

Exam

Name _____

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 1) Distributive bargaining is basically a competition over who is going to get the most of a limited resource. 1) _____
Answer: ☒ True ☐ False
- 2) Whether or not one or both parties in a distributive bargaining situation achieve their objectives will depend upon the strategy and tactics they employ. 2) _____
Answer: ☒ True ☐ False
- 3) Many people use distributive bargaining strategies and tactics almost exclusively, negotiators *don't* need to understand how to counter their effects. 3) _____
Answer: ☐ True ☒ False
- 4) The *resistance point* is the point beyond which a person will not go and would rather break off negotiations. 4) _____
Answer: ☒ True ☐ False
- 5) The spread between the resistance points is called *the bargaining agreement*. 5) _____
Answer: ☐ True ☒ False
- 6) A *positive* bargaining zone occurs when the buyer's resistance point is above that of the seller. 6) _____
Answer: ☒ True ☐ False
- 7) Alternatives are important because they give the negotiator the power to walk away from any negotiation when the emerging deal is not very good. 7) _____
Answer: ☒ True ☐ False
- 8) The objective of both parties in negotiation is to obtain as little of the bargaining zone as possible for themselves. 8) _____
Answer: ☐ True ☒ False
- 9) Distributive bargaining strategies are the only strategies that are effective in interdependent situations. 9) _____
Answer: ☐ True ☒ False
- 10) The resistance point is the point at which a negotiator would like to conclude negotiations. 10) _____
Answer: ☐ True ☒ False
- 11) Each party's resistance point is openly stated at the conclusion of negotiations. 11) _____
Answer: ☐ True ☒ False

12) Anything outside the bargaining zone will be summarily rejected by one of the negotiators. 12) _____

Answer: ☒ True ☐ False

13) A negative bargaining range occurs when the buyer's resistance point is above the seller's. 13) _____

Answer: ☐ True ☒ False

14) Negotiations that begin with a negative bargaining range are likely to stalemate. 14) _____

Answer: ☒ True ☐ False

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

15) Distributive bargaining strategies: 15) _____

- A) are the most efficient negotiating strategies to use.
- B) are useful in maintaining long term relationships.
- C) can cause negotiators to ignore what the parties have in common.
- D) are used in all interdependent relationships.

Answer: C

16) The target point is the 16) _____

- A) point at which a negotiator would like to conclude negotiations.
- B) first offer a negotiator quotes to his opponent.
- C) negotiator's bottom line.
- D) initial price set by the seller.

Answer: A

17) Starting points (or initial offers) 17) _____

- A) are not known to the other party.
- B) are usually contained in the opening statements each negotiator makes.
- C) are given up as concessions are made.
- D) are usually learned or inferred as negotiations get under way.

Answer: B

18) The objective of both parties in distributive bargaining is to obtain as much of what as possible? 18) _____

- | | |
|---------------------|---------------------|
| A) Bargaining mix | B) Resistance point |
| C) Bargaining range | D) Target point |

Answer: C

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

19) Central to planning the strategy and tactics for distributive bargaining is effectively locating the other party's resistance point. 19) _____

Answer: ☒ True ☐ False

- 20) The more attractive the other party's alternatives, the more likely he or she will be to maintain a low resistance point. 20) _____
Answer: True ☒ False
- 21) A resistance point will also be influenced by the cost an individual attaches to delay or difficulty in negotiation or in having the negotiations aborted. 21) _____
Answer: ☒ True False
- 22) The lower the other party's estimate of your cost of delay or impasse, the stronger the other party's resistance point will be. 22) _____
Answer: True ☒ False
- 23) The less the other party values an issue, the lower his or her resistance point will be. 23) _____
Answer: ☒ True False
- 24) Distributive bargaining strategies and tactics are quite useful when a negotiator wants to maximize the value obtained in a single deal. 24) _____
Answer: ☒ True False
- 25) Negotiations with a positive settlement range are obvious from the beginning. 25) _____
Answer: True ☒ False
- 26) A resistance point will be influenced by the cost an individual attaches to delay or difficulty in negotiation. 26) _____
Answer: ☒ True False
- 27) The more you can do to convince the other party that his or her costs of delay or aborting negotiations will be costly, the more likely he or she will be to establish a modest resistance point. 27) _____
Answer: ☒ True False

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 28) What is expected from a particular outcome when the resistance point is established? 28) _____
A) Value B) Importance C) Timeliness D) Costs
Answer: A
- 29) The more you can convince the other party that your costs of delay or aborting negotiations are what, the more modest the other's resistance point will be as well? 29) _____
A) Extreme B) High C) Modest D) Low
Answer: D

