

新时代商务英语专业系列教材

New Era Business English Series

总主编 / 翁凤翔 郭桂杭

International Business Negotiation

国际商务谈判

主 编 / 朱丹亚



重庆大学出版社
<http://www.cqup.com.cn>

新时代商务英语专业系列教材
New Era Business English Series

总主编 / 翁凤翔 郭桂杭

International Business Negotiation

国际商务谈判

主 编 / 朱丹亚
副主编 / 余 静 谭 亮



重庆大学出版社

内 容 提 要

本书是面向商务专业本科学生的商务谈判教材,体现了国际商务谈判理论和商务谈判实践相结合,针对性和实用性相结合,真实性与通用性相结合的特点。全书共八章,系统地介绍了国际商务谈判的概念、特点、原则、过程步骤、谈判策略和技巧以及各国谈判风格等,并附有大量的案例和习题,适合商务英语专业的学生和从事相关工作的企事业人员使用。

图书在版编目(CIP)数据

国际商务谈判/朱丹亚主编.—重庆:重庆大学出版社,2017.1

商务英语专业系列教材

ISBN 978-7-5689-0384-4

I.①国… II.①朱… III.①国际商务—商务谈判—
高等学校—教材—英文 IV.①F740.41

中国版本图书馆 CIP 数据核字(2017)第 006859 号

国际商务谈判

GUOJI SHANGWU TANPAN

主 编 朱丹亚

责任编辑:牟 妮 张晓琴 版式设计:张晓琴

责任校对:邬小梅 责任印制:张 策

*

重庆大学出版社出版发行

出版人:易树平

社址:重庆市沙坪坝区大学城西路 21 号

邮编:401331

电话:(023) 88617190 88617185(中小学)

传真:(023) 88617186 88617166

网址:<http://www.cqup.com.cn>

邮箱:fxk@cqup.com.cn (营销中心)

全国新华书店经销

重庆市正前方彩色印刷有限公司印刷

*

开本:787mm×1092mm 1/16 印张:20.5 字数:489 千

2017 年 2 月第 1 版 2017 年 2 月第 1 次印刷

ISBN 978-7-5689-0384-4 定价:49.50 元

本书如有印刷、装订等质量问题,本社负责调换

版权所有,请勿擅自翻印和用本书

制作各类出版物及配套用书,违者必究

总 序

商务英语作为本科专业获得教育部批准进入我国大学本科教育基本目录已经好些年了。商务英语本科专业的身份与地位获得了我国官方和外语界的认可。迄今为止,据不完全统计,有300所左右的大学开设了商务英语本科专业。各种商务英语学术活动也开始活跃。商务英语专业与英语语言文学专业、翻译专业成为我国英语教学的“三驾马车”。商务英语教学在全国已经形成较大规模,正呈良性发展态势,越来越多的大学正在积极准备申报商务英语本科专业。可以预计,将来在我国,除了研究性大学外的大部分普通本科院校的外语学院都可能开设商务英语本科专业。这是大势所趋,因为随着我国改革开放和经济全球化、世界经济一体化进程的加快,各个融入经济一体化的国家和地区急需有扎实英语功底的,熟悉国际商务基本知识的,具备国际商务领域操作技能的跨文化商务交际复合型、应用型商务英语人才。

高校商务英语专业教育首先必须有充足的合格师资;其次,需要有合适的教材。目前,虽然市面上有很多商务英语教材,但是,完整的四年商务英语本科专业教材并不多。重庆大学出版社出版的商务英语本科专业系列教材一定程度上能满足当前商务英语本科专业的教学需要。

本套系列教材能基本满足商务英语本科专业1—4年级通常开设课程的需要。商务英语专业不是商务专业而是语言专业。所以,基础年级的教材仍然是英语语言学习教材。但是,与传统的英语语言文学专业教材不同的是:商务英语专业学生所学习的英语具有显著的国际商务特色。所以,本套教材特别注重商务英语本科专业教育的特点,在基础阶段的英语技能教材中融入了商务英语元素,让学生在学习普通英语的同时,接触一些基础的商务英语汇,通过听、说、读、写、译等技能训练,熟悉掌握商务英语专业四级和八级考试词汇,熟悉基础的商务英语篇章,了解国际商务常识。

