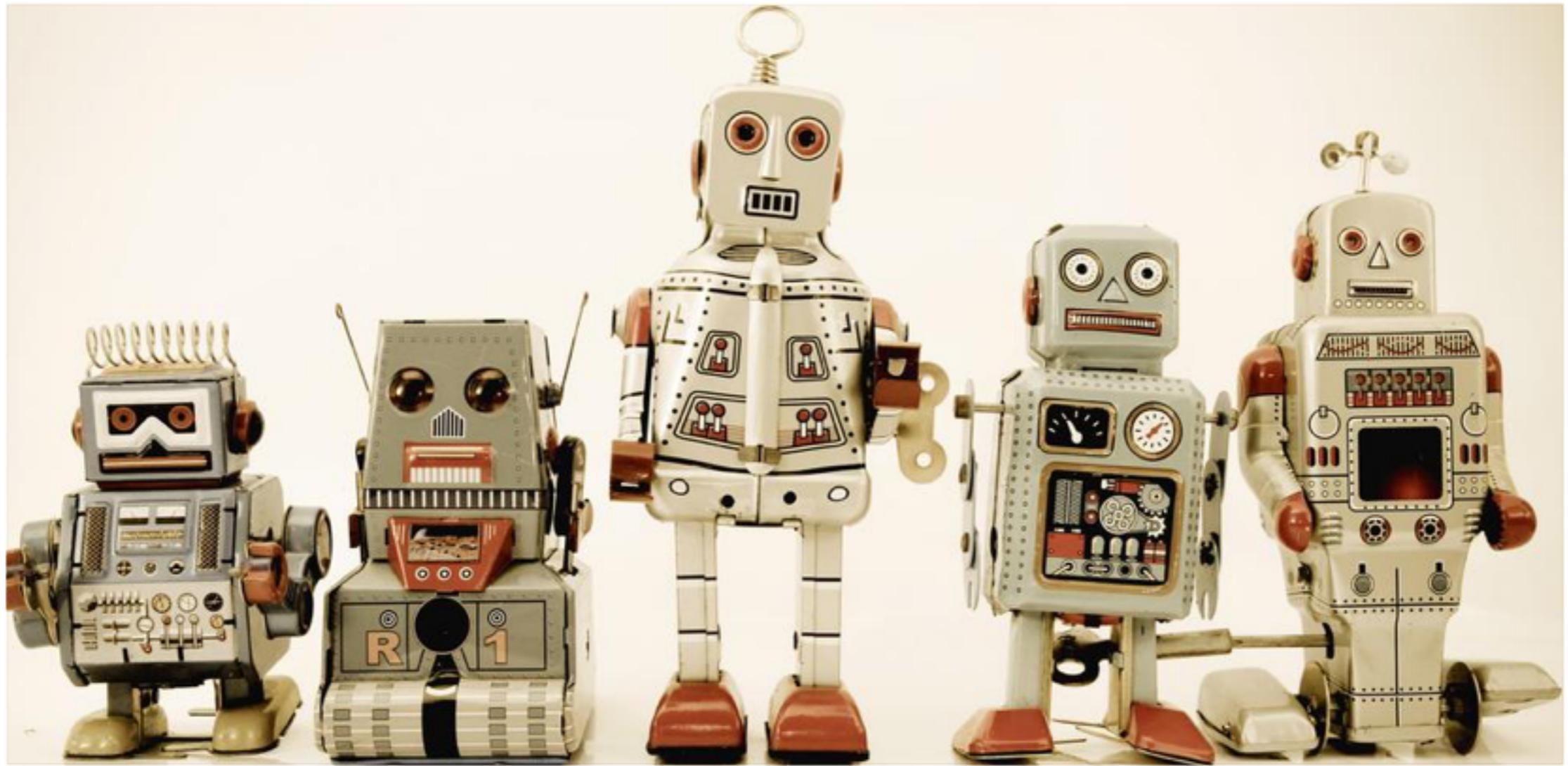


Cultural Differences

What exactly is culture?

Announcements

- ❖ Mid-terms graded and written feedback provided for each group
- ❖ Planning doc #2 due today for Cartoon
- ❖ Negotiation exercise feedback e-mailed
- ❖ A few comments about surveys
- ❖ NKDP - Due NLT May 9th



Alpha - Beta

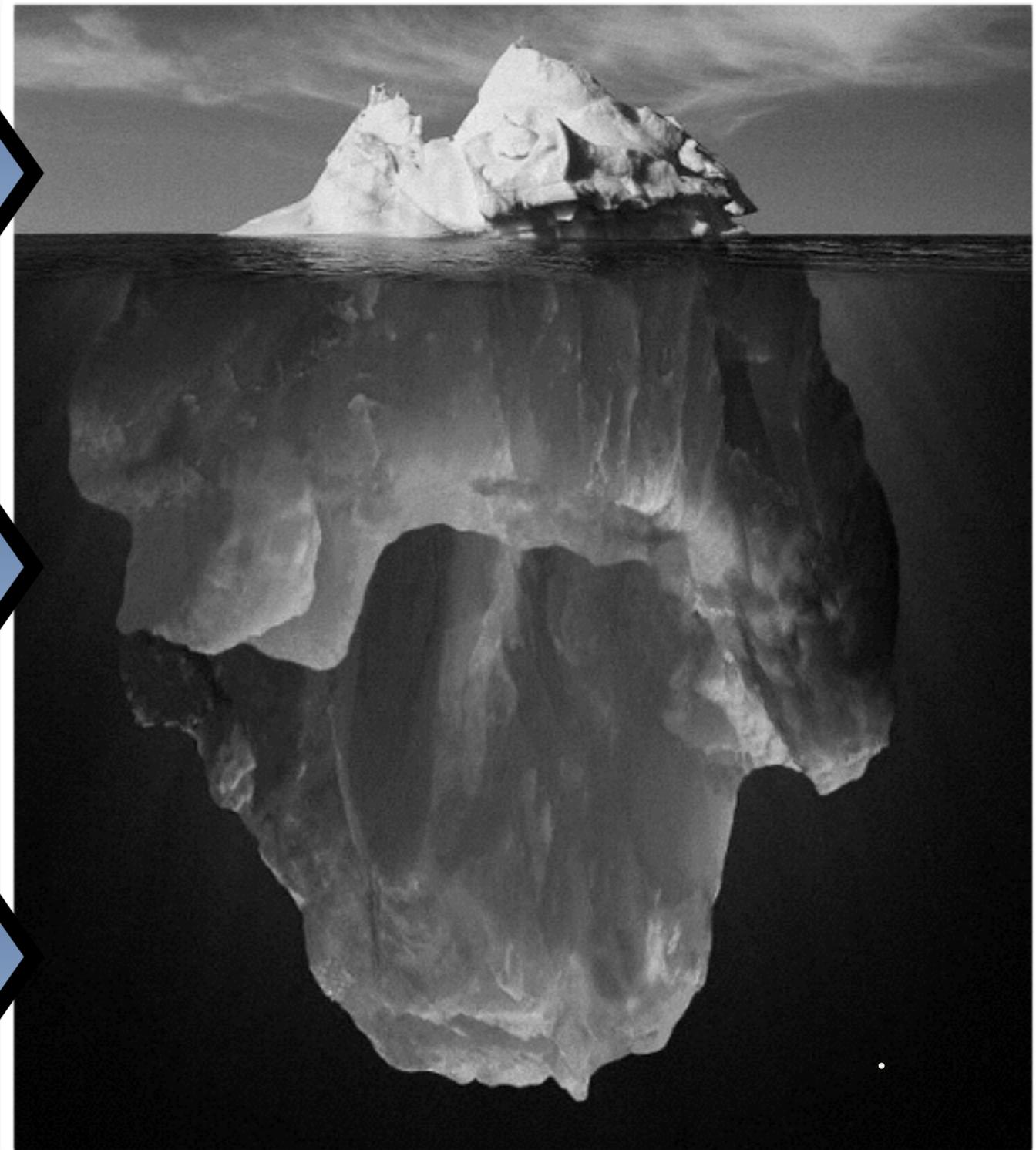
20 minutes to come up with a negotiated agreement.

