



NOVA SCHOOL OF
BUSINESS & ECONOMICS

PERSUASION & NEGOTIATION

Relational aspects of negotiation

Introduction

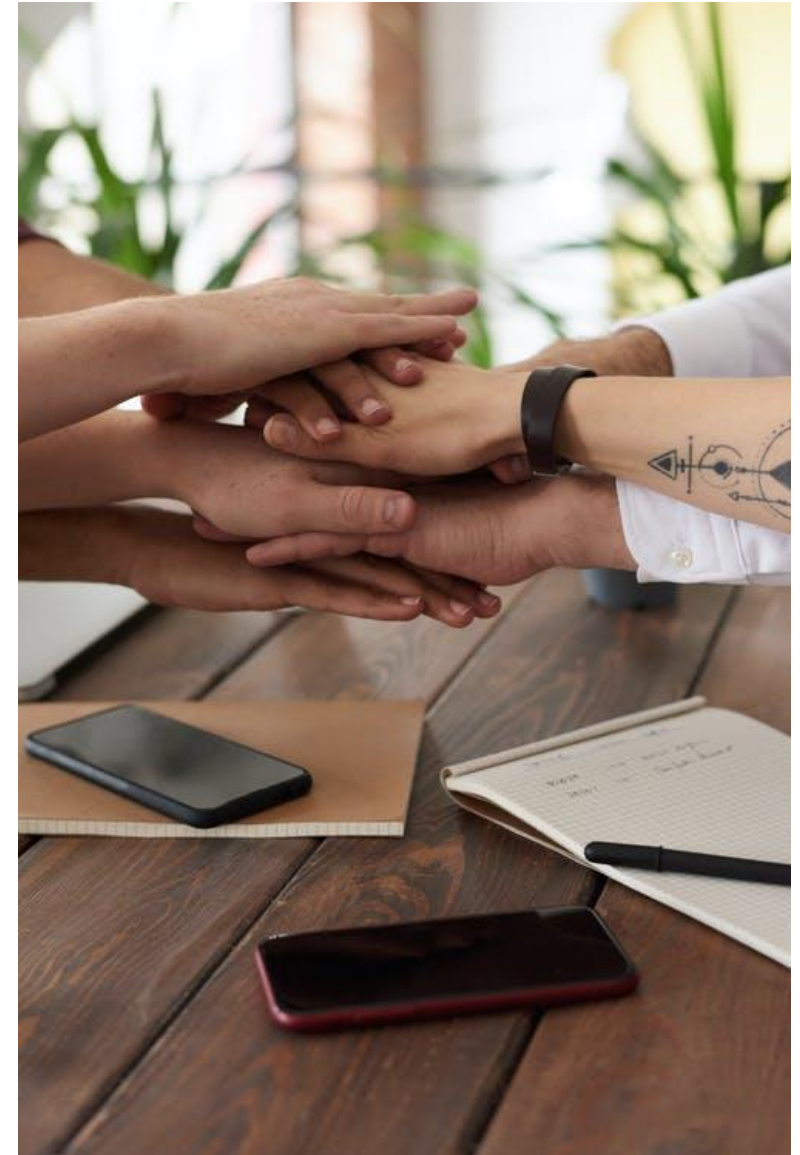
Topics:

1. The context of relationships;
2. Key elements;
 1. Reputation, justice and trust
3. Relationship repair



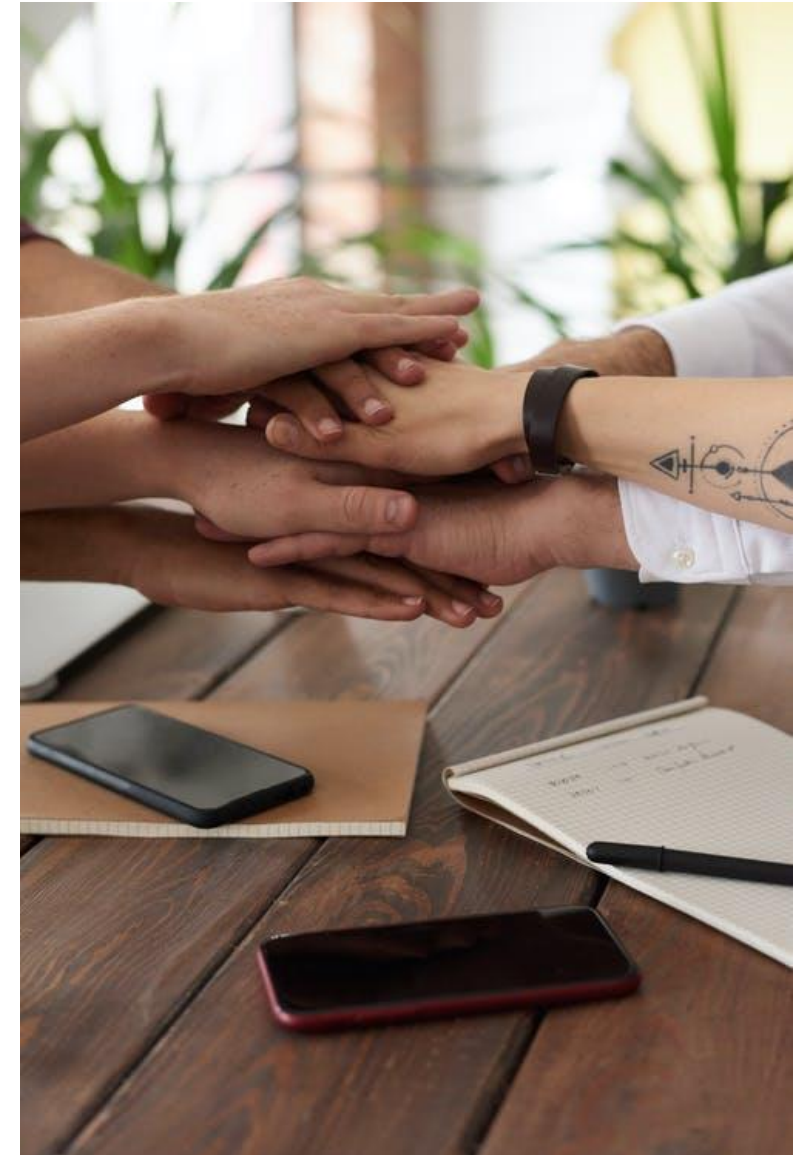
The context of relationships

- Usually, negotiations occur within relationships
- How can relationships affect the negotiation context?
 - **Time**: They have a past, a present and a future
 - **Opportunity to learn**: Negotiation is often not a way to discuss an issue, but a way to learn more about the other party and increase interdependence
 - **More than distribution**: Resolution of simple distributive issues has implications for the future
 - **Emotions**: Distributive issues within relationships can be emotionally hot