- 30) The more you can convince the other that you value a particular outcome outside the other's bargaining range, the more pressure you put on the other party to set what kind of a resistance point? 30) _____
- A) High B) Low C) Extreme D) Modest
- Answer: D

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 31) Reticence increases the likelihood of making verbal slips or presenting any clues that the other side could use to draw conclusions. 31) _____
- Answer: True ☒ False
- 32) Concealment is the most general screening activity. 32) _____
- Answer: ☒ True False
- 33) Channelling all communication through a team spokesperson reduces inadvertent revelation of information. 33) _____
- Answer: ☒ True False
- 34) In some ways, the ultimate weapon in negotiation is to threaten to *terminate negotiations*. 34) _____
- Answer: ☒ True False
- 35) Although disruptive action tactics can work, they may also produce anger and escalation of conflict. 35) _____
- Answer: ☒ True False
- 36) Schedule manipulation can be used to squeeze negotiations into the last remaining minutes of a meeting in order to extract concessions from one party. 36) _____
- Answer: ☒ True False
- 37) If one side is not prepared to make concessions, the other must capitulate or the negotiations will deadlock. 37) _____
- Answer: ☒ True False
- 38) The first step for a negotiator is to obtain information about the other party's outcome values and resistance points. 38) _____
- Answer: True ☒ False
- 39) In "calculated incompetence," the negotiator is intentionally given false or misleading information to reveal to the other party. 39) _____
- Answer: True ☒ False

- 40) Selective presentation can be used to lead the other party to form the desired impression of your resistance point or to open up new possibilities for agreement that are more favourable to the presenter than those that currently exist. 40) _____
- Answer: ☒ True False

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 41) Research and practical experience suggest that a large majority of agreements in distributive bargaining are reached when the deadline is: 41) _____
- A) undefined. B) near. C) past. D) flexible.
- Answer: B

- 42) Disruptive action tactics can cause all of the following, **except**: 42) _____
- A) anger B) mutual satisfaction
C) embarrassment D) increased costs
- Answer: B

- 43) The opening stance is: 43) _____
- A) a package of concessions.
B) another name for the first round of concessions.
C) the attitude to adopt during the negotiation.
D) the first price that a buyer quotes to a seller.
- Answer: C

- 44) The bargaining range is defined by: 44) _____
- A) the opening stance and the initial concession.
B) the bargaining mix and the opening stance.
C) the initial round of concessions.
D) the opening offer and the counteroffer.
- Answer: D

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 45) To communicate the most effective message, a negotiator should try to send a consistent message through both the opening offer and stance. 45) _____
- Answer: ☒ True False
- 46) An offer that may have been rejected had it emerged as a result of concession making may be accepted when it is presented as a *fait accompli*. 46) _____
- Answer: True ☒ False
- 47) When acting as if the decision to close the deal has already been made, the negotiator is using the "assume-the-close" tactic of closing the agreement. 47) _____
- Answer: ☒ True False

- 48) Splitting the difference is perhaps the least popular closing tactic. 48) _____
Answer: True ☒ False
- 49) To encourage further concessions from the other side, negotiators sometimes link their concessions to a prior concession made by the other. 49) _____
Answer: ☒ True False
- 50) Studies indicate that negotiators who make low or modest opening offers get higher settlements than do those who make extreme opening offers. 50) _____
Answer: True ☒ False
- 51) Parties feel better about a settlement when negotiations involve a progression of concessions. 51) _____
Answer: ☒ True False
- 52) If a major concession has been made on a significant point, it is expected that the return offer will be on the same item or one of similar weight and comparable magnitude. 52) _____
Answer: ☒ True False
- 53) A small concession late in negotiations may indicate that there is little room left to move. 53) _____
Answer: ☒ True False
- 54) It is important to signal to the other party with either behaviour or words that the concessions are almost over. 54) _____
Answer: ☒ True False
- 55) One way negotiators may convey the message that "this is the last offer" is by making the last concession substantial. 55) _____
Answer: ☒ True False

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 56) All of the following actions are possible after the first round of offers, **except**: 56) _____
A) make a revised first round offer B) hold firm
C) make some concessions D) insist on the original position
Answer: A
- 57) Good distributive bargainers will: 57) _____
A) immediately identify the other party's target point.
B) accept an offer that is presented as a *fait accompli*.
C) begin negotiations with the other party with an opening offer close to their own resistance point.
D) ensure that there is enough room in the bargaining range to make some concessions.
Answer: D

- 58) What statement about concessions is false? 58) _____
- A) Concessions are central to negotiations.
 - B) Reciprocating concessions is a haphazard process.
 - C) Concession is another word for adjustments in position.
 - D) Concession making exposes the concession maker to some risk.

