



MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

FOURTH YEAR FIRST SEMESTER EXAMINATION FOR

BACHELOR OF COMMERCE

BMS 424: NEGOTIATIONS SKILLS

DATE:

TIME:

INSTRUCTIONS:

Answer Question one and any other two Questions.

Negotiation is a dialogue between two or more people or parties intended to reach a beneficial outcome over one or more issues where a conflict exists with respect to at least one of these issues. Negotiation is an interaction and process between entities that compromise to agree on matters of mutual interest, while optimizing their individual utilities. This beneficial outcome can be for all of the parties involved, or just for one or some of them. Negotiators need to understand negotiation process and other negotiators to increase their chances to close deals avoid conflicts, establishing relationship with other parties and gain profit.

It is aimed to resolve points of difference, to gain advantage for an individual or collective, or to craft outcomes to satisfy various interests. It is often conducted by putting forward a position and making concessions to achieve an agreement. The degree to which the negotiating parties trust each other to implement the negotiated solution is a major factor in determining whether negotiations are successful.

People negotiate daily, often without considering it a negotiation. Negotiation occurs in organizations, including businesses, non-profits, and within and between governments as well as in sales and legal proceedings, and in personal situations such as marriage, divorce, parenting, etc. Professional negotiators are often specialized, such as union negotiators, leverage buyout negotiators, peace negotiator, or hostage negotiators. They may also work under other titles, such as diplomats, legislators, or brokers. There is also negotiation conducted by algorithms or machines known as autonomous negotiation for automation, the negotiation participants and process have to be modeled correct.

Negotiation theorists generally distinguish between two types of negotiation. The difference in the usage of the two type depends on the mindset of the negotiator but also on the situation: one-off

encounters where lasting relationships do not obtain are more likely to produce distributive negotiations whereas lasting relationships are more likely to require integrative negotiating. Different theorists use different labels for the two general types and distinguish them in different ways. Distributive negotiation is also sometimes called positional or hard-bargaining negotiation and attempts to distribute a "fixed pie" of benefits. Distributive negotiation operates under zero-sum conditions and implies that any gain one party makes is at the expense of the other and vice versa.

In consideration of the above case:

QUESTION ONE (30 MARKS)

- a) Discuss the main features or components of negotiations (10 marks)
- b) Explain the unique characteristics of resources that cause conflicts in organizations. (5 marks)
- c) Your organization is negotiating a merger with a competing company because of economic crises experienced lately. However the management does not know who to include in the negotiating team. They have consulted you for assistance. Discuss with them the characteristics of successful negotiators. (5 marks)
- d) It is not all difficult situations that lead to negotiations. Discuss the conditions which are not wise to enter into a negotiation. (10 marks)

QUESTION TWO (20 MARKS)

- a) In some cases of negotiation, collaboration is required to reach a consensus. However there are some risks. Discuss the risks associated with collaborative negotiations. (10 marks)
- b) In approaches to negotiation. Explain the stages of distributive negotiations (10 marks)

QUESTION THREE (20 MARKS)

Your organization has entered into a tough negotiation leading to a stalemate.

- a) Explain the extreme tactics that may be used with care to pressure the other party into an agreement. (10 marks)
- b) Describe the determinants of rivalry between the competitors. (10 marks)

QUESTION FOUR (20 MARKS)

Your classmate came to class late and missed the lesson on terms and conditions of negotiations. She has consulted you for help

- a) Explain to her the factors that impact upon the buyer's ability to negotiate. (10 marks)
- b) Explain the situation where the buyer will have a strong position to negotiate. (10 marks)

QUESTION FIVE (20 MARKS)

Scholars argue that, one needs power to be in a good position to negotiate

- a) Discuss the available types of power that can aid in negotiation. (10 marks)
- b) Explain the specific conditions that must be considered first before negotiations are used in an attempt to resolve differences between buyers and sellers. (10 marks)