

**JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA**

**PGDM / PGDM (M) / PGDM (SM)**

**SIXTH TRIMESTER (Batch 2017-19)**

**END TERM EXAMINATIONS, MARCH 2019**

**Set-II**

Course Name	<b>Negotiation Skills (NS)</b>	Course Code	<b>BC 601</b>
Max. Time	<b>2 hours</b>	Max. Marks	<b>40 MM</b>

**INSTRUCTIONS:**

- Analyze the role of perceptions in negotiation. Based on the past discussions during the class, identify and critically analyze two most common perception problems in negotiation. What safeguards would you propose to avoid misperceptions in negotiation? (10)
- “Bhuvan, can you help me decide how to tackle my negotiations next week?” asked Ruby. “What is the problem?” enquired Bhuvan. “Well, on Monday I am meeting Rohan, and he is very aggressive and always demands discounts. Then on Wednesday I am meeting with Seema, who is always very quiet, co-operative and happy to agree to most of our prices. And finally Abhinav, who is quite assertive and likes to trade. I am just a little confused as to how best to behave with each of them? Should I match or contrast their behaviours?”  
Explain how the different styles of personality styles and behaviour are best tackled by Ruby. (10)

**3. Case study**

Andre is looking for a plot of land upon which to build a house and not far from where he lives presently, in a small fishing village on a Greek island. A half-hectare plot has been for sale for nearly three years. The owner, a former resident on the island, had used two local real estate agencies in succession without concluding a sale.

Last week another, different, real estate agency erected a ‘for-sale’ board on the site and Andre checked the sale particulars on the Internet. The quoted price was \$250,000, which was \$20,000 above the price asked for the plot on the owner’s previous attempts to sell it. Interestingly, the owner had not dropped his price despite his failure to sell.

Andre enquired about the plot at the Mayor’s office in Zante, the island’s only town, 18 kilometres away, seeking details of any planning restrictions affecting the site and what was expected from any building or buildings erected there. He was assured there were no planning restrictions on what could be built on it.

He contacted the selling agent, Ms Voutos, who claimed there had already been many enquiries from people living on the island and from Athens, where Giorgo, the owner, lived. She also said that

Giorgo was determined to get his price of \$250 000, that he was in no hurry to sell, and that he insisted that all negotiations were to be conducted through herself.

Andre thought the owner might be in a strong bargaining position by demonstrating his firmness on price and by recently increasing the price to \$250 000. Leaving everything to his agent, Ms Voutos, her commission presumably rested on her getting Giorgo his price in view of the alleged interest in the site.

Andre's problem boiled down to where to open his negotiations. Should he offer the asking price? If not, should he go over it? How far should he go under it? If either, which price should he offer?

He had insufficient finance in place to pay close to the asking price for the land, given that, in addition to the land price, he had to finance the clearing of the land of bush and overgrowth, much of it a disused and neglected old olive grove, plus the accumulated rubbish dumped on it over the years. Then he had to undertake landscaping on the sloping ground and build a boundary fence, pay the architect's fees, install all the electricity, water and sewage utilities, and construct a 500-metre private access road. Lastly, he had to finance the construction of his house, plus a swimming pool.

Andre did not like dealing with agents; he preferred direct negotiations between principals. He did not like Giorgo's aggressive price tactics of increasing his price to \$250 000 when he couldn't sell the land for three years at \$230 000. In these circumstances, he was determined that he would not accept Giorgo's opening price. If a commercial developer took an interest in the site, which was large enough to build three or four houses for holiday lets during the summer season, this could create problems for Andre's ambitions.

- a) Describe the distributed bargaining problem between Andre and Giorgo/Ms. Voutos? Explain by giving sets of target points, resistance points, settlement range and BATNA/ WATNA of both the parties. (10)
- b) Why do you think that Giorgo would need an agent like Ms. Voutos? (5)
- c) How might Andre deal with Giorgo's apparently strong bargaining position with a conditional bargain for Andre to settle at less than, but no more than, \$250 000? (5)