Answer: B

- 59) Parties feel better about a settlement when negotiations involve a(n): 59) _____
- A) progression of concessions.
 - B) single round of concessions.
 - C) immediate settlement.
 - D) *fait accompli*.

Answer: A

- 60) All of the following are true regarding the making of concessions in a negotiation, **except:** 60) _____
- A) Concessions show a movement toward the other's position.
 - B) Concessions are a statement of the failure to recognize the other party's position.
 - C) Concessions imply a recognition of the legitimacy of the other party's position.
 - D) Concessions indicate an acknowledgment of the other party's objectives.

Answer: B

- 61) When successive concessions get smaller, the most obvious message is that: 61) _____
- A) the resistance point is being reached.
 - B) the negotiator has passed the resistance point.
 - C) the negotiator is reaching the fatigue point.
 - D) the concession maker's position is weakening.

Answer: A

- 62) A(n) _____ contains an extremely tight deadline to pressure the other party to agree quickly. 62) _____
- A) snow job
 - B) incompetent concession
 - C) sweet deal
 - D) exploding offer

Answer: D

- 63) The most popular closing tactic is: 63) _____
- A) assume the close
 - B) sweeteners
 - C) the exploding offer
 - D) split the difference

Answer: D

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 64) Most hardball tactics are designed to either enhance the appearance of the bargaining position of the person using the tactic or to detract from the appearance of the options available to the other party. 64) _____

Answer: ☒ True ☐ False

- 65) Hardball tactics can be handled by discussing or ignoring them. 65) _____
Answer: True ☒ False
- 66) The "snow job" tactic occurs when negotiators overwhelm the other party with so much information that they have trouble determining which information is real or important. 66) _____
Answer: ☒ True False
- 67) Aggressive tactics include a relentless push for further concessions. 67) _____
Answer: ☒ True False
- 68) Ignoring a hardball tactic always gives the appearance of a weak response 68) _____
Answer: True ☒ False
- 69) Hardball tactics work most effectively against powerful, well-prepared negotiators. 69) _____
Answer: True ☒ False
- 70) Hardball tactics are infallible if used properly. 70) _____
Answer: True ☒ False
- 71) To respond to hardball tactics, a negotiator must identify the tactic quickly and understand what it is and how it works. 71) _____
Answer: ☒ True False
- 72) The "snow job" tactic occurs when negotiators give the other party too little information. 72) _____
Answer: True ☒ False
- 73) Aggressive tactics include pushing for further concessions, asking for the best offer early, and asking the other party to explain and justify his or her proposals item by item. 73) _____
Answer: ☒ True False
- 74) An effective strategy for dealing with intimidation is to use a team to negotiate with the other party. 74) _____
Answer: ☒ True False

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 75) Hardball tactics are designed to: 75) _____
A) pressure targeted parties to do things they would not otherwise do.
B) eliminate risk for the person using the tactic.
C) clarify the user's adherence to a distributive bargaining approach.
D) be used primarily against powerful negotiators.
Answer: A

- 76) Aggressive behaviour tactics include all of the following, **except**: 76) _____
- A) asking for the best offer at the end of negotiations.
 - B) forcing the other side to make many concessions to reach an agreement.
 - C) asking the other party to explain and justify their proposals item by item.
 - D) the relentless push for further concessions.

Answer: A

- 77) The "snow job" tactic occurs when: 77) _____
- A) negotiators overwhelm the other party with too much information
 - B) negotiations refuse to offer concessions
 - C) it's cold outside
 - D) the other party acts cool and aloof

Answer: A

- 78) Which of the following hardball tactics is based on the theory that the use of extreme offers will cause the other party to re-evaluate his or her own opening offer and move closer to or beyond their resistance point? 78) _____
- A) Bogey
 - B) Good Cop/Bad Cop
 - C) Lowball/Highball
 - D) The Nibble

Answer: C

- 79) Which of the following hardball tactics pretends that an issue of little or no importance to them is really quite important? 79) _____
- A) Lowball/Highball
 - B) The Nibble
 - C) Good Cop/Bad Cop
 - D) Bogey

Answer: D

- 80) Negotiators using _____ tactic ask for a proportionally small concession on an item that hasn't been discussed previously to close the deal. 80) _____
- A) Lowball/Highball
 - B) The Nibble
 - C) Good Cop/Bad Cop
 - D) Bogey

Answer: B

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

- 81) Define distributive bargaining.

Answer: A competition over who is going to get the most of a limited resource (can be money, time, people, etc.)

- 82) List two situations when distributive bargaining strategies are useful.