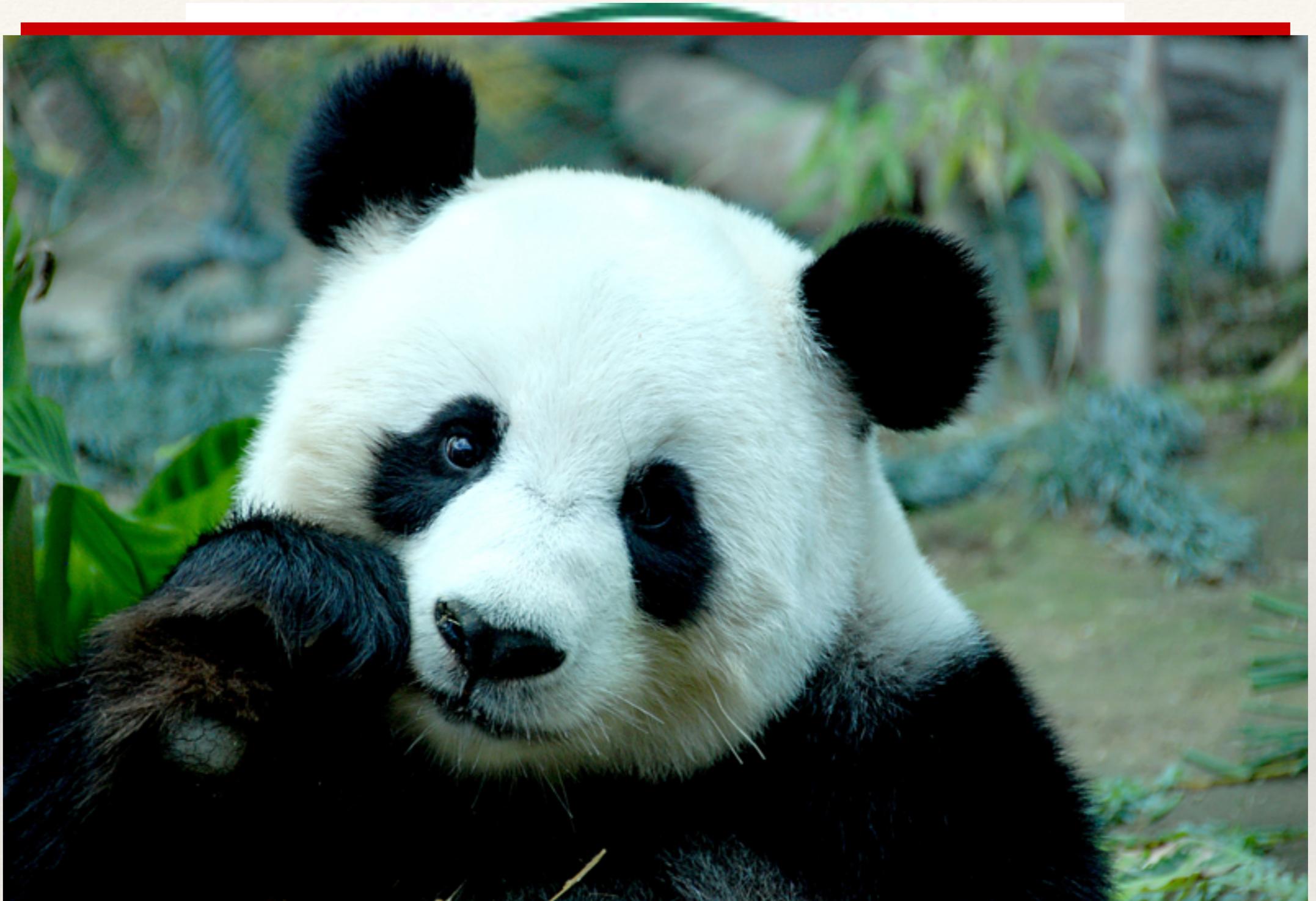
Culture as an Iceberg

Behaviors - Artifacts - Institutions

Values - Beliefs - Norms

Assumptions





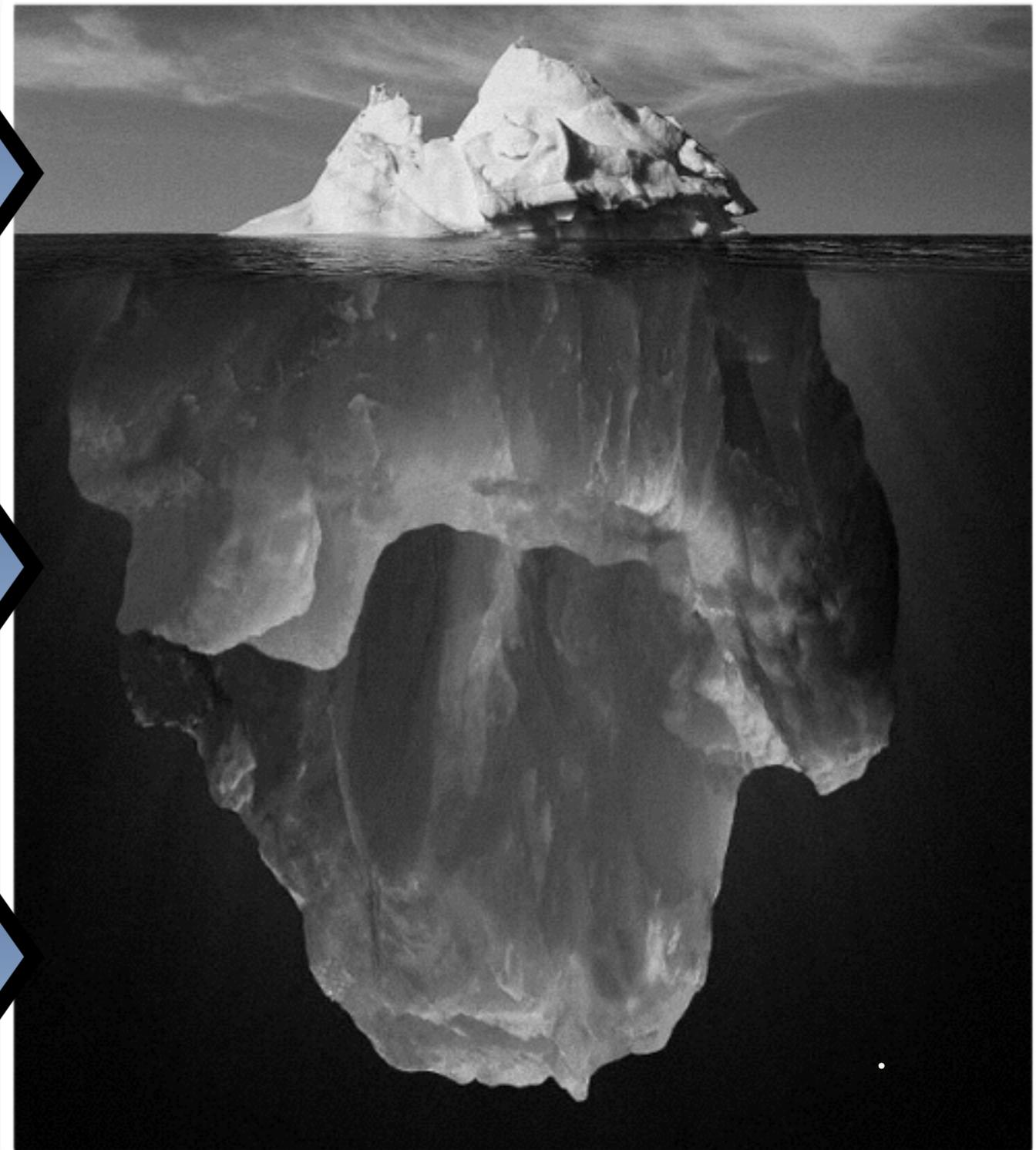
FOR U.S. ARMY

Culture as an Iceberg

Behaviors - Artifacts - Institutions

Values - Beliefs - Norms

Assumptions