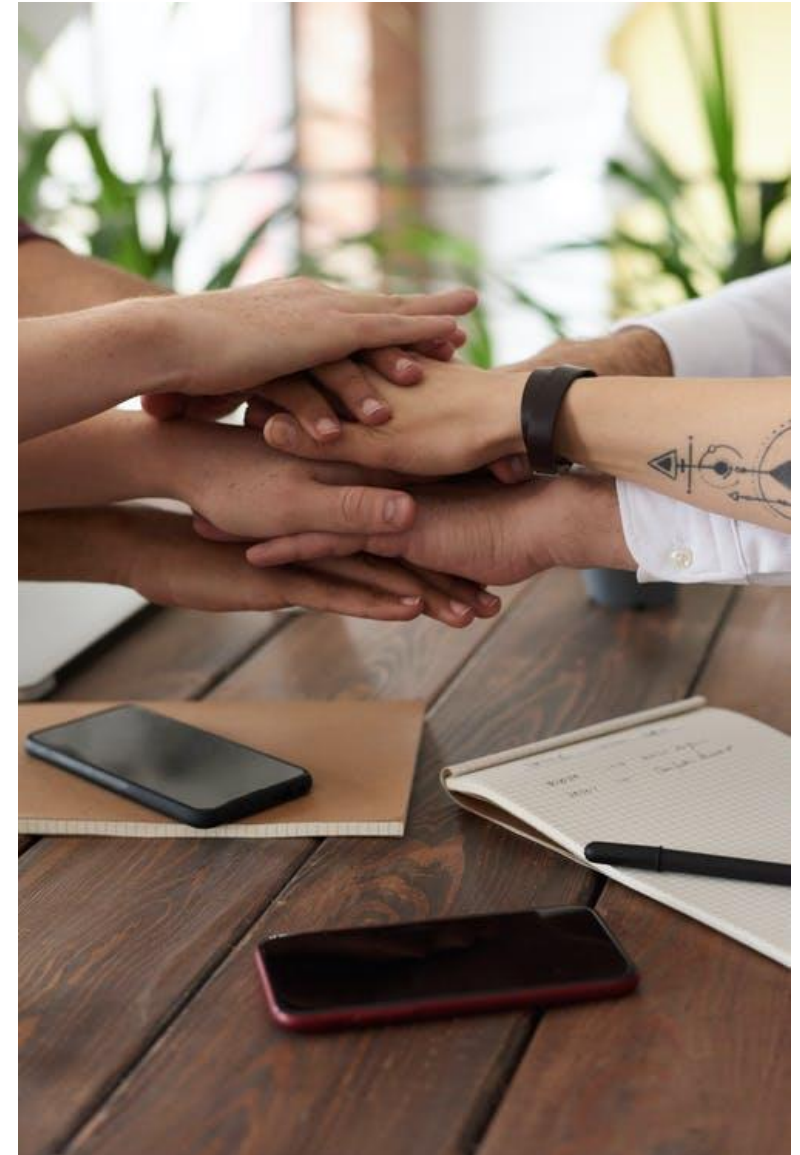
The context of relationships

- ***Finish line:*** Negotiating within relationships may never end
 - Parties may defer negotiations over tough issues in order to start on the right foot
 - Attempting to anticipate the future and negotiate everything up front is often impossible
 - Issues on which parties truly disagree may never go away
- ***Problems:*** In many negotiations, the other person *is* the focal problem.
- ***Preservation:*** In some negotiations, relationship preservation is the overarching negotiation goal
 - parties may make concessions on substantive issues to preserve or enhance the relationship



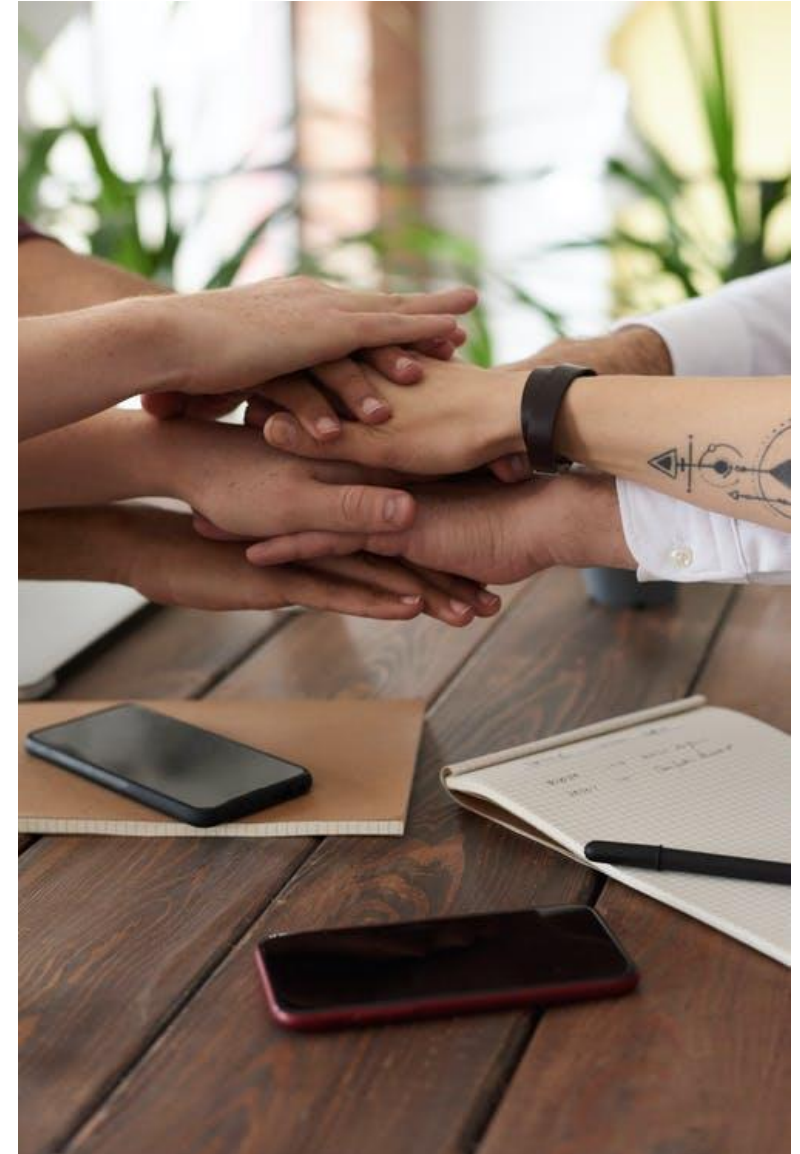
The context of relationships

- Parties in relationships (when compared to other negotiations):
 - Are more **cooperative** and empathetic
 - Craft **better quality** agreements
 - **Perform better** on both decision making and motor tasks
 - Focus their attention on the **other party's** outcomes as well as their own
 - Focus attention on the **norms** that develop about the way that they work together



The context of relationships

- Parties in relationships (when compared to other negotiations):
 - Are more likely to **share information** with the other and less likely to use coercive tactics;
 - Are more likely to use **indirect communication** about conflict issues;
 - May be more likely to use **compromise** or **problem solving** strategies for resolving conflicts.