根据我国《高等学校商务英语本科专业教学质量国家标准》(以下简称《标准》),本套教材不仅包含一、二年级的基础教材,还包含高年級的继续夯实商务英语语言知识的教材,如《高级商务英语教程》1—3册等。此外,还包括英语语言文学专业学生所没有的突出商务英语本科专业特色的国际商务知识类教材,如《国际商务概论》《国际贸易实务》《国际贸易法》《市场营销》等。本套教材的总主编都是教育部商务英语专业教学协作组成员,参与了该《标准》的起草与制定,熟悉《标准》的要求,这为本套教材的质量提供了基本保障。此外,参与编写本套教材的主编及编者都是多年从事商务英语教学与研究的有经验的教师,因而,在教材的内容、体例、知识、练习以及辅助教材等方面,都充分考虑到了教材使用者的需求。教

材的编写宗旨是:力求传授实用的商务英语知识和国际商务有关领域的知识,提高学生的商务英语综合素质和跨文化商务交际能力以及思辨创新能力。

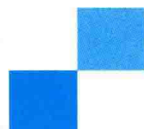
教材编写考虑到了以后推出的全国商务英语本科专业四级和专业八级的考试要求。在教材的选材、练习、词汇等方面都尽可能与商务英语本科专业四级、八级考试对接。

本套教材特别适合培养复合型、应用型的商务英语人才的商务英语本科专业的学生使用,也可作为商务英语爱好者学习商务英语的教材。教材中若存在不当和疏漏之处,敬请专家、学者及教材使用者批评指正,以便我们不断修订完善。

翁凤翔

2016年3月

Contents



Chapter I	Basics of International Business Negotiation	1
1.	Introduction to Negotiation and Culture	2
2.	Concept and Characteristics of International Business Negotiation	25
3.	Principles of International Business Negotiation	31
Chapter II	Planning the Negotiation	50
1.	Forming Negotiation Team	52
2.	Creating Information Base	66
3.	Drafting Negotiation Plan	73
4.	Physical Preparations	77
Chapter III	Executing the Negotiation	102
1.	The Opening Phase	103
2.	The Bargaining Phase	131
3.	The Closing Phase	160
Chapter IV	Strategies and Tactics in International Business Negotiation	175
1.	Standard Negotiation Strategies	177
2.	Countering Negative Negotiation Tactics	190
3.	Developing Your Negotiation Strategies	197

Chapter V Ways of Breaking an Impasse in Negotiation

.....	209
1.Causes of an Impasse	211
2.Strategies of Breaking an Impasse	212
3.Six Approaches for Getting through to the Decision Maker	218
4.Establishing Deadlines to Move a Deal Along	219

Chapter VI Communication Skills in International Business

Negotiation 225

1.Introduction	226
2.Four Styles of Communication	227
3.Developing Your Communication Style	229
4.Non-verbal Communication	235
5.Cultural Differences in Style Preferences	250

Chapter VII Styles of International Business Negotiation

.....	257
1.Introduction	258
2.Negotiating in Asia	260
3.Negotiating in Europe	265
4.Negotiating in North America	272
5.Negotiating in Latin America	277
6.Negotiating in the Middle East	283
7.Negotiating in Africa	290

Chapter VIII The Principles of Negotiation 300

1.The Definition of Pie	301
2.Reservation Value	305

Chapter I Basics of International Business Negotiation



learning Objectives

After studying this chapter, you will be able to:

- Define international business negotiation.
- Identify the principles of international business negotiation.
- Describe the characteristics of international business negotiation.
- Exemplify influences of cultural differences in international business negotiation.

1 Introduction to Negotiation and Culture

Case 1

The Race between Ford and GM The Inside Track, or So It Seemed

The pole position, the inside track, sitting in the driver's seat, all described Jim Paulsen's circumstances in January 1995. In March 1994, he had been appointed the first-ever president of Ford of China, and job one was negotiating a joint venture with Shanghai Automotive Industry Corporation. Unfortunately, Paulsen and his Ford Taurus didn't get the Chinese checkered flag. Meanwhile, GM Buicks have hit Beijing boulevards first makes for a great story, filled with international relations machinations and corporate miscalculations.