Values & Beliefs

Individualism <-----> Collectivism

Egalitarian <-----> Hierarchy

Low Context <-----> High Context

Low Distance <-----> High Distance



Values & Beliefs

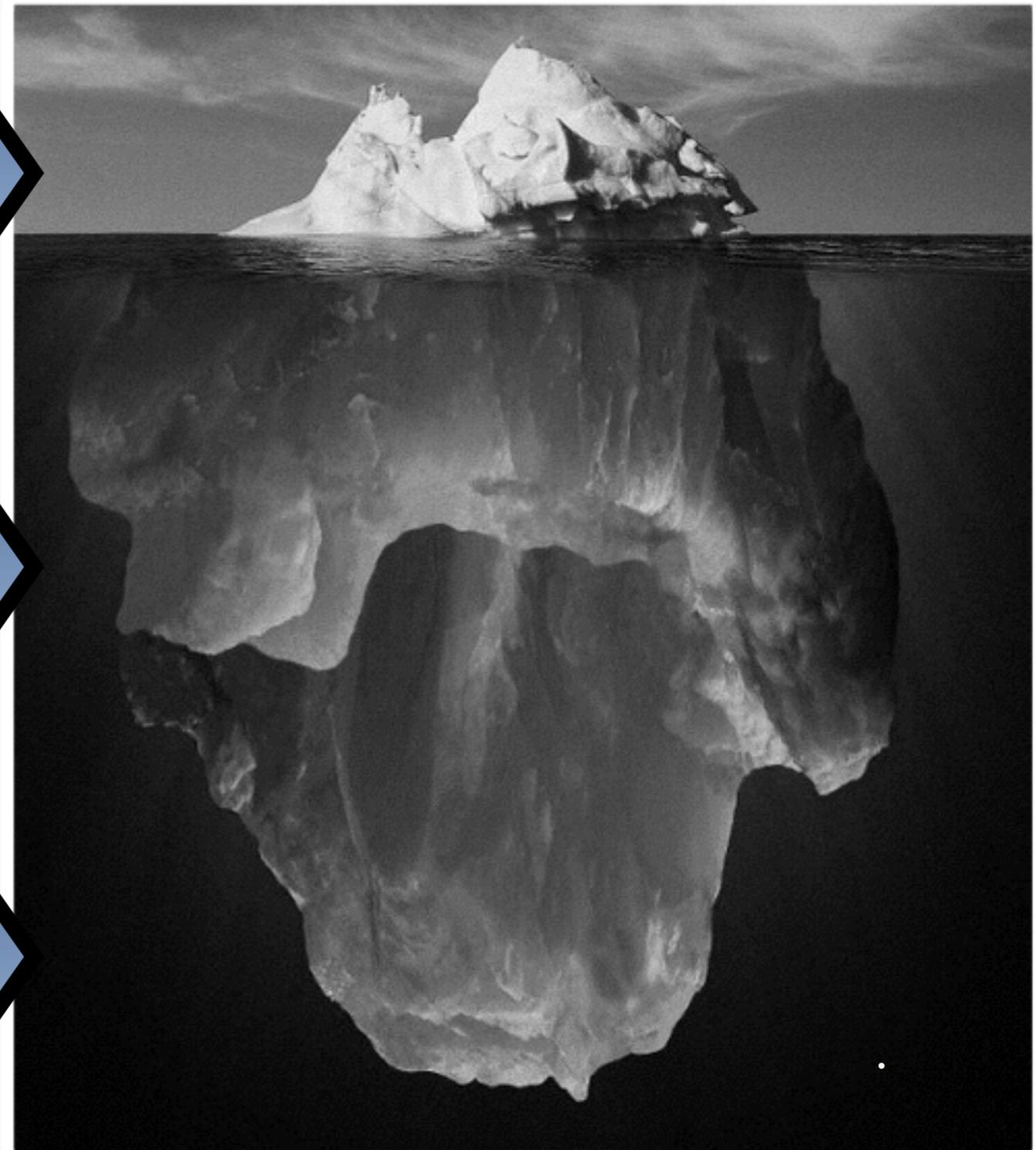
Schwartz' model of 10 cultural values

Culture as an Iceberg

Behaviors - Artifacts - Institutions