Key elements

- Reputation:

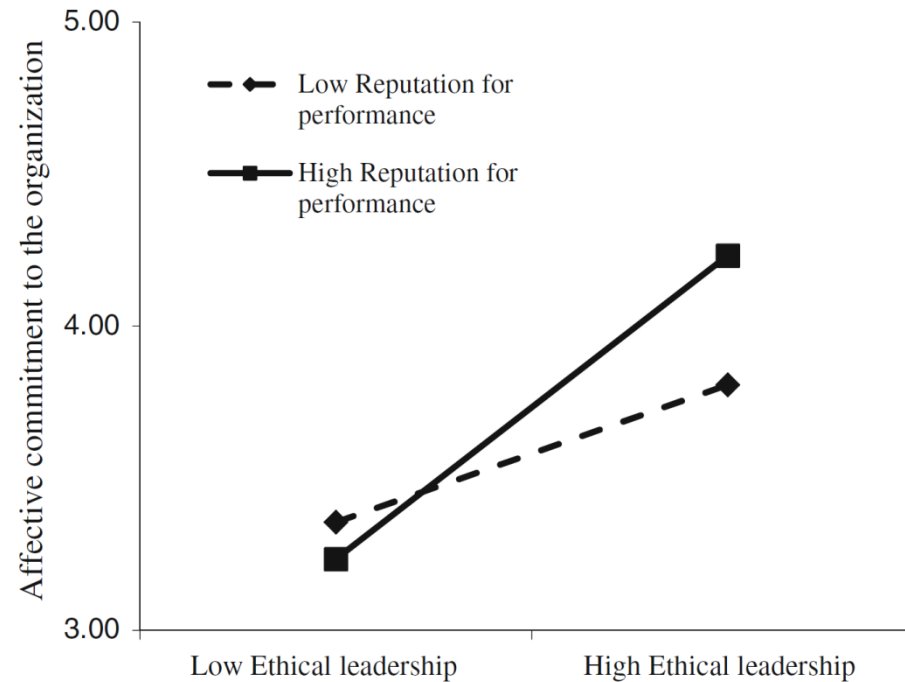
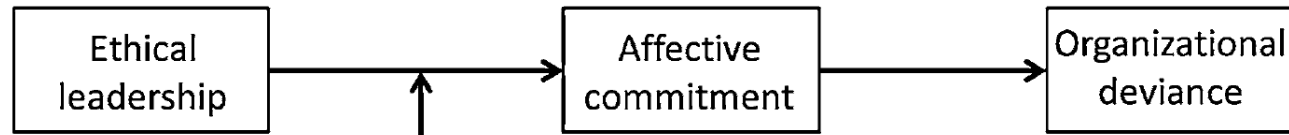
- How other people remember their past experience with you

- Why is it important?

- Perceptual and highly **subjective** in nature
- An individual can have a number of **different**, even conflicting, reputations
- Shaped by past **behavior**
- Influenced by an individual's personal characteristics and accomplishments.
- Develops over time; once developed, is **hard to change**.
- Negative reputations are **difficult to “repair”**



Key elements



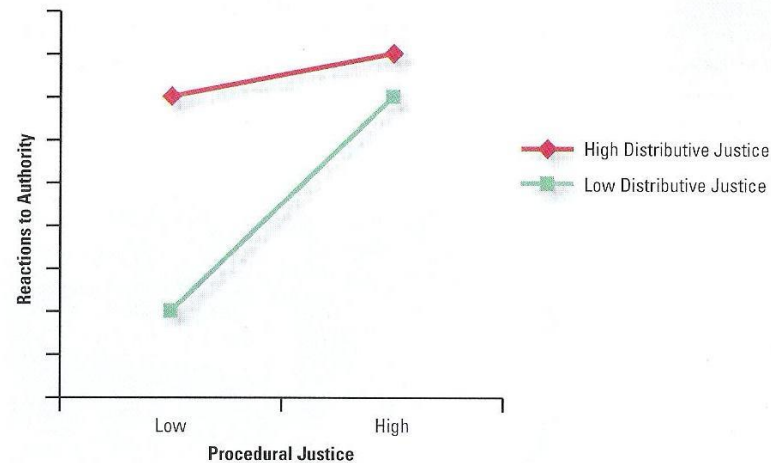
Neves & Story (2015) *Journal of Business Ethics*



Key elements

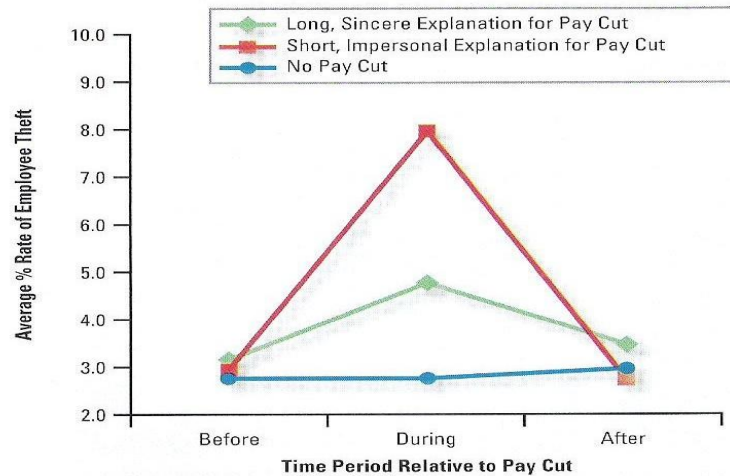
- **Justice:**
 - Can take several forms (distributive, procedural, interactional – *interpersonal and informational*)
- Why is it important?

