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LEARNING NEGOTIATION SKILLS THROUGH SIMULATION

Johanna S. Hunsaker, University of San Diego
Phillip L. Hunsaker, University of San Diego

ABSTRACT

This paper describes a simulation exercise that enables participants to assess and improve their negotiation skills. The simulation exercise provides a vehicle where prospective negotiators can learn specific skills in a safe environment and be provided with performance feedback.

INTRODUCTION

Negotiations occur at all levels of human interaction and range from interactions among friends to events of worldwide importance. The individual involved in negotiation may be representing themselves, a group, or an entire organization.

Rubin and Brown (1975) list five characteristics indicative of negotiation:

1. Every negotiation involves at least two parties.
2. A conflict exists over one or more issues. The importance of the various issues will differ among the parties. The conflicts are ones that must be faced, although some parties risk not being well liked.
3. Negotiation is a voluntary relationship. The gain the parties stand to make is greater than in the situation of not negotiating. Their common interests have brought the parties together.
4. Each party is partially dependent on the other for the outcome.
5. Negotiating is a sequential activity.

A successful negotiation means everyone wins. Integrity, trust, and openness are needed to produce a win/win situation. Managers and personnel administrators at all levels are increasingly called upon to handle negotiations and many problems arise. Most negotiators depend on their past limited experiences as a basis for their negotiating techniques. Negotiators with low self-esteem may be competitive in order to prove themselves. Negotiators with a high need for power may use exploitative moves.

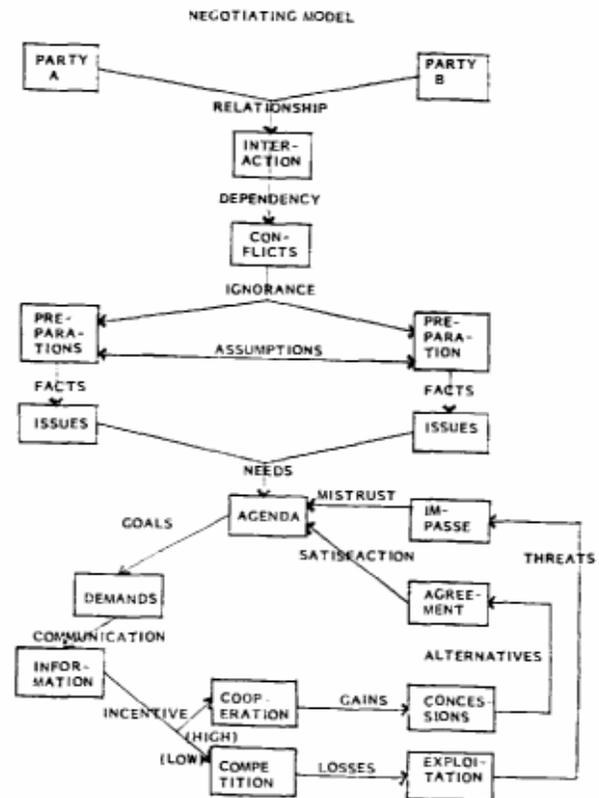
Although there are many strategies employed in negotiations, some are better than others. Flexibility in strategy is important so that participants take advantage of opportunities not originally anticipated. A negotiation that deteriorates to the game stage, however, will most likely fail.

Figure 1 presents a model of the negotiating process. The sequentive process is depicted by arrows which mean "leads to," and boxes which mean "results in. For example, the relationship of parties A and B leads to interaction which results in dependency, which leads to conflicts, which results in ignorance.

DESIGN

This experiential approach to teaching negotiating skills contains two critical elements: realism and feedback. Without realism the exercise fails to provide the learner with practical ways to respond to the problem. Feedback is equally important. Without feedback the exercise is empty; a simple, isolated behavior from which little can be learned.

FIGURE 1



NEGOTIATION ROLE PLAY

The Any Occasion Card Company simulation has been developed to provide prospective negotiators with an opportunity to assess and improve their negotiation skills. The specific objectives of the exercise are: 1. To enable participants to assess their negotiation skills; 2. To enable participants to test out specific negotiating skills in a safe environment;

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3. To provide performance feedback to the participants. The scenario is as follows.

Any Occasion Card Company

The Any Occasion Card Company is preparing to print its latest line of Christmas greeting cards. In the past, the sale of Christmas cards has accounted for half of the company's annual gross revenues.

This year Any Occasion Card Company's three-year contract with the Printer's Union is up for renewal. Negotiations are currently underway but progress has halted because agreement cannot be reached regarding three new requests that the printers are asking for:

1. \$1.50, 1.00, .50/hour, respectively, wage rate increases over the next three years, on top of their present \$5.00/hour wage rate;
2. a reduction in working hours from five, eight- hour days to five, seven-hour days;
3. a change in vacation policy from: two weeks for up to ten years employment three weeks for up to twenty years, four weeks after twenty years to:
two weeks for up to five years employment, three weeks for up to fifteen years, four weeks after fifteen years

Any Occasion Card Company currently offers ten company paid holidays: Memorial Day, Independence Day, Labor Day, Thanksgiving Day, three days at Christmas and two at New Years, and employees have birthdays off.