Cultural differences were the key. Let us explain.

Ford Motor Company has always been one of the most famous global firms on earth. Everyone recognizes the blue oval logo. Indeed, Henry Ford was hawking his wares in urban China about the same time that *Pearl Sydenstricker Buck* was writing about feet-binding in rural China in her 1930s classic, *The Good Earth*. Henry Ford II was one of the first American executives to meet with Deng Xiaoping after China reopened its economic doors in 1978. Moreover, Ford had moved into the local area faster than GM. At the start of the race Ford already had three parts-related joint ventures in China with a fourth in the works. Although American Motors/Chrysler had been producing Jeeps in Beijing for some 10 years, the Shanghai Automotive deal was really the first major production venture open to American firms. Shanghai Auto was the largest and most profitable of all Chinese automakers, already producing Audis in a joint venture with Volkswagen. The Shanghai plant was targeted for production of about 100,000 *sedans* and 200,000 *vans* per year—a \$2 billion capital investment.

Ford had been talking with the Shanghai folks in secret for some time. But events in Washington, D.C. put the negotiations on the front pages in both countries. On February 6, 1995, the Clinton administration announced the imposition of trade sanctions on China for its continuous violations of intellectual property agreements, slapping 100 percent tariffs on \$1.08 billion cellular phones, sporting goods, and plastic articles coming from the Middle Kingdom.

The Beijing response was twofold. First, *retaliatory* tariffs placed on CDs, video games, films, cigarettes, and alcoholic beverages coming from the United States to China. Second, the threat was made that all talks with American automakers about joint ventures would be suspended. Both Washington and Beijing put a February 26 deadline on discussions after which sanctions would go into effect.

On February 14, Lu Jian, President of Shanghai Auto, announced that both Ford and GM had been instructed to submit their final bids by the end of the month. "Previous to the 14th the identity of the Chinese company negotiating with Ford had been confidential. Moreover, Shanghai

Auto had been talking with Japanese firms as well.” In an interview with the Wall Street Journal Mr. Lu stated, “Toyota was just *tooting* its horn because of the threat of a trade war with the United States... I told them frankly that, while we hope at some point to have cooperation with them, we will continue now to negotiate with the Americans. Toyota is at the back of the line.”

It really didn't matter whether it was Toyota's demonstrated reluctance to share technology with the Chinese or the latter's obvious need to *bolster* the credibility of their counter threats regarding the auto talks with the Americans. In fact, both circumstances probably worked together to push Ford and GM to the front of the line. But, please note Mr. Lu's further comments in the Journal: “Everything is on track except for the possibility of a trade war. If a trade war breaks out, then everything is delayed, maybe canceled. If there is no trade war, then I can tell you that we will choose Ford or GM.” Finally, we doubt that Mr. Lu spoke of the two American firms with consideration to alphabetical order.

Jim Paulsen in the Driver's Seat

So, as of mid-February, Ford was in the lead. And, Jim Paulsen was at the wheel. After visits to the U.S. Trade Representative and the Commerce and State Departments in Washington, D.C., Paulsen and his wife stopped over in southern California for a couple of weeks of cross-cultural training at the University of California Merage School of Business. “That's where we first met.” Jim told us that he was appalled by the lack of knowledge about China displayed by all the Clinton appointees he had talked with. We had been recommended to Jim by the folks at the Ford Executive Development Center in Detroit. We had provided advice and training to executives there for a number of years regarding their Japanese business associations. About 2,000 of their executives had been through a three-day program of our design on negotiating with the Japanese. However, now the topic was China, a very different cup of tea! Jim and his wife spent most of the two weeks at the university working with Katherine Xin, a Beijing native who is now the Michelin Chair in Leadership and Human Resource Management at the China Europe International Business School (CEIBS) in Shanghai. Better cross-cultural training for a leadership role in China was available nowhere else. Jim Paulsen is a very bright and an affable Midwesterner. An engineer by training and a career-long Ford man, he had worked on plant-related issues in several foreign countries including Mexico, the Czech Republic, Poland, and France. However, he had had no previous experience living overseas.