FIGURE 6-4 Combined Effects of Distributive and Procedural Justice

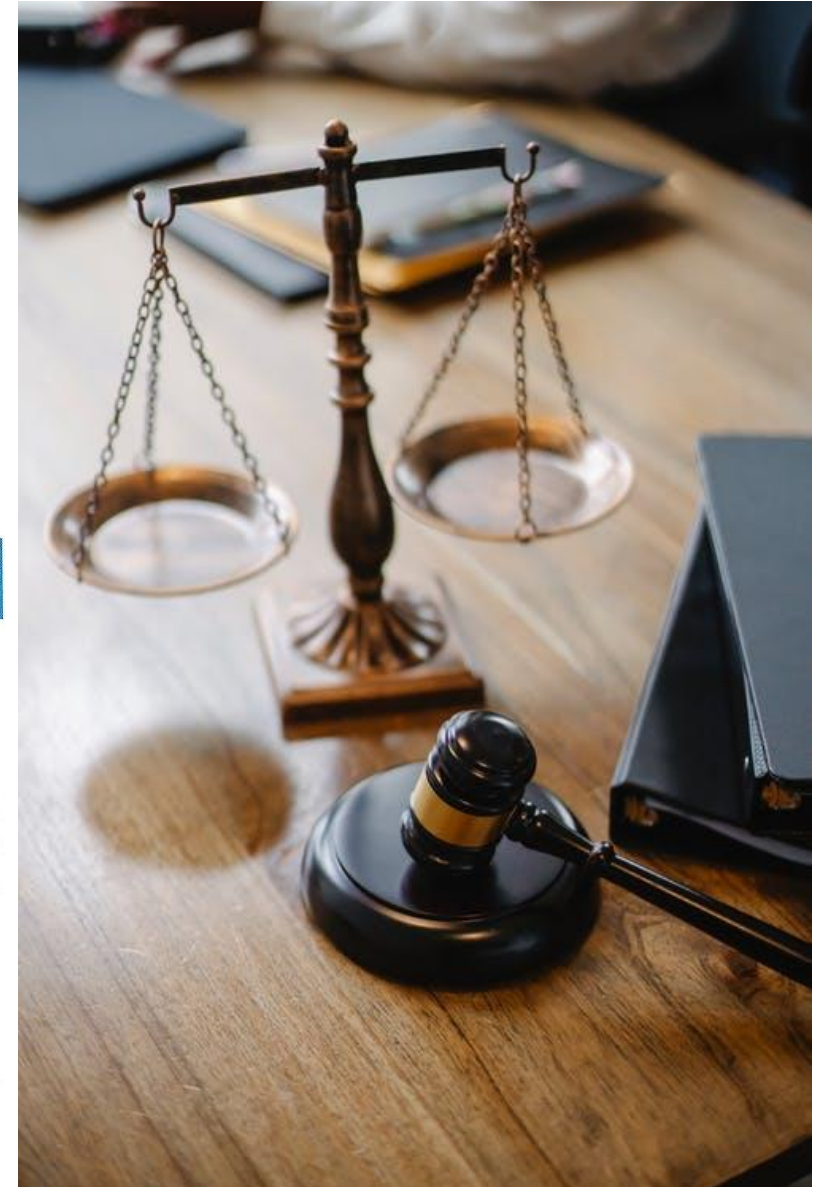


Source: Adapted from J. Brockner and B. M. Wiesenfeld, "An Integrative Framework for Explaining Reactions to Decisions: Interactive Effects of Outcomes and Procedures," *Psychological Bulletin* 120 (1996), pp. 189–208.

FIGURE 6-5 The Effects of Informational and Interpersonal Justice on Theft during a Pay Cut



Source: Adapted from J. Greenberg, "Employee Theft as a Reaction to Underpayment Inequity: The Hidden Cost of Paycuts," *Journal of Applied Psychology* 75 (1990), pp. 561–68.



Key elements

- Justice:

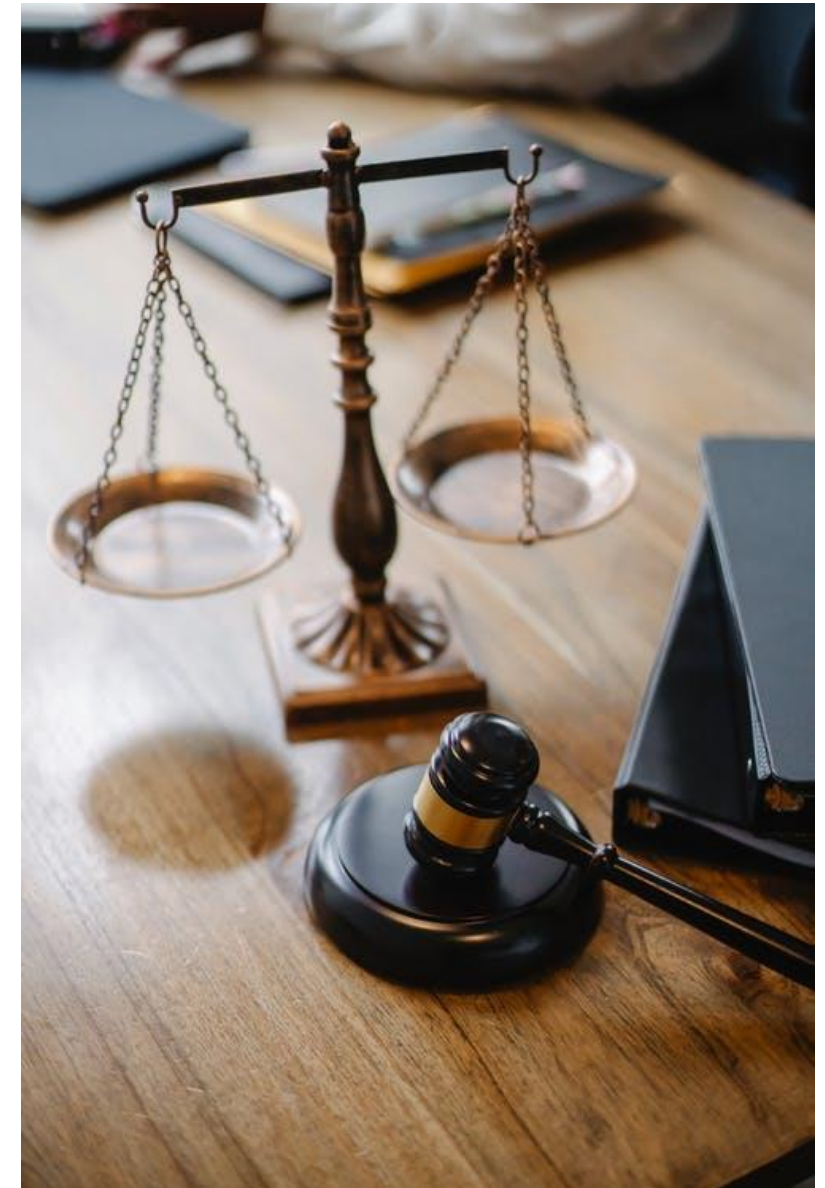
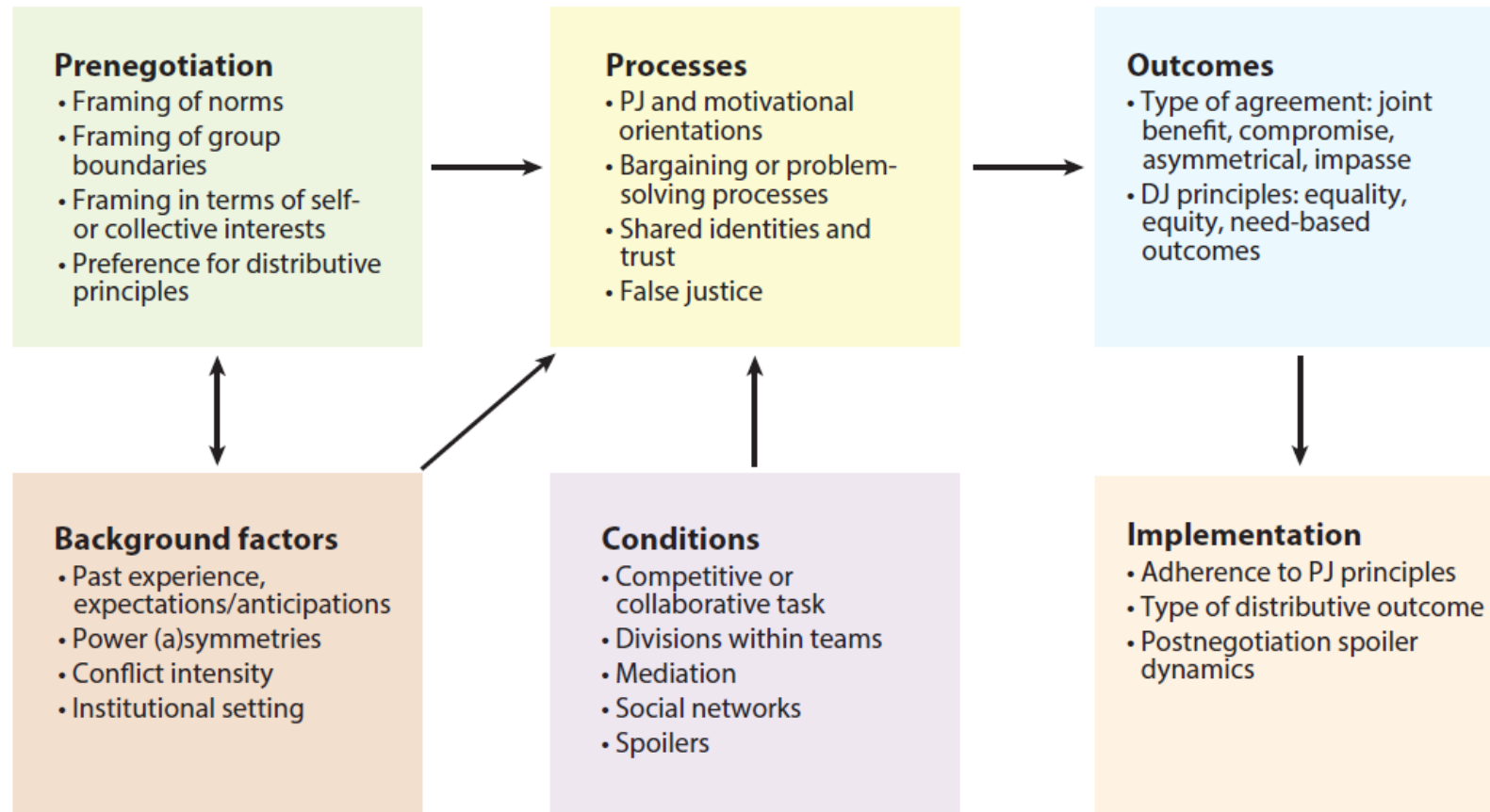


Figure 1

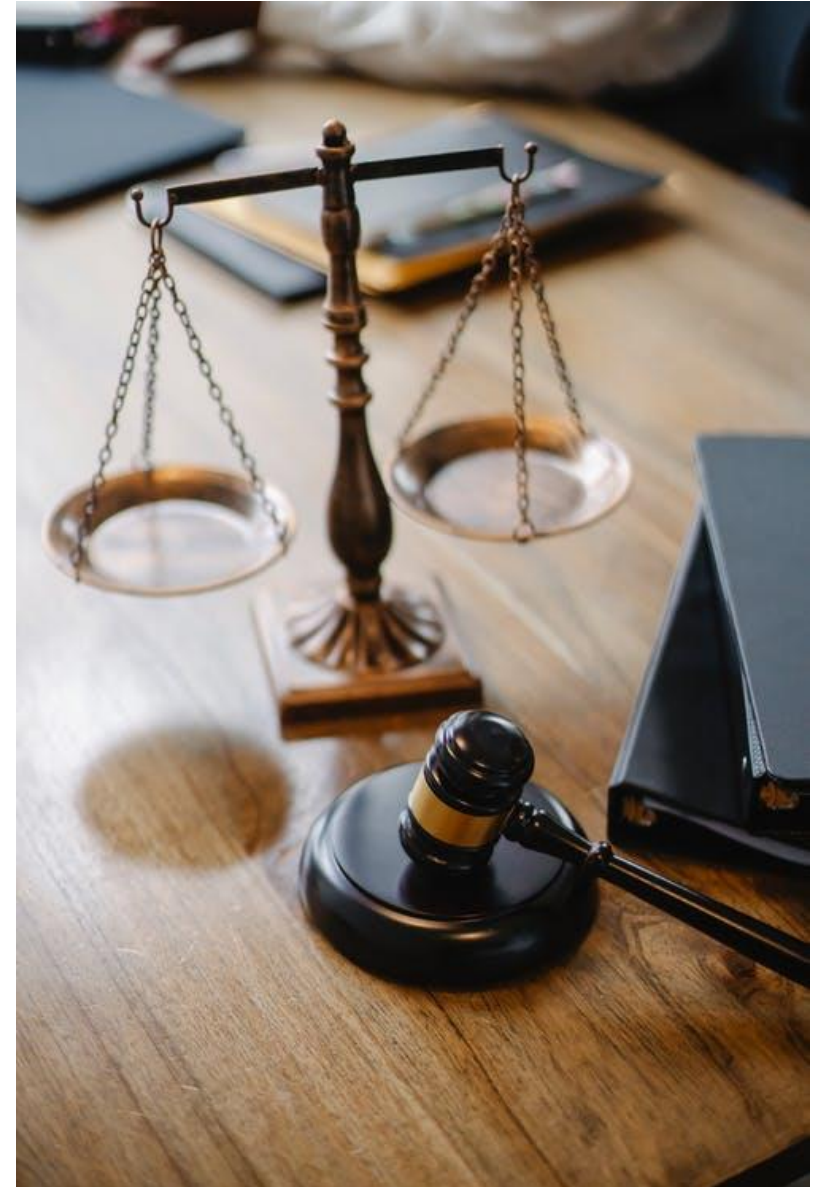
Justice and negotiation: a framework. Abbreviations: DJ, distributive justice; PJ, procedural justice.