Any Occasion Card Company's chief competitor, the across-town firm of Every Occasion Cards, Ltd., has just settled its three-year contract with the printer's union, but only after company management threatened to hire non-union printers if a strike occurred. The printers at Every Occasion Cards finally agreed to the present \$5.00/hour wage rate being increased by \$1.00, .75, .50/hour, respectively, over the next three years. Their work week was reduced from five eight-hour days to four nine-hour days. Their earned vacation rate remains the same; two weeks for up to ten years employment, three weeks for up to twenty years, and four weeks after twenty years. However, Every Occasion has increased its paid company holidays from ten to fifteen; Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the Friday following, plus two weeks off during the Christmas/New Year period.

Any Occasion Card Company management and the printer's union have not yet reached a contract settlement. The contract expires at midnight tonight, and the union has threatened to strike if a contract is not agreed on before expiration of the old one. It is now 10:55 PM and final negotiations are scheduled to begin in fifteen minutes.

PREPARATION

This simulation may be effectively conducted with from three to fifteen participants. All participants should be thoroughly familiar with the Any Occasion Card Company case. A mediator for the negotiation should be chosen from the participants. The remainder of the participants should divide into two groups: (1) Any Occasion Card Company management group, and (2) a union group. Each group should select a

negotiator to represent it in the upcoming session. Any remaining group members will act as observers during the negotiating session.

The mediator will utilize the fifteen minute preparation time to become familiar with the negotiating items and develop an agenda for the negotiating session. The mediator should meet with the two groups during this time to receive input in establishing the agenda. There will be a ten minute break during the negotiating session to allow the negotiators to hold a caucus with their respective group. The mediator's role in the session will be to direct the negotiation to the agenda items and keep notes on any agreements.

The two groups participating in the session will use their preparation time to decide on positions to take on the negotiating items--including acceptable limits for agreement, alternative solutions, and possible compromises. They should also spend some time making assumptions about the other group's possible stances on the negotiating issues.

NEGOTIATING SESSION

The mediator should present the negotiating session agenda he or she has prepared and proceed to conduct the session accordingly. This negotiation continues for twenty minutes. Then there is a ten minute break, followed by a final twenty minute time period to conclude negotiations. The observers should take notes during the session of such things as:

- (1) how clear are the goals of each negotiator to the other?
- (2) how effective is the communication?
- (3) is there a spirit of cooperation or competition?
- (4) are concessions being made equally by both sides?
- (5) do the negotiators seem trustful of each other?

DISCUSSION

At the end of negotiations, a discussion should be conducted by the entire training group. Observers report on their observations including the suggested questions and other relevant observations. Other points of discussion for the entire group are:

- (1) how accurate were the assumptions made by both sides about each other?
- (2) did the negotiators reevaluate assumptions which were proved incorrect?
- (3) how much empathy was shown between the negotiators as to the other side's needs?
- (4) was the agenda easy to follow?
- (5) which agenda items were/were not agreed upon and why?
- (6) what transpired during the caucus?
- (7) was the negotiation a win/lose or a win/win exercise?

EXERCISE SUMMARY

The negotiation simulation exercise began with both sides on an equal footing; management needed the printers at this critical time of their business year, but could consider going outside the union if necessary; the union could go on strike and hurt the

Developments in Business Simulation & Experiential Exercises, Volume 9, 1982

company, but they could be risking losing their jobs and hence income during the holidays. Each group was partially dependent on the other to gain their objectives, but this dependency also had an element of ignorance in that it was not known how far each group would go in obtaining their objectives. The comparison of the settlement at Every Occasion Cards, Ltd., with the demands of the Any Occasion Card Company printer's union suggested possible negotiating agreements, and at the same time forced management and union officials to make assumptions as to the true interests of each other.

Exhibit 1, the negotiating model, depicts the process as a sequential activity where the relationship of the two parties leads to interaction which results in dependence, which leads to conflicts, which results in ignorance, etc. When analyzing your negotiations simulated role play with this model, check and see if most interactions were on the inside loop of the model. This is the area in which successful negotiations occur; where the negotiation is constantly kept moving forward with a spirit of cooperation. When negotiations remain on the inside track it is possible to reach mutually agreeable solutions which meet the needs of both parties and contribute to satisfactory long-run settlements.

REFERENCES

- (1) Rubin, Jeffrey Z. and Brown, Bert R. The Social Psychology of Bargaining and Negotiation. New York: Academic Press, 1975.