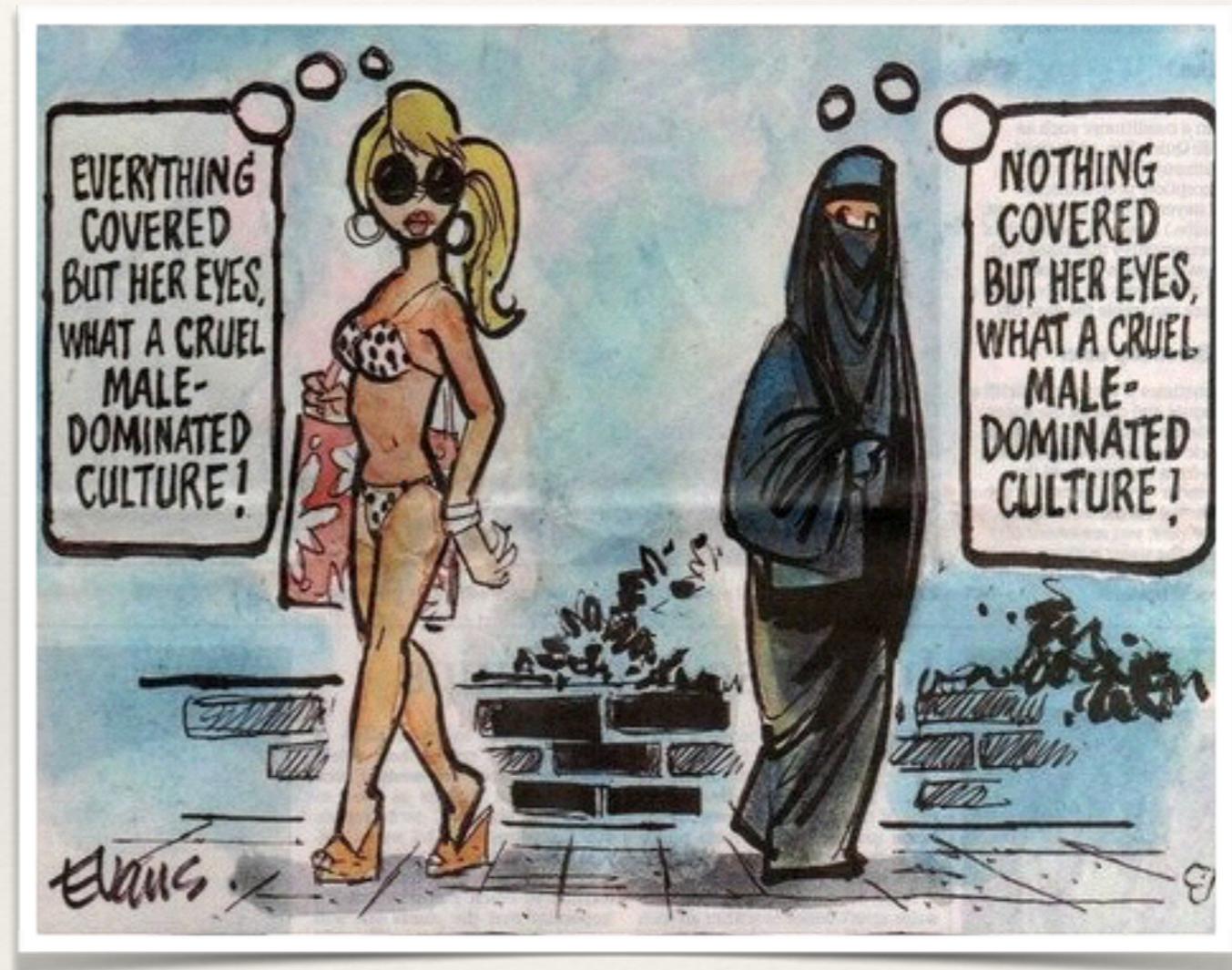
Values - Beliefs - Norms

Assumptions



Cultural Assumptions

- ❖ Shared understanding across a culture regarding specific roles, behaviors, meanings, etc.
- ❖ The assumptions of individual cultures manifest in beliefs. Beliefs, in turn, manifest in behaviors.