Druckman & Wagner (2016)

Key elements

- Justice:

- 3 fairness norms often used in negotiations (and in light of self-serving needs):
 - **equality** (e.g., a 50-50 split of profits)
 - **equity** (e.g., a split relying on who provided the biggest proportion to input)
 - **need** (e.g., a split that favors who needs it most)



Key elements

- **Trust:**
 - Willingness to put yourself in position of vulnerability
- Why is it important?
 - Tendency to approach **new relationships** with high levels of trust
 - Trust tends to cue **cooperative** behavior
 - **Individual motives** also shape trust and expectations of the other's behavior (cooperation vs. competition)
 - *Trustors*, and those trusted, may focus on different things as trust is being built (framing issues)
 - The nature of the negotiation task can shape how parties judge the trust (distributive vs. integrative)



Key elements

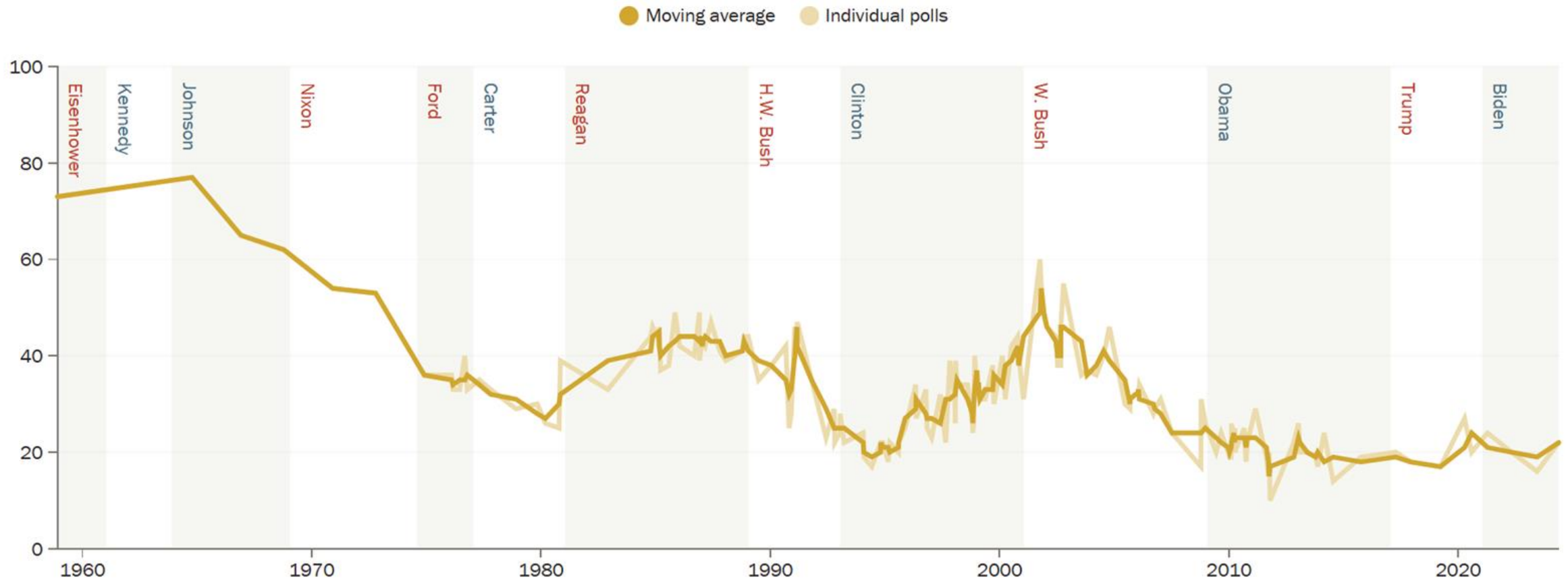
- Why is it important? (cont.)
 - Greater **expectations** of trust leads to greater information sharing
 - And greater information sharing enhances **effectiveness** in achieving a good negotiation outcome
 - Increases the likelihood that negotiation will proceed on a favorable course over the life of a negotiation
 - **Face-to-face** negotiation encourages greater trust development than negotiation online
 - Negotiators who are representing other's interests, rather than their own interests, tend to behave in a less trusting way



Key elements

Trust across time

% who say they trust the government to do what is right just about always/most of the time



Pillars of trust

Integrity

I know you won't take advantage of me

Authenticity

I know your real 'me'



