

ORGANATIONAL BEHAVIOUR, MB 201, MBA –II Semester, Topic:
Negotiation and its types

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Negotiation

Definition of Negotiation

we have seen above that compromise is a well-accepted technique for resolving conflicts. This compromise is arrived at through negotiation. Therefore, understanding of negotiation and how it works is important for conflict management. Wall has defined negotiation as follows:

"Negotiation is a process in which two or more parties exchange goods or services and attempt to agree on the exchange rate for them."

Negotiation basically involves bargaining. The dictionary meaning of negotiation is bargaining for the purpose of mutual agreement. Thus, negotiation may be defined as follows:

Negotiation is the process in which two or more parties (individuals or groups) attempt to reach agreement on issues on which they have differences

It may be seen that negotiation is an attempt to settle differences among parties: it is not necessary that the differences are actually settled. For example, many times, negotiations between management and workers do not bring desired outcomes, and the issues on which they have differences are settled by other

mechanisms. In negotiations, two types of bargaining may be involved: distributive and integrative.

Types of Negotiation

Distributive Bargaining (win –lose)- Distributive bargaining operates under zero-sum conditions, that is, any gain to one party is at the expense of the other party. Normally, In a distributive bargaining. various economic issues are involved, such as wages/salaries, bonus, and other financial matters. While bargaining with each other each party has a target point that defines what it would like to achieve. Each party also has a resistance point which marks the lowest outcome that is acceptable-the point below which the parties would break off negotiations rather than accepting a less-favourable settlement. The area between these two points makes up each one's aspiration range. While engaged in negotiation, each party's tactics is to get its opponent to agree to one's target point or to get as close to it as possible. Depending on the relative bargaining power of each party settlement is arrived at between target and resistance points

Integrative Bargaining (win-win)- In contrast to distributive bargaining Integrative bargaining operates under the assumption that there exists one or more settlements that can create a win-win situation. In terms of organizational behaviour. integrative bargaining is preferable to distributive bargaining because the former builds long-term relationships and facilitates working together in the future. It bonds negotiators and allows them to leave the negotiating table with a feeling that they have achieved a victory. In integrative bargaining, an attempt is made to understand the viewpoint of each party empathetically. With the result, many issues which are perceived to be contentious and are not likely to be resolved amicably, do not appear to be so. However. Integrative bargaining becomes effective when some conditions exist. These are parties must have sensitivity to each other's needs, have ability to trust others, and maintain flexibility.