Moving from Distributive to Integrative Negotiations

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Abstract

Most negotiations that I have observed seem to be win-lose propositions (distributive) where each side is bargaining for their interests. It often comes down to each side reaching entrenched positions. The approach of win-win negotiations (integrative) has much interest for me. On the surface it seems to be an advantageous approach. The next question that comes to mind is how you move an organization that has historically functioned with the win-lose strategy to a win-win approach.
Moving from Distributive to Integrative Negotiations

Definitions

To more clearly understand the meaning of distributive and integrative negotiations we will look at some definitions. In the definitions below, Harnick and De Dreu refer to the behaviour of distributive and integrative negotiation styles (2004).

*Distributive behaviour* involves competitive claiming, making positional commitments, using threats and power, and trying to persuade the other party to give in. Individuals who use distributive behavior often reach low joint outcomes because they tend to overlook win-win solutions and end up with a victory-for-one solution, a compromise, or a stalemate. (Harnick & De Dreu, 2004, p 596)

*Integrative behaviour*, in contrast, involves the exchange of information about preferences and priorities, clarifying underlying principles, and trading off less important items for more important ones (logrolling). In general, theory and research argue and show that individuals who use integrative rather than distributive behaviour are more likely to detect possibilities for trade-off and reach more integrative, win-win agreements. (Harnick & De Dreu, 2004, p 596)

**Why Integrative Negotiation?**

The question may be raised, why pursue integrative negotiation when years of distributive negotiation has been successful in the past. Research by Thompson and Hastie, and later research by Thompson, shows that distributive bargaining and a fixed pie style negotiation lead to suboptimal negotiation outcomes (as cited in De Dreu, Koole & Steinel, 2000). Distributive negotiation becomes competitive, focuses on positions held, uses power and sometimes threats to persuade the opponent to surrender their position. This approach may end
up in a stalemate or a one sided agreement that leaves one party with a very negative perspective of the negotiation.

In contrast, integrative negotiation includes the open exchange of information about the parties’ preferences and priorities. The parties will continue the communication to clarify what issues are most important (De Dreu, Mannetti & Giacomantonio, 2010). Often there are trade-offs of less important items for more important items (logrolling). Research has shown that integrative negotiations are more likely to identify possibilities for trade