Logic / Competence

I know you can do it;
Your reasoning makes sense

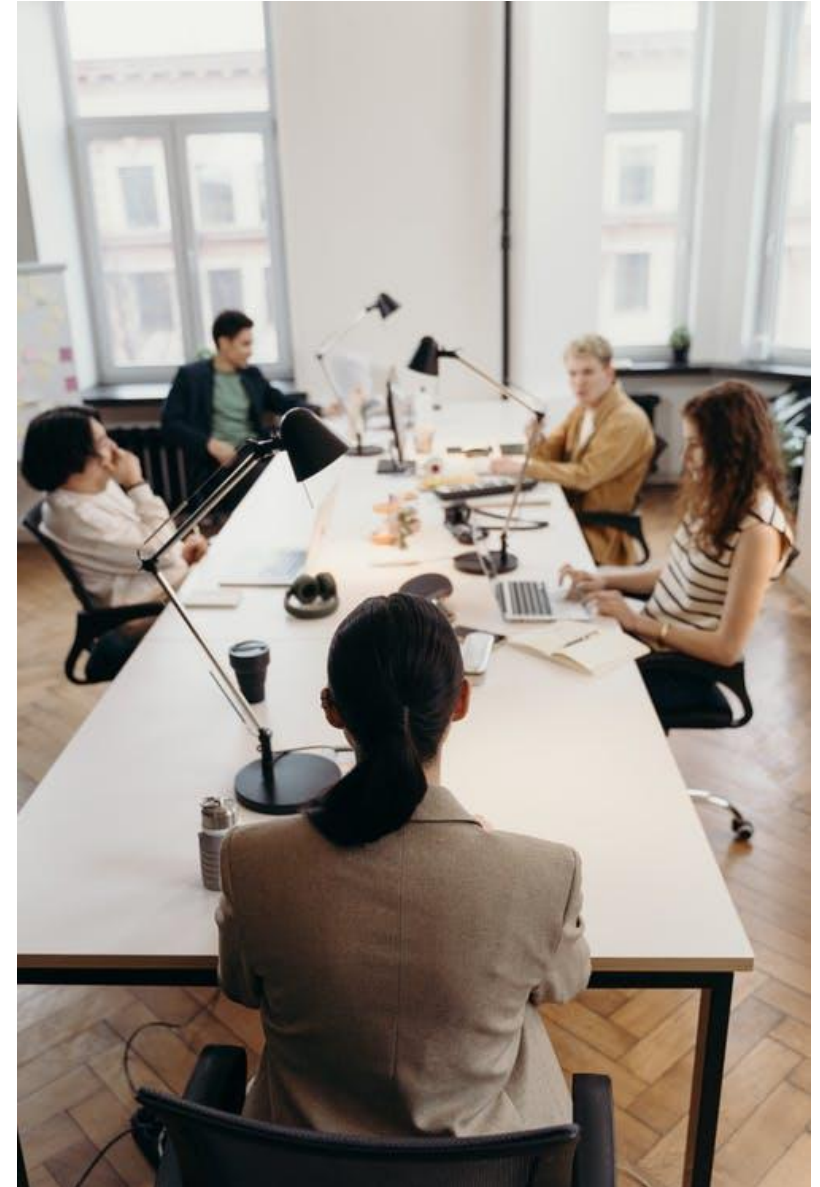
Empathy / Benevolence

I believe you care about me

Relationship repair

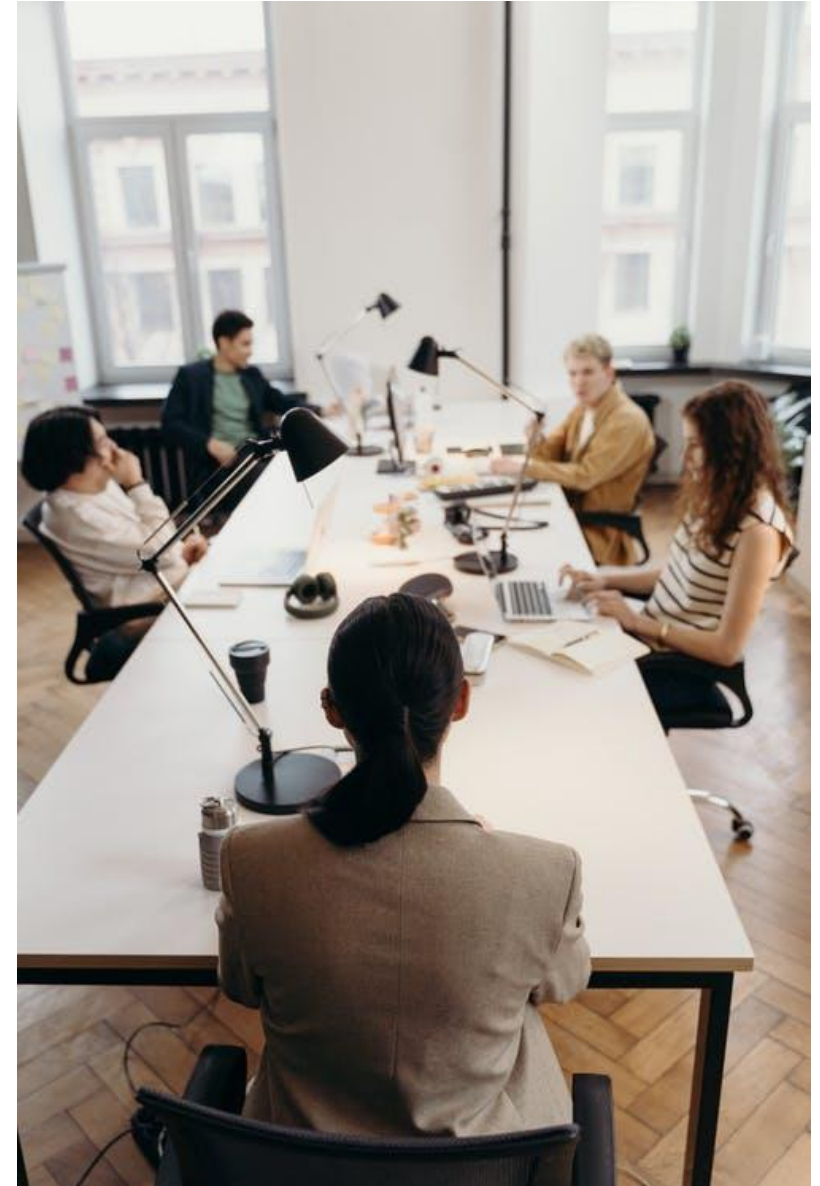
- Difficulties and issues:

- The more severe the breach of trust, the more difficult the repair
- If the past relationship was positive, it is easier to repair
- The sooner the apology occurs after the breach, the more effective it is
- Apologies should be presented by an actor with personal responsibility
- And they are more effective if the breach was an isolated event