Jim had spent the previous 18 months traveling back and forth to China working on the Shanghai Auto deal and others. Ford “put the *pedal* to the metal” with the announcement by CEO Alex Trotman that the company was sponsoring a research program for developing environmentally friendly auto engines with the Chinese Academy of Science. On February 16 he handed Song Jian, the Science and Technology Minister of China, a set of keys to a shiny new Ford Taurus, fitted with an engine that ran on a mixture of gasoline and methanol.

Meanwhile the trade row *fizzled*. As one *pundit* put it, threatening trade sanctions made sense for both sides in the piracy dispute, but actually implementing them made no sense at all. That is,

talking tough served to consolidate domestic political power—both China and the United States, but neither country could totally afford the costs of a trade war. So the issue was settled by the end of February, of course only to arise again the following year.

However, the duel between the American carmakers was still.

GM followed Ford almost immediately with its own announcements about technology transfers to Chinese institutes. In March the firm contributed 1 million yuan (about \$120,000 at the time) to establish the Delphi Automotive Systems Technology Institute at the prestigious Tsinghua University in Beijing. Oh, by the way, Tsinghua also happens to be the *alma mater* of many of China's senior leaders. In China, *alma mater* matters. It matters more than most westerners can imagine, and the arrangement at Tsinghua was just the first of several planned as components of the larger GM-China Technology Institute involving GM's technical centers and research labs.

Jim Paulsen was particularly good at managing the negotiations with the Ford home office. Jacques Nasser, then product development vice president in Detroit, had *nixed* a key product adaptation for the Chinese market. Because the Tauruses would mostly be driven by chauffeurs in China, leg room had to be maximized in the back seat—not a cheap change. Paulsen knew the Detroit organization well enough to risk going over Nasser's head directly to Alex Trotman. He won that battle, but the war waged on over the summer.

Enter Shirley Young

The key event in the race was GM's introduction of Shirley Young into its pit crew. Yes, women can and often do make a difference in international business negotiations. Ms. Young not only brought a marketing imagination to the GM team, but she also brought great *gaunxi* (connections). Young had joined GM in 1988 as vice president of Consumer Market Development. She had been a consultant to GM since 1983 and had worked for a variety of communications and marketing strategy firms, including a stint as president of Grey Strategic Marketing. She served on the boards of the Promus Companies, Bell Atlantic, and the Bombay Company. She was a vice chair of the nominating committee of the New York Stock Exchange and was a member of the Business Advisory Council for the U.S. State Department Agency for International Development. Ms. Young was also chair of the Committee of 100, a national Chinese-American leadership group, and on the board of the Shanghai Symphony Orchestra (the last after a \$125,000 donation made by GM). In the educational community Ms. Young was a trustee of Wellesley College, Philips Academy Andover, and the Interlochen Center for the Arts, and on the board of directors of the Associates of the Harvard Business School. Her numerous awards included Woman of the Year separately for the American Advertising Federation and the Chinese American Planning Council. Yes, very well connected in the United States.

And, she gets a load of her China credentials. Ms. Young was born in Shanghai, and she still has relatives there. She speaks Mandarin fluently. Her father, Clarence Kuangson Young, is a hero in both China and Taiwan, having been killed by the Japanese when he was China's consul general to the Philippines during World War II. As a Tsinghua alum, he is memorialized on the

