

# NEGOTIATION



Second Edition

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**Second Edition**

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# NEGOTIATION

*To our children: Karen, Susan, Aaron and two Davids:  
who probably taught us more about negotiation than we ever  
wanted to know.*

# Preface to the Second Edition

“This book has been a long time in the making.” So began the preface to the first edition of this book, published in 1985. A similar phrase would be no less appropriate for this volume: this book has been a long time in the revision.

Since the first edition was published, the world of teaching and research on negotiation has changed significantly. There are several new professional divisions (the Conflict Management Division of the Academy of Management and the International Association of Conflict Management) that have devoted themselves exclusively to facilitating research and teaching in these fields. There are several new journals (*Negotiation Journal*, *International Journal of Conflict Management*) that focus exclusively on academic research and writing for professional practitioners in these fields. There are new funding agencies, such as the National Institute for Dispute Resolution, whose mission has been to enhance the development of new research and training materials. Finally, through the generosity of the Hewlett Foundations, there are a number of new university centers that are devoted to enhancing the quality of teaching, research, and service in the negotiation and conflict management fields. Many, many schools now have several courses in negotiation and conflict management—in schools of business, public policy, psychology, social work, education, and natural resources. And development has occurred on the practitioner side as well. Books, seminars, and training courses on negotiation and conflict management have proliferated. And finally, mediation has become an extremely popular process as an alternative to litigation for handling divorce, community disputes, and land use conflicts. In pragmatic terms, all of this development means that as we assembled this second edition, we have had a much more diverse and rich pool of resources from which to sample. The net result for the student and instructor is a highly improved pool of teaching and research materials that has permitted us to extensively revise this text, referring to the very best and most recent work on negotiation and related topics of power, influence, and conflict management.

For the instructor who was not familiar with the first edition, a brief overview is in order. The text is organized into 14 chapters. The first chapter introduces the field of negotiation and conflict management; the second describes the basic problems in situations of interdependence with other people and managing that interdependence. The next three chapters focus on the basic dynamics of competitive (win-lose) and integrative (win-win) negotiation and the planning and strategy

processes associated with each one. Chapter 6 explicitly focuses on negotiation breakdowns and ways to manage them more effectively.

The next five chapters describe and review critical subprocesses and specific dynamics of negotiation: persuasion processes, communication processes, the social context of negotiation (the role played by constituencies, audiences, and parties other than the negotiators themselves), sources of power and uses of influence, and individual differences (“personality” factors) in negotiation. Chapter 12 addresses ways that negotiators can break negotiation deadlocks through the assistance of third parties such as mediators, arbitrators, and other intermediaries. Chapter 13 specifically addresses negotiator ethics. Finally, Chapter 14 describes many of the challenges of international negotiation—that is, negotiating across international and cultural boundaries.

For those instructors who were familiar with the first edition, the most visible changes will be in the content and organization of the book, as follows:

1. The content is almost **entirely** new. Every chapter was completely revised for this second edition, and approximately 60 percent of the content is new.

2. We have reorganized the book slightly. First, as you will note, we have expanded from 13 to 14 chapters. We have explicitly recognized the importance of cross-cultural differences in negotiation by adding a new chapter on international negotiations. We have also reorganized some of the early sections by placing the chapter on planning, preparation, and strategy development slightly later in the outline, and by explicitly addressing techniques for managing negotiation breakdowns. We have also increased the focus on ethics in negotiation and expanded our coverage of individual differences among negotiators.

3. This textbook parallels the structure of a completely revised companion volume, *Negotiation: Readings, Exercises and Cases*, by Roy Lewicki, Joseph Litterer, David Saunders, and John Minton, also published by Richard D. Irwin (1993). An excellent *Instructor's Manual* is also available from the publisher. The text and readings books can be used together or separately, and we encourage instructors to contact the publisher for an examination copy.

Once again, this book could not have been completed without the assistance of many other people. We would specifically like to thank:

- Many of our colleagues in the negotiation and dispute resolution field, who adopted and gave us excellent feedback on the first edition and whose research contributions have made the growth of this field possible.
- Specific colleagues who have read and commented on our revised chapters, including Nancy J. Adler, Deborah Kolb, Debra Shapiro, and Stephen Weiss.

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- The staff of Richard D. Irwin, and particularly Kurt Strand, our editor, for his confidence in the project and his continued patience as we completed the project.
- Our families, who continue to provide us with the time and support that we require to finish this project.

Thank you one and all!