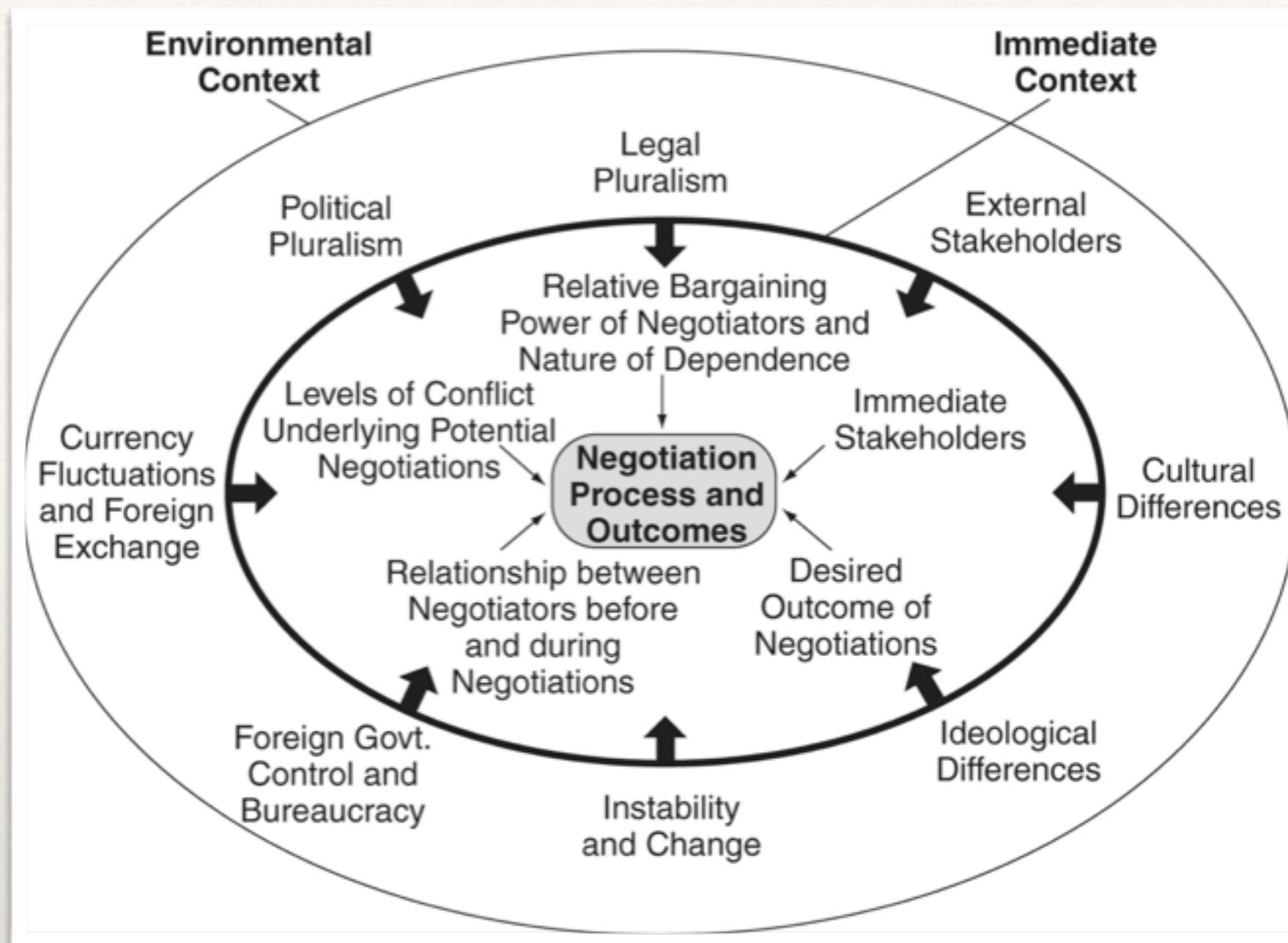
How do cultures differ?

- ❖ Too many cultures to classify independently
- ❖ Research has focused on cultural dimensions (Hofstede)
- ❖ Think of cultural dimensions as the personality characteristics of a culture

TABLE 16.1 | Cultures Ranking in the Top 10 on the Cultural Dimensions Reported by Hofstede (1991)

Individualism	Power Distance	Assertiveness	Uncertainty Avoidance
1. United States	1. Malaysia	1. Sweden	1. Greece
2. Australia	2. Guatemala	2. Norway	2. Portugal
3. Great Britain	Panama	3. Netherlands	3. Guatemala
4. Canada	4. Philippines	4. Denmark	4. Uruguay
Netherlands	5. Mexico	5. Costa Rica	5. Belgium
6. New Zealand	Venezuela	Yugoslavia	Salvador
7. Italy	7. Arab countries	7. Finland	7. Japan
8. Belgium	8. Ecuador	8. Chile	8. Yugoslavia
9. Denmark	Indonesia	9. Portugal	9. Peru
10. France	10. India	10. Thailand	10. Argentina
Sweden	West Africa		Chile
			Costa Rica
			Panama
			Spain

Source: Based on G. Hofstede, *Culture and Organizations: Software of the Mind* (London, England: McGraw-Hill, 1991). Reproduced with permission of the McGraw-Hill Companies.



Cultural Context

How does culture impact negotiation?

What is the difference between environmental and immediate context?

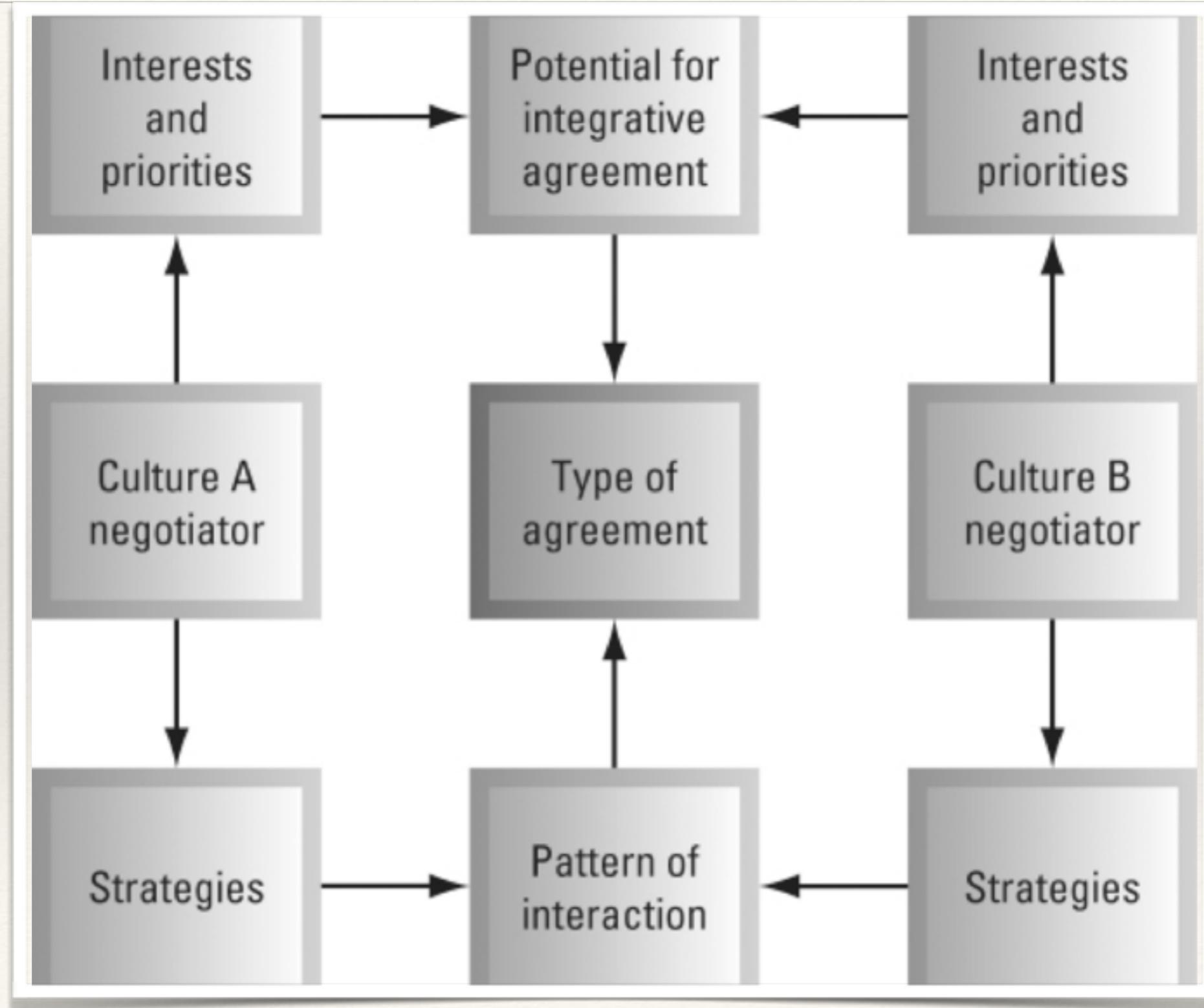
Is culture a pro or con to integrative negotiations?