campus in Beijing. Also, her stepfather was at one time the Chinese ambassador to the United States, the United Kingdom, and France. Yes, great *guanxi*. GM appointed Young as an advisor to Rudolph Schlais, the GM vice president in charge of China operations. Schlais himself had negotiated three joint-venture agreements in China before. But, GM also had her maintain a reporting relationship to a marketing vice president in Detroit. Thus, her role was more than an underling to Schlais. Her job was to promote technology transfer and to impart marketing expertise in China. Perhaps even more important than her professional brilliance, her connections, and her resume was the way she managed the negotiations. From the spring into the late summer the negotiations involved great numbers of Chinese executives and dignitaries who descended on Detroit to study their potential partners. Young organized GM's 1,000 plus Chinese-American employees to meet and greet the visitors and formed a committee to advise the company on relations with China. She was likewise successful in delivering the top American executives to Shanghai. For example, GM CEO John Smith made three trips to Shanghai during the negotiations. Five of GM's top seven executives also did the Shanghai *shuffle* during September and October. Such a dedication of executive resources was unprecedented in the history of the firm's international alliance efforts. Shanghai Auto executives were also treated to a trip to Brazil to see up close GM's new high-tech operations there. Rio is nice during the summer!

Shirley Young well understood that there is no such thing as international business. Nations don't talk to one another. Nor do companies talk to one another. Only people do. There is only interpersonal business. Particularly for the Chinese, face-to-face meetings and relationships between people at all levels are the essential elements of successful negotiations.

The Last Lap

On August 25 Vaughn Koshkarian replaced Jim Paulsen as president of Ford of China. Koshkarian's *biography* included a Northwestern MBA and 33 years at Ford, mostly in the finance chain of command. During the 1980s he worked in both Japan and Europe. Yes, he brought more international experience to the job than Jim Paulsen, but he still had no specific experience in China and no Chinese language skills. Jim Paulsen had served just 19 months in Beijing before retiring. According to him, it was actually more like seven months in Beijing, six months in Shanghai, and six months in airplanes flying between the two. Changing drivers was Ford's admission that it had fallen behind in the race.

The Post-Race Analysis

GM and Shanghai Auto inked their deal on October 31 in Detroit. Plans were to produce 100,000 midsize Buick Regals by 1997 in a new billion-dollar assembly plant in Shanghai. Eventually *minivans* would be produced as well.

Both Ford and GM had invested and/or committed millions of dollars in establishing technology institutes and component parts manufacturing facilities during the negotiations. At the time a Ford spokesperson in Beijing blamed the lost contract on the Taurus sedan—it was “too modern” despite the engineering changes Jim Paulsen had forced through the Dearborn bureaucracy.

Alternatively, GM explained that beyond its car capabilities it offered up technology from both its Hughes Electronics Corp. and Electronic Data Systems units. Ford couldn't match those broad computer technologies.

Jim Paulsen later *reminisced* in TIME Magazine, "We tried to find out more about how they were arriving at their decisions, but we didn't have enough Chinese-speaking people to establish close contact with the officials in Shanghai. We were playing catch-up and with fewer resources." In the same article Wayne Booker, president of Ford's Asia Pacific operations and Jim Paulsen's boss, added, "You can't understand a foreign market unless you have capable, experienced nationals on staff."

"Experienced nationals" need to be at or near the top of American foreign ventures, particularly in China. Jim Paulsen had been a very successful executive at Ford, but he simply did not have the resume for success in China. Training can go only so far. Even two weeks of the best possible cross-cultural training cannot make up for a lack of foreign living experience in an international manager's credentials. In a very real sense Jim Paulsen was not shanghaied by either Shanghai Auto or GM. Jim Paulsen was actually shanghaied ("put by trickery into an undesirable position") in Detroit by Ford itself.

Finally, as a postscript, we are happy to report that in January 1998 Ford finally did *wise up* and appoint an ethnic Chinese executive to a senior position in Beijing. MeiWeicheng has now replaced Vaughn Koshkarian as chairman and CEO of Ford of China (Koshkarian was bumped up to CEO, and later to president of Ford Asia Pacific). Cheng was a vice president and regional executive for General Electric's appliance businesses based in Hong Kong. And, at long last, in April 2001 Ford completed a 50-50 joint venture agreement with Chongqing Changan Automobile Company, China's third largest automaker, to produce 50,000 small cars in Sichuan province in the southwest. But Ford has still not recovered from being shamed in Shanghai. In 2005 GM took over market leadership from Volkswagen affiliated brands, and it still outsells Ford-produced cars in China by a three-to-one ratio (665,000 to 220,000 units).