**Roy J. Lewicki**  
**Joseph A. Litterer**  
**John W. Minton**  
**David M. Saunders**



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## CHAPTER 1

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# The Nature of Negotiation

Negotiating is a basic, generic human activity—a process that is often used in labor-management relations, in business deals like mergers and sales, in international affairs, and in our everyday activities. The negotiations that take place to free hostages, to keep peace between nations, or to end a labor strike dramatize the need for bargaining and its capabilities as a dispute management process. Negotiation is not a process reserved for the skilled diplomat, the top salesperson, or the ardent advocate for organized labor; it is something that we *all* do, almost on a daily basis. Although the stakes are not usually as dramatic as freeing hostages or keeping peace, everyone negotiates; sometimes on major things like a job, at other times on relatively minor issues, such as who will wash the dishes. The structure and processes of negotiation are fundamentally the same at the personal level as they are at the diplomatic and corporate levels.

Because we all negotiate about many different things in many different situations, knowledge about and skill in negotiating is essential to anyone who works with and through other people to accomplish objectives. We may fail to negotiate at times, perhaps because we do not recognize that we are in a bargaining situation. By choosing options other than negotiation, we may fail to handle our problems as well as we might like to. We may recognize the need for bargaining, but do poorly at the process because we misunderstand it and do not know the methods for negotiating. This book will teach our readers how to recognize situations that call for bargaining; what the process of bargaining involves; and how to analyze, plan, and carry out a successful negotiation.

Note that we have used the words *bargaining* and *negotiation* interchangeably. In most conversations, the words mean the same thing, but sometimes they are used as if they mean different things. For example, *bargaining* is more like the competitive haggling over price that goes on in a yard sale or flea market, whereas *negotiation* is the more formal, civilized process that occurs when parties are trying to find a mutually acceptable solution to a complex conflict. In this book, we tend to use the terms *bargaining* and *negotiation* interchangeably. In Chapters 3 and 4, when we describe the differences between two very different forms of negotiation, we will call one *bargaining* and the other *negotiation* to make the comparisons between the two clearer.

To better understand what this book is about, and the breadth and scope of negotiation in our professional and personal lives, we ask you to consider a



hypothetical, but not unrealistic, situation. The case below describes a “typical” day in the life of Joe Carter, a manager who is involved in a number of negotiations. After presenting the case, we will discuss some of the incidents as they portray an array of challenges and problems in negotiation.

### THE JOE CARTER STORY

The day started early, as usual. Over breakfast, Sue Carter (Joe’s wife) again raised the question of where they would go for their summer vacation. She wanted to sign up for a tour of the Far East being sponsored by her college’s alumni association. However, two weeks on a guided tour with a lot of other people were not what Joe had in mind. He needed to get away from people, crowds, and schedules, and he wanted to charter a sailboat and cruise the New England coast. In addition, they were still not sure whether the kids would go with them. Both really wanted to go to camp, and Joe and Sue couldn’t afford both summer camp and a vacation for the four of them. They had not argued (yet), but it was clear that they had a real problem here. Some of their friends handled problems like this by taking separate vacations. With both of them working full time, though, the one thing he and Sue did agree on was that they would take their vacation together.

As Joe drove to work, he thought about the vacation problem. What bothered Joe most was that there seemed to be no good way to manage the conflict productively. With some conflicts, they could compromise; but given what each wanted this time, compromise didn’t seem possible. At other times they would flip a coin; that might work for choosing a restaurant, but it seemed unwise to use that procedure to solve this problem because spending that much money and that big a block of time on the basis of a coin flip was pretty risky. In addition, flipping a coin might be more likely to make one of them feel like a loser and the other feel guilty than to help either one feel really satisfied.

Walking through the parking lot, Joe met his company’s purchasing manager, Ed Laine. Joe was the head of the engineering design group for MicroWatt, a manufacturer of small electric motors. Ed reminded Joe that they had to settle a problem created by the engineers in Joe’s department: The engineers were contacting vendors directly rather than going through MicroWatt’s purchasing department. Joe knew that purchasing wanted all contacts with a vendor to go through them; but he also knew that his engineers badly needed technical information for design purposes, and waiting for the information to come through purchasing slowed things considerably. Ed Laine was not unaware of Joe’s views about this problem, and Joe thought the two of them could probably find some way to work this out if they really sat down to work on it. Joe and Ed were also both aware that higher management expected them (and all other managers) to settle differences among themselves; if this problem “got upstairs” to senior management, it would make both of them look bad.

Shortly after getting back to his desk, Joe received a telephone call from an automobile salesman with whom he had been talking about a new car. The salesman asked how Sue (Joe’s wife) felt about the car and whether she wanted to drive