Answer: When a negotiator wants to maximize the value obtained in a single deal and when the relationship with the other party is not important.

- 83) A negative bargaining range occurs when:

Answer: The seller's resistance point is above the buyer's.

84) How can a negotiation that begins with a negative bargaining range be resolved?

Answer: If one or both parties are persuaded to change their resistance points, or if someone else forces a solution upon them that one or both parties dislike.

85) Define BATNA.

Answer: Best Alternative To a Negotiated Agreement.

86) What can happen when one or both parties do not think they got the best agreement possible?

Answer: One party or the other may try to get out of the agreement later or try to recoup losses or get even.

87) "The higher the other party's estimate of your cost of delay or impasse, the stronger the other party's resistance point will be." Explain.

Answer: If the other party sees that you need a settlement quickly and cannot defer it, he or she can seize this advantage and press for a better outcome. Expectations will rise and the other party will set a more demanding resistance point. The more you can convince the other that your costs of delay or aborting negotiations are low (that you are in no hurry and can wait forever), the more modest the other's resistance point will be.

88) In a short essay, defend or refute the following statement: "The less the other party values an issue, the higher his or her resistance point will be."

Answer: The less the other party values an issue, the *lower* his or her resistance point will be. The resistance point may soften as the person reduces how valuable he or she considers that issue. If you can convince the other party that a current negotiating position will not have the desired outcome or that the present position is not as attractive as the other believes, then he or she will adjust the resistance point.

89) What are the four important tactical tasks for a negotiator in a distributive bargaining situation?

Answer: (1) Assess the other party's outcome values and the costs of terminating negotiations; (2) manage the other party's impression of one's own outcome values; (3) modify the other party's perception of his or her own outcome values; (4) manipulate the actual costs of delaying or aborting negotiations.

90) What is the simplest way to screen a position?

Answer: Say and do as little as possible.

91) Define calculated incompetence.

Answer: The negotiating agent is not given all of the necessary information, making it impossible for information to be leaked.

92) Define selective presentation.

Answer: Negotiators reveal only the facts necessary to support their case.

93) Describe the use of emotional reaction.

Answer: Another form of direct action negotiators can take to provide information about what is important to them. Powerful displays allow negotiators to claim more value.

94) What are the three ways to manipulate the costs of delay in negotiation?

Answer: (1) Plan disruptive action; (2) ally with outsiders; (3) manipulate the scheduling of negotiations.

95) Why is it advantageous to make an extreme opening offer?

Answer: Gives more room for movement in negotiation and therefore more time to learn the other party's priorities. May create the impression that there is a long way to go before a reasonable settlement will be achieved and more concessions than originally intended may have to be made to bridge the difference between the two opening positions.

96) What are the disadvantages of making a more extreme opening offer?

Answer: It may be summarily rejected by the other party, and it communicates an attitude of toughness that may be harmful to long term relationships.

97) What characteristics of the original offer, opening stance and opening concession signal a position of firmness? Of flexibility?

Answer: Firmness: an extreme original offer, a determined opening stance, and a very small opening concession. Flexibility: a more moderate opening offer, a reasonable co-operative opening stance, and a more generous initial concession.

98) What are the advantages of adopting a flexible position?

Answer: Can learn about the other party's outcome values and perceived possibilities. Establishes a co-operative rather than combative relationship, hoping to get a better agreement. Keep negotiations going.

99) Discuss the importance of reciprocating (or not reciprocating) concessions.

Answer: Concession making indicates an acknowledgment of the other party and a movement toward the other's position. It implies recognition of that position and its legitimacy. If the other party does not reciprocate, the concession maker may appear to be weaker by having given up something and received nothing in return. If the giver has made a major concession on a significant point, it is expected that the return offer will be on the same item or one of similar weight and somewhat comparable magnitude. To make an additional concession when none has been received (or when what was given was inadequate) can imply weakness and can squander valuable maneuvering room.

100) What is the disadvantage of letting the absence of further concessions convey the message of the final offer?

Answer: The other party may not recognize at first that the last offer was the final one and might volunteer a further concession to get the other to respond. Finding that no further concession results, the other party may feel betrayed and perceive that the pattern of concession-counter concession was violated.

101) What are the risks involved when using hardball tactics?

Answer: Harm to reputation, losing the deal, negative publicity, and dealing with the other party's revenge.

102) What are the strategies for responding to hardball tactics?

Answer: Ignore them, discuss them, respond in kind, and co-opt the other party. Also discussed in the text but not listed specifically: preparation, familiarity with hardball tactics, identification and discussing the tactics, halting the negotiation process, team negotiations.