(Excerpts from China Now by N. Mark Lam & John L. Graham)

Questions for Case-analysis:

1. What was the national and international environment for the negotiation between GM and Shanghai Auto?
2. What is the role played by Shirley Young? Is her role successful?
3. What differences in Chinese and American cultures can be summarized from Shirley Young's role in the negotiation?
4. How did Ford realize they were behind in the race? What were the steps they took to make up?
5. What was the attitude from Shanghai in the race in your mind even it was not mentioned in the case?

The above case illustrates some of the difficulties of international business negotiations. When negotiators are from different cultures, each may make different assumptions about social interaction, economic interests, legal requirements and political realities. These assumptions affect negotiators' decisions, like when and how to negotiate, their interests and priorities, and their strategies; the way they go about negotiating.

Today, international negotiation is much harder than ever before because international business itself is changing. The business world is increasingly globalized and diversified. More firms are doing business across borders. In early 2006, Luxembourg-based steelmaker Arcelor, which had successfully lured Canada's Dofasco away from Germany's ThyssenKrupp the previous year, became itself the acquisition target of Mittal Steel, an Indian-controlled firm headquartered in the Netherlands. During the same period, U.S.-owned Boeing sold 27,787-Dreamliners to Air India and finalized a supply contract with Japan's Toray for the carbon fiber needed to produce the aircraft. In China, Google Inc. (U.S.) negotiated with government authorities over regulatory conditions for operation of their Internet search engine. More competition means that executives need negotiating skills and the ability to forge co-operative agreements as never before if firms are to survive, let alone to remain competitive in the international marketplace.

Such being the case, in today's global environment, negotiators who understand cultural differences and negotiation fundamentals have a decided advantage at the bargaining table.

⇒ 1.1 Negotiation

1.1.1 Definition of Negotiation

People negotiate every day. In every ordinary day, we may negotiate with

- Our boss, regarding an unexpected work assignment
- Colleagues, deciding whether to stay late at work to finish a project
- Subordinates, regarding unexpected overtime
- Professors, getting an extension on our unfinished assignments
- A supplier, about a problem with raw materials inventory management
- A contractor, decorating a new kitchen at our home
- A banker, over the terms of a business loan
- A partner, deciding where and how to invest your joint capital
- A government official, regarding compliance with environmental regulations
- A recruiter, discussing the salary and benefits we feel we deserve
- A real estate agent, over the lease on a new warehouse
- A travel agency, arranging a trip abroad

- Our spouse, over who will walk the dog
- Someone we love, regarding making up, or rebuilding a relationship
- Our child, over when to go to bed
- A friend, regarding borrowing a musical instrument
- A car dealer, bidding for a used car

In short, negotiation is a common, everyday activity that most people use to influence others and to achieve personal objectives.

“Negotiation” derives from the Latin word “Negotiari”, which means “to do business”. Now in a broader sense, Negotiation refers to the process in which at least two conflicting, independent parties attempt (through the communication process) to reach a mutually satisfying agreement.

The world we are living now is full of conflicts. Conflict is inevitable and no culture is immune to conflict. Whenever one individual’s needs, wants and desires conflict with another’s, we have the potential for negotiation. For most of us, 90 percent of the resources we need to do our jobs and live our lives are owned by someone else. Therefore, negotiation is a survival skill. People use, or should use, negotiation skill for resolving disputes and reaching decisions in teams and other multi-party environment. In business, disputes often arise when deals do not work out quite the way all parties have envisioned. That’s where negotiations come in.

Christopher W. Moore and Peter J. Woodrow (Moore and Woodrow, 2010) point out that negotiations take place in a wide range of contexts, from simple market bargaining to complex processes to end wars within or between nations. They provide a schematic range of situations in which people from different cultures often engage in negotiations (table 1.1).

The examples in the table represent both simple and complex situations and one that involve less or more conflicts. They note that situations of a relatively little conflict can easily become continuous and move toward the right side of the table. Therefore, trade negotiations are usually held in it in an atmosphere in which both sides are looking for mutual gain.