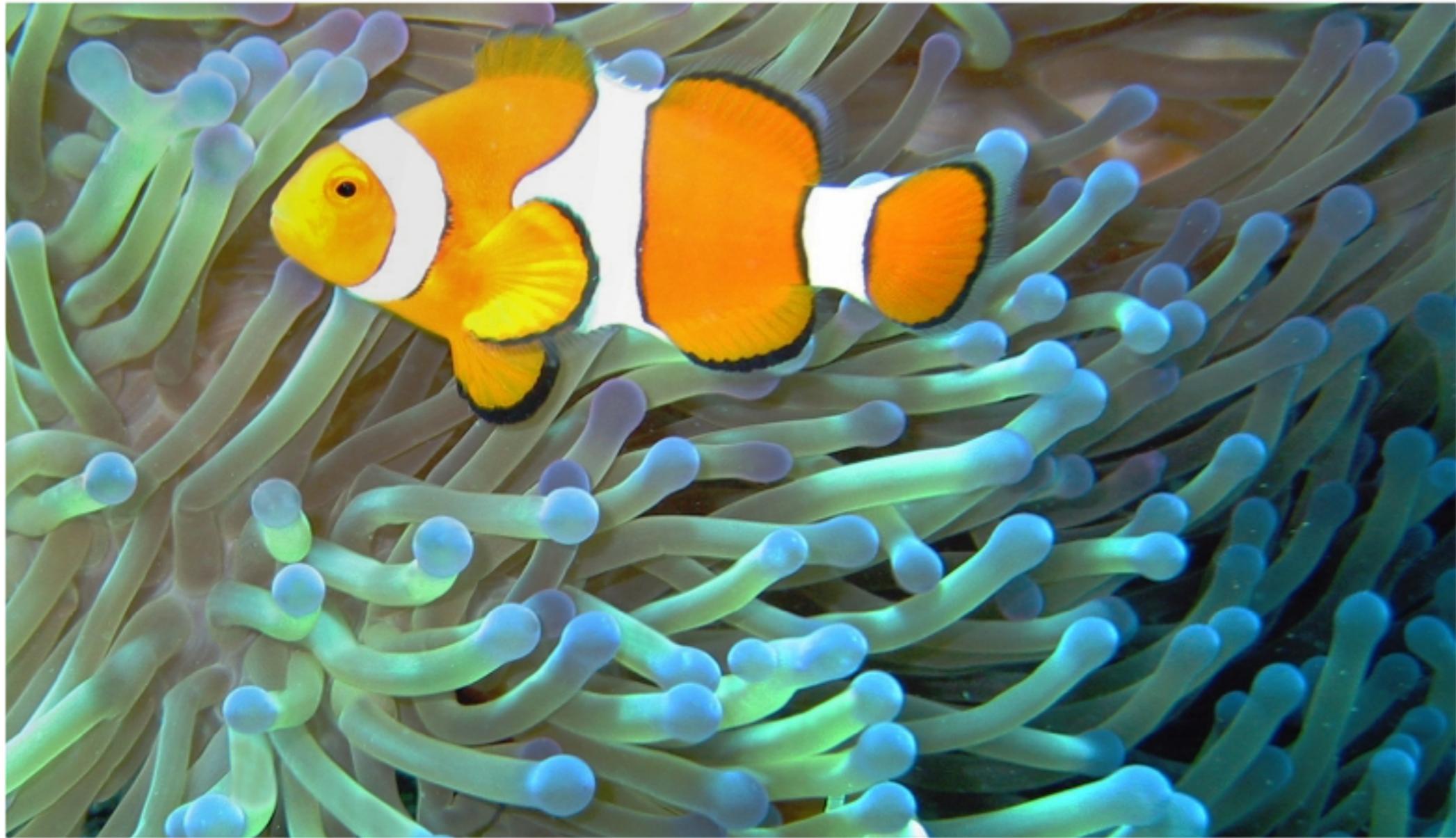
Factors	Response Range	
Definition of Negotiation	Contract <—>	Relationship
Negotiation Opportunity	Distributive <—>	Integrative
Selection of Negotiators	Experts <—>	Trusted Associate
Protocol	Informal <—>	Formal
Communication	Direct <—>	Indirect
Time Sensitivity	High <—>	Low
Risk Propensity	High <—>	Low
Group vs Individuals	Collectivism <—>	Individualism
Nature of Agreements	Specific <—>	General
Emotionalism	High <—>	Low

10 Ways Culture can Influence Negotiation

Based on Foster (1992);
 Hendon & Hendon (1990);
 Moran & Stripp (1991); and
 Salacuse (1998)

