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PROJECT COMMUNICATION & NEGOTIATION

Negotiation Strategy

by

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Chapter Description

- **Aims**

- Importance of negotiation strategy in project management
- Different strategies of negotiation followed in projects

- **Expected Outcomes**

- Importance of negotiation strategy in project management can be understood
- Different strategies negotiations can be understood

- **Other related Information**

- Application of suitable strategy is helpful for successful negotiation.

- **References**

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Negotiation Strategies

Importance of Negotiation Strategy

- The overall approach to be applied in negotiation is nothing but negotiation strategy. The strategy is useful in dealing with other party in negotiation. It is also applicable in solving conflicts and reaching to agreement. From a practical point of view, it is the choice of a negotiating party to apply any strategy which is based on the situational dynamics at the time of negotiation.
- Negotiation strategy is based on how a party is considering his/her own needs and expectations as well as to what extent the first party in negotiation is considering the needs and expectations of other negotiating party.



Strategies

- There are four strategies viz., Win-Win, Win-Lose, Lose-Win, Lose-Lose.
- 'Win-Win' strategy considers interests, needs and expectations of both parties equally. The mutual benefit of negotiating parties is expected. Both parties have a clear understanding about the goals for which they are pursuing. Empathetic consideration of needs of each other is really appreciable. This is the basic understanding of this approach. The problems are thought from perspectives of both parties. Each party is concerned for other party also which is desirable. Such strategy is helpful for long-term relationship and maintaining business relationship.
- 'Lose-Lose' strategy is worst type of strategies. In this strategy no party is gaining any benefit. Both parties are considered as losers. No successful negotiation, no long term business relationship and over & above, no trust is built by applying this strategy. No settlement is attained in this negotiation. If one party feels defeated, it takes other party to face the defeat in negotiation..
- 'Win-Lose' is the strategy in which one party is concerned with his/her own interest. This party always desires to be the winner at the cost of other party in negotiation. No consideration to other party's needs and expectations is not at all suggested. Other party has to face the difficulty and defeats in negotiation. Even though the party gains the negotiation but the loser party does not feel comfort and always waits for the appropriate time to win over other party. That's why such strategy is not suggested.
- 'Lose-Win' is the strategy which allows a party to lose the negotiation. The party accepts its lose position and allows other party to be the winner in negotiation. It is also not desirable.



Negotiation Strategies continue...

- The negotiator has to take special responsibility in dealing with other party in negotiation. It is required to separate the issues and problems of negotiation from people. The problem should be considered but not the people. The interests and expectations should be considered but the position of the parties and persons in negotiation should not be considered. The mutual benefit strategy should be followed. The ways to be invented to consider other party in negotiation.
- The objective based criteria should be considered for evaluation. The objectives should be mutually agreed and suitable to both the parties in negotiation.
- The communication language, non-verbal communication, proper listening, respect, adapt and response as per the negotiation agreement having mutual benefit should be kept in mind for a successful negotiation.
- The gap in understanding the message, conflicts have to resolved by win-win approach which is benefit for both the parties in negotiation.
- One thing has to be kept in mind that is nobody wants to loose in negotiation. It is the issue, expectation and need which make a party either winner or loser in negotiation.
- Unequal bargaining power puts one party in loser's position.
- No personal issues should be considered in negotiation.



Negotiation Strategies Continue.....

- Distributive or confrontational negotiation considers competition to win the fixed issues, expectations and values.
- The distribution goes in favour of one party and other party becomes the loser.
- The wage negotiation is done between the employee concerned and business enterprise/project authority. If the negotiation is distributive one, then one party is compelled to lose the negotiation deal. In other words, one party wins and other party gets defeated.
- In negotiation, there is always dilemma to compete or collaborate with other party. The integrative negotiation is always desired as it considers interests and expectations of both parties in negotiation.
- The collaborative strategy is also considered as integrative one. The term 'we' is important than 'I' and 'You'.
- Both parties cooperate to have mutual gain. Interests of both parties are taken into consideration. Value is created, claimed and shared.
- The relationship has a key objective in integrative negotiation. By such negotiation strategy, long-term relationship maintenance is more vital for both the negotiating parties.
- The result, motivational value, intentions, issues and exploring solutions for integrative negotiation is different from distributive negotiation.
- The joint gains, multiple issues and creative solutions are considered in integrative negotiation.
- The short-term relationship is there in distributive bargaining.



Negotiation Strategies Continue.....

- If a negotiation fails, one may consider for BATNA.
- BATNA stands for Best Alternative To a Negotiated Agreement.
- BATNA is given by Roger Fisher and William Ury.
- The situation comes when one refuses to negotiate.
- One party would not be in a position to decide whether to accept or reject a negotiated agreement, then BATNA has to be taken into consideration.
- One should know about different alternatives.
- BATNA is helpful to accept terms which are unfavourable in negotiation and the alternative decision has to be taken.
- If the BATNA is going to be costlier than the negotiated agreement, then one has to go for negotiation.
- BATNA improves one's power of negotiation.
- The available options are helpful in strengthening the position of a party in negotiation.
- The BATNA should not be revealed to other party in negotiation. Again it depends whether the BATNA is strong or weak and accordingly it is suggested to reveal or hit about BATNA.
- BATNA has to be developed considering list of actions, ideas and making practical alternative form of actions.
- Broad range of factors, sub-factors and alternative possibilities have to be considered in BATNA.
- If a car is available for Usd 10000, it is not wise to make a negotiation for the similar car costing Usd 12000.
- If an employee not promoted in the same company, then list the alternatives to be taken by the employee.
- If pollution by a nearby company, after discussing with the company, it does not do any remedies then it is wise to have alternative options by the nearby people.
- The most feasible, affordable, best implications in the deal have to be considered for BATNA.
- Even Estimated Alternatives to a Negotiated Alternatives (EATNA) can also be considered which is adapted by Guy Burgess and Heidi Burgess.



Conclusion of The Chapter

- **Conclusion #1**
 - Negotiation strategy is important.
 - Different strategies are there in project negotiation.....
- **Conclusion #2**
 - The integrative strategy in negotiation should be followed.
 - The distributive strategy in negotiation does not consider interests of other party in negotiation. It has negative impact on long-term relationship between both negotiating parties.
- **Conclusio #3**
 - Win-Win approach based strategy is suggested for successful negotiation in projects.
 - Both parties should consider interests of each other for a mutual benefit. This approach shall helpful in yielding better results in negotiation.
 - BATNA can also be considered failure negotiations.



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