Table 1.1 Range of Negotiation Contexts

Less complex			More complex		
Market bargaining	Contract negotiation	Negotiation of international norms	Negotiation of bilateral or multi-lateral assistance (development, humanitarian assistance, military aid)	Social conflict	International conflict

continued

Less complex			More complex		
Sales agreement (house, car, products, resources)	Trade agreement	Labor-management negotiations		Gang violence	Border dispute
		Environmental standards		Civil war secession	Dispute over a shared resource Invasion or takeover
				Ethnic conflict	Survival
Less conflict			More conflict		

(Adapted from Handbook of Global and Multicultural Negotiation by Christopher W. Moore and Peter J. Woodrow)

1.1.2 Characteristics of Negotiation

Negotiation is a complex process which has the following characteristics;

1) Negotiation is a process.

It is a sequence of activities, perhaps with an underlying pattern. It is not a single event. During the negotiation process, choices are made, which will affect how agreement is achieved and what the agreement will be.

2) One negotiation needs at least two parties.

Having more than two parties does not alter the fundamental duality of the process. But when constituencies or other parties have an interest in the outcome of the negotiation, the negotiation becomes more complex.

3) Divergence in interests, goals for participants in a negotiation.

If there are no differences, there is no need to negotiate. The difference in interests, goals and ways of doing business is the source of conflict and competition in a negotiation. Then negotiation is a must for mutual satisfaction.

4) The incentive for both parties to resolve their disputes.

It is the incentive to reach agreement and expand business that generates cooperation between the parties. The need to settle their differences also helps negotiators understand their power.

5) Negotiations involve trying to reach agreement.

It suggests that negotiators might not always succeed and also that reaching a good agreement

takes some effort. If a negotiation is reached easily then it is probably not a good negotiation, it is likely that some value has been left on the negotiation table.

6) Negotiations result in an agreement, which might be an agreement to walk away.

The notion of “agreement” sounds positive but nothing about negotiation guarantees that an agreement is a positive outcome. The parties might agree but only reluctantly. While the focus of a negotiation is on reaching agreement the most important aspect of any negotiation is not the agreement itself, but how it is implemented. The agreement is only a part of the outcome to any negotiation.

1.1.3 Negotiation Stages

Case 2

In 1982, GM and Toyota began their negotiations. Both appreciated the *tremendous* advantages of pursuing the *joint venture*; GM was motivated by the fact that the venture would produce a competitive, profitable compact car, designed entirely by Toyota to enhance its line. The final product, which was to be sold through Chevrolet dealers throughout the USA would give GM the opportunity of winning back its share of the small-car market. Finally, GM's management and workers would have the opportunity of observing Japanese manufacturing and management methods at first hand, and learn from this experience.

From the point-of-view of Toyota, the Joint venture was equally attractive because it would give them an *avenue* through which to establish their presence in the American market, at a time when public attitudes towards imported cars had been dampening. Two of Toyota's competitors, Nissan and Honda had already established their own plants in the USA; it was only logical for Toyota to *follow suit* to maintain its competitiveness. Unlike its competitors, though, Toyota didn't take as many risks since its affiliation with GM eliminated the need to invest additional capital in a plant.

However, at this initial stage, the problems and issues faced by GM-Toyota were tremendous. The primary negotiating parties involved were the GM-Toyota group vs. the American workers, formerly hired by GM at the Fremont plant. Other secondary negotiating parties with which the GM-Toyota group had to content were the Federal Trade Commission (FTC), other American motor-car industrial giants like Chrysler and the American public in general.

First, the joint venture needed the approval of the **FTC**, a major regulatory agency. Chrysler, one of GM's major competitors in the American motor-car industry, was *lobbying* strongly against the approval of the venture and filed a lawsuit, claiming that it violated the country's *antitrust* laws. Toyota hired a large Washington law firm to work on getting FTC approval. Eventually, the FTC ruled that since the joint venture was to be undertaken within a limited time period, it was legally permissible.

Secondly, the joint venture was affected by the actions of GM concerning its workforce at the