

BUSINESS VITAMINS

Negotiations Types

Distributive Negotiations & and Integrative Negotiation

Introduction

In our everyday lives, Negotiation is a fundamental part of a human's speech during his lifetime - starting from negotiating with parents for toys as kids to learning how to bargain with a shopkeeper for a better deal and as adults, asking our bosses for a salary raise. Many people don't like to negotiate and many view the process as a hassle, so they end up avoiding it. WHY? Because being able to negotiate well is a skill → which can be acquired. So, we may as well learn how to negotiate in different scenarios especially in work environment.

Definition

Negotiation is a discussion in which two or more parties attempt to reach an agreement through bargaining.

When to Use it

You can use negotiation when you're in a conflict with another person or group or when you want to prevent a future conflict by coming to a mutual agreement ahead of time.

Details

Negotiating is about winning for some and compromise for others. But if negotiation is considered as an opportunity to collaborate, both sides can get benefit from it.

The two distinctive negotiation types are distributive negotiations and integrative negotiations.

Distributive negotiation: Popularly known as a win-lose negotiation, is a type of an approach, where both the parties' bargain for their interests, resulting in a success of one party If the second one loses the deal.

Integrative negotiation: is a type of bargaining approach, commonly known as a win-win or collaborative negotiation, where both the teams end up with a deal which mutually benefits both and is in favor of both sides.

Understanding about the two main negotiation types is one effective way of learning the foundations of negotiation.

- For example, in situations of conflict resolution, Integrative negotiation can be used. The ability of be able to successfully resolve a conflict requires excellent negotiation skills and this kind of bargaining uses integrative negotiation approach which results in the interest and satisfaction of both parties.
- Another example which reflects the distributive negotiation is hard bargaining strategy. In this strategy, the party which is more aggressive and firmer with their argument, refuses to compromise in the contract, eventually wins the negotiations.

based on the performance of the other parties.

Example:

At the annual meeting, the head of two main departments argue over finalizing percentage of budget for each department's resources. During their argument, both head of department listen to each other's requirements and decides to allocate the percentage of budget on the basis of each department's performance and revenue generation. During this negotiation, the department heads also decide to support each other's department through other means while reaching a compromise as well as mutual understandings.

Here are a few additional examples of negotiation in everyday businesses:

- Salary negotiation: Candidates for jobs can bargain with an employer about their salary and benefits.
- Vendor negotiation: Many businesses negotiate with vendors on the pricing and services provided in contracts.
- Sick Leave Negotiation: Negotiating a leave of absence or the timing of a vacation.

References:

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