How Culture Affects Negotiation

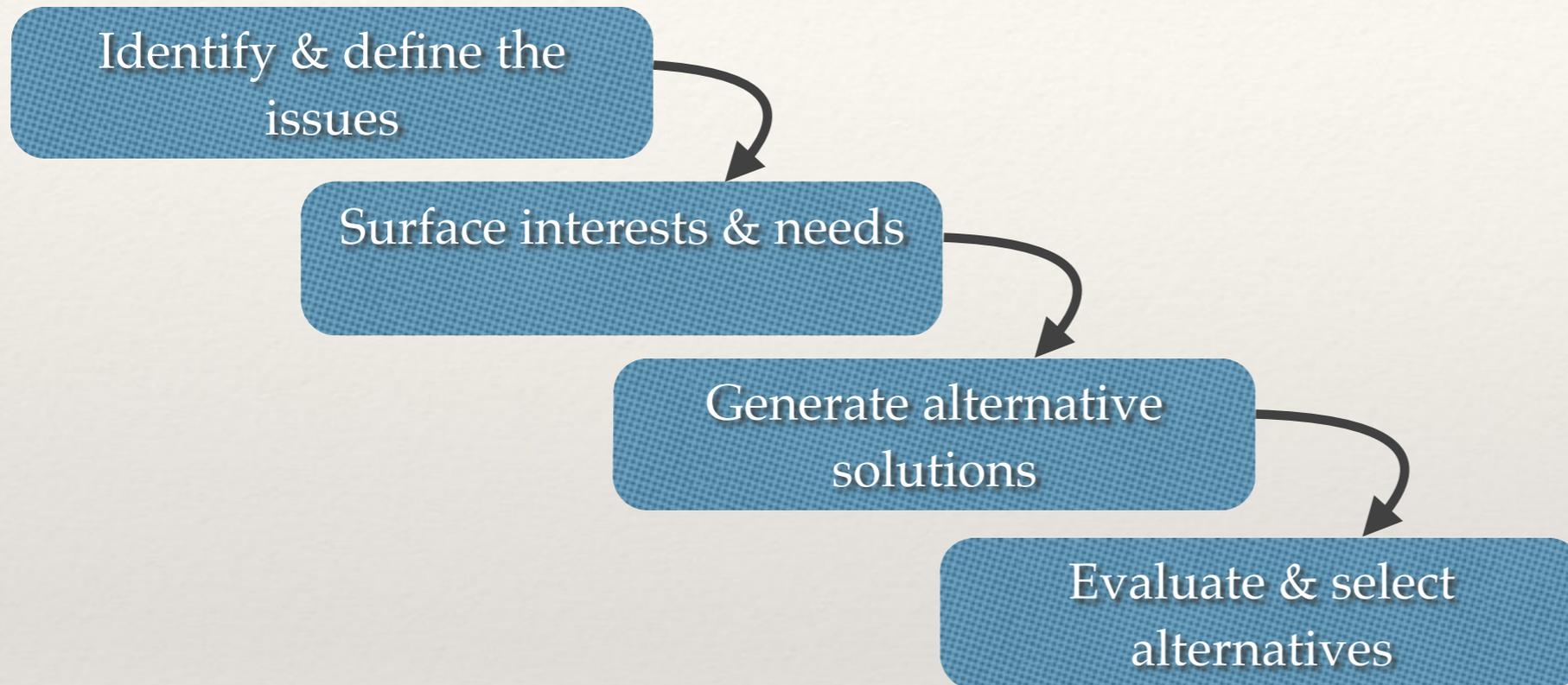




Integrative Negotiations

Aligning Outcomes and
Creating Value

The Integrative Process



- ❖ When outcomes are interdependent parties are more invested in the negotiation process
- ❖ Defining the *Pareto Efficient frontier* - the point at the highest level of interdependence exists

Defining the Problem and Identifying the Need

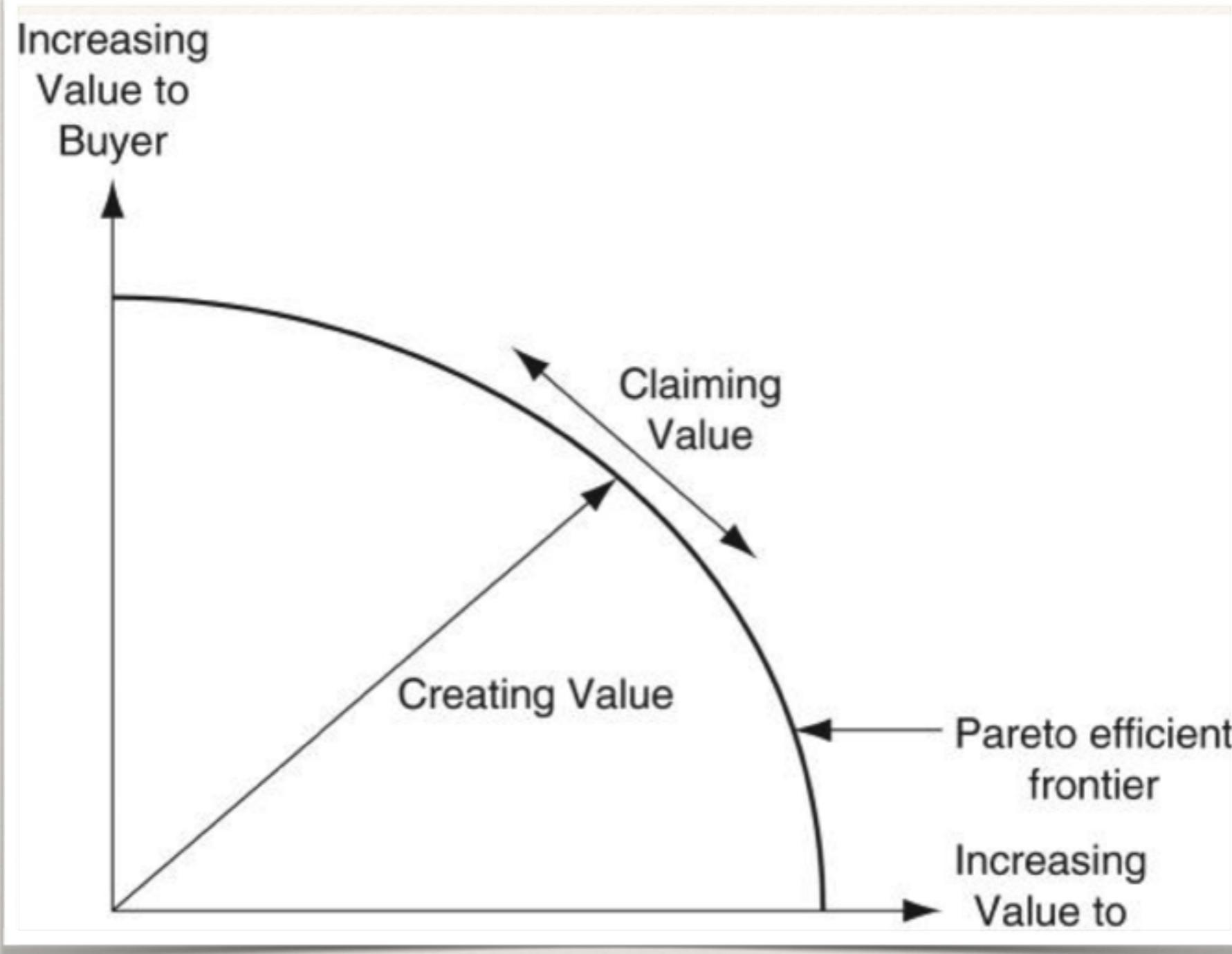
- ❖ As you plan for a negotiation you will hopefully have an understanding of what you see as the problem
- ❖ You will then define your need (target) in terms of your problem. Finally you will define your BATNA/WATNA
- ❖ When dealing in with an integrative negotiation what is the role of your BATNA/WATNA?
- ❖ What are the complications that are likely to arise?
- ❖ Whose needs are more important? Should you put your opponents needs before yours?



Creating Alternative Solutions

The problem may be highly dynamic - the negotiation might lead you to revising your goal.

Handout



Evaluating & Selecting Alternatives

Narrow the Range of Solution Options

Evaluate on the Basis of Quality, Standards, and Acceptability

Agree to the Criteria in Advance of Evaluating Options

Be Willing to Justify Preferences

Be Alert to the Influence of Intangibles

Use Subgroups to Evaluate Complex Options

Take Time out to Cool Off

Keep Decisions Tentative Until Final Agreement

Evaluating &
Selecting Alternatives

Reciprocity

Scarcity

Authority

Consistency

Liking

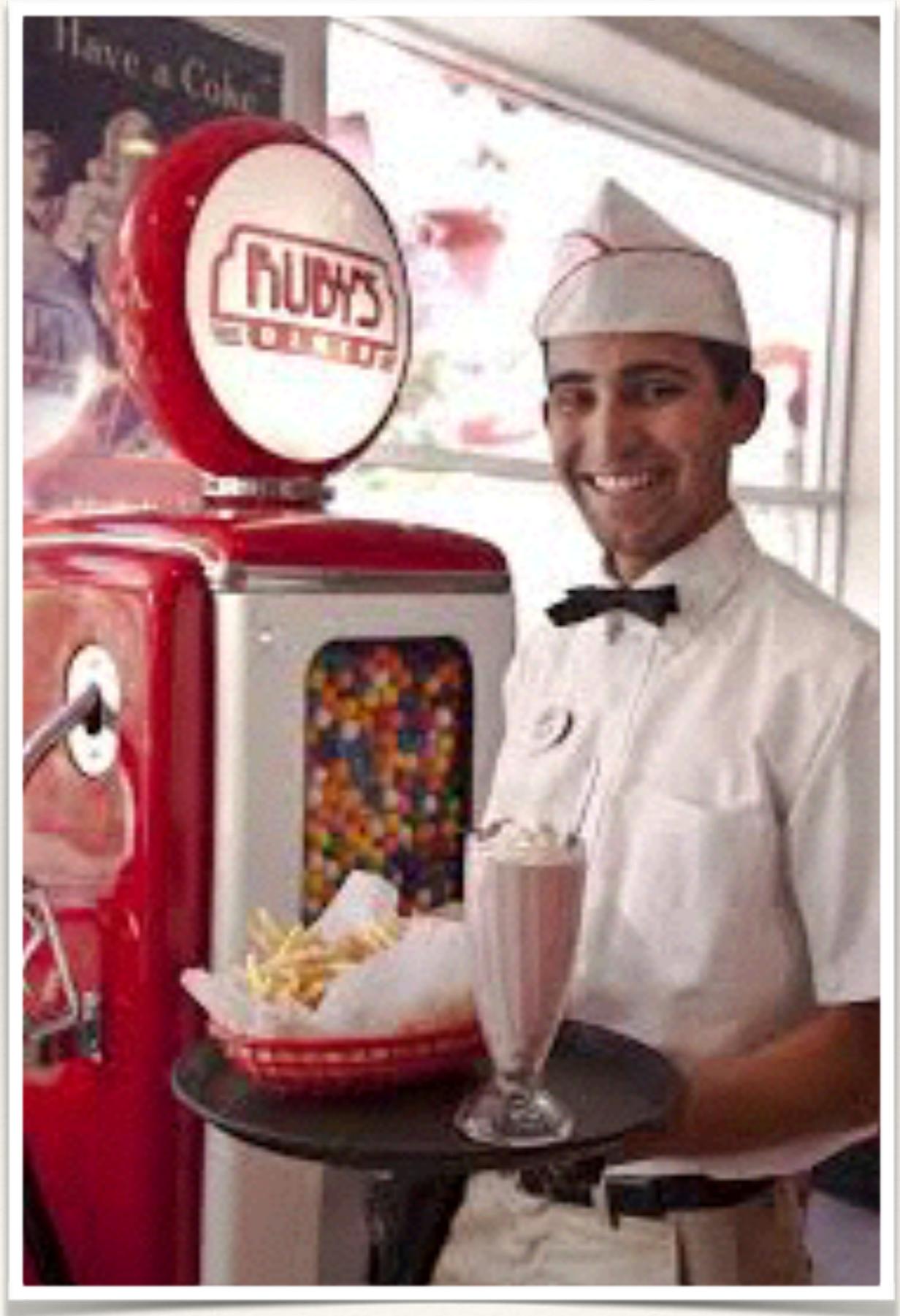
Consensus

Influence & Persuasion

The science behind the art

Reciprocity

- ❖ Individuals feel compelled to repay you in the same way
- ❖ Extending an invitation often results in receiving an invitation
- ❖ One study looked at servers and the impact of giving diners a mint
- ❖ Principle - be the first to give and ensure that it is personalized and unexpected
- ❖ In short - offering resources is one path to influence



Scarcity

- ❖ People want more of the things that there is less of
- ❖ Example: British Airways concord flights; Apple's \$14k iWatch
- ❖ Principle - demonstrate the way in which the negotiated agreement will increase your opponents scarce resource(s)



Authority

- ❖ People follow the lead of experts and those in authority.
- ❖ Example: Milgram studies; people are more likely to someone in uniform; real estate sales; hiring references
- ❖ Principle: Find a way for someone else to validate your relevant characteristics



Consistency

- ❖ Building patterns of behavior can lead to greater commitment
- ❖ Example: neighborhood campaign for safe driving
- ❖ Principle - seek commitment on areas that can be made
- ❖ Principle - be aware of the commitment that you make as it may lead to escalation



Liking

- ❖ People prefer to say yes to those that they like.
- ❖ We like people that:
 - ❖ are similar
 - ❖ pay us genuine compliments
 - ❖ cooperate with us
- ❖ Example: MBA study example (time is money 55% agreement; similarity focuses 90% agreement worth 18% more)
- ❖ Principle - find commonality



Consensus

- ❖ People look to the behaviors of others to determine their own actions
- ❖ Example: Hotel bathroom towels 3 levels -
 - ❖ environmental benefits (35%)
 - ❖ general consensus (increase 26%)
 - ❖ specific consensus (increase 33%)
- ❖ Principle - when possible focus on the parts of the agreement with high consensus