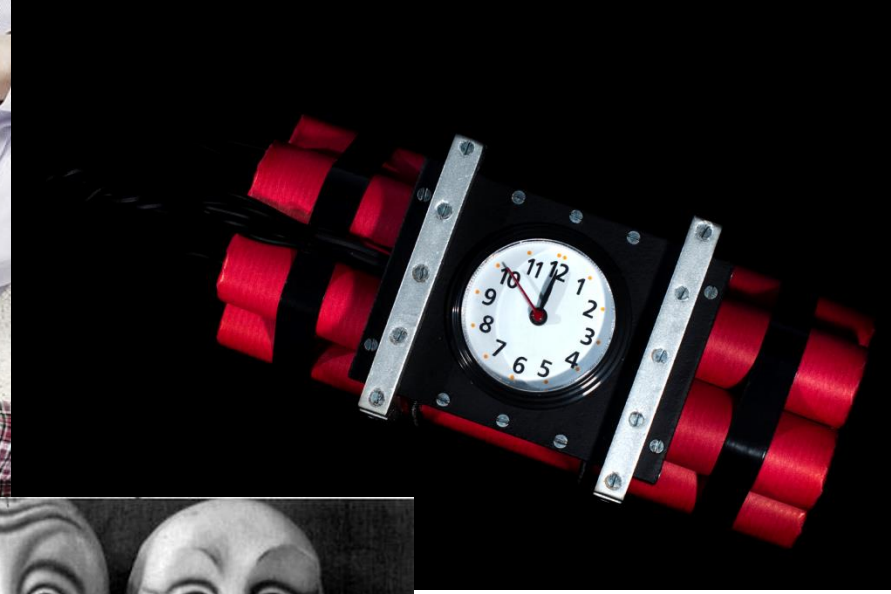


Relationship repair

- **Diagnostic steps (questions):**
 - What might be causing any present misunderstanding, and what can I do to understand it better?
 - What might be causing a lack of trust, and what can I do to begin to repair trust that might have been broken?
 - What might be causing one or both of us to feel coerced, and what can I do to put the focus on persuasion rather than coercion?
 - What might be causing one or both of us to feel disrespected, and what can I do to demonstrate acceptance and respect?
 - What might be causing one or both of us to get upset, and what can I do to balance emotion and reason?



Discussion



Discussion: Emotions

- Key take-aways

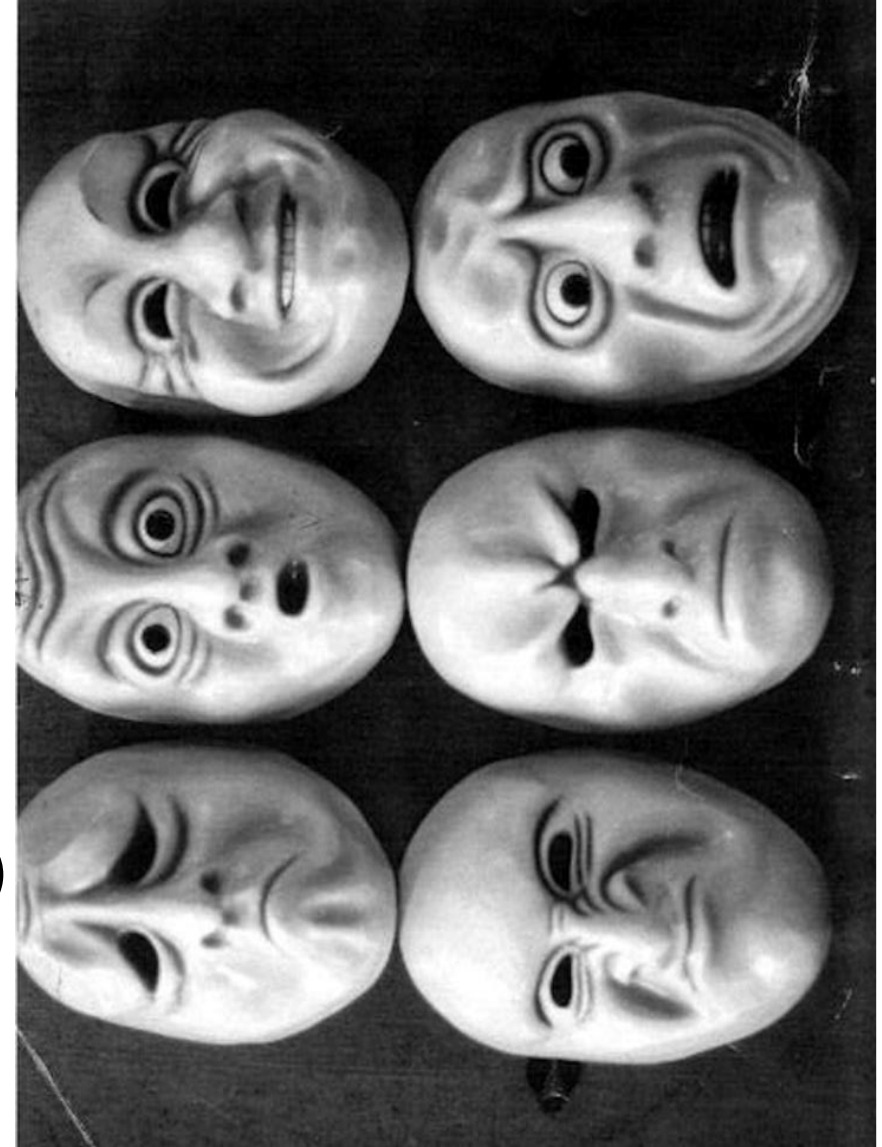
- While some boil, others freeze up (when you need to keep your head)
- You need to **understand, channel, and learn** from your emotions (key for decision making and relationship building)
- At an *early stage* of the negotiation, it is possible to predict which pairs will eventually reach agreement
- **Emotional intelligence** is an important asset
- Negotiations as **inherently stressful**
 - Lack of control, unpredictability and absence of feedback



Discussion: Liars

- Key take-aways

- Few people go through a day without lying (e.g., to create a favorable impression)
- Attempts to mislead are common in negotiations
- There are 'presumed giveaways' but we are not good lie detectors
- In fact, there are no universal telltale signs of lying
- How to protect against deception in negotiations?
 - **Before** (research background, set special ground rules)
 - **During** (look for potential signs, ask questions in different ways or to which you know the answer, take notes, trust but verify)



Discussion: Exploding offers

- Key take-aways

- Expiration dates are also common
- The 'ultimate hard bargaining tactic'
- Exploding offers have these **characteristics**
 - Power asymmetry, 'test of faith', restricting choice, lack of consideration and respect, lack of good faith
- Has one of two functions:
 - **Force** quick acceptance by ending it OR **restrict** the ability of the recipient to comparison-shop
- **Potential solutions:** try to **create value** (provide sensible counteroffers) OR **fight fire with fire** by embracing it ('provisionally' accept and then break the deadline)





CAUTION

LIFE DOESN'T ALWAYS WANT TO BE GRABBED BY THE HORNS.

THANK YOU FOR YOUR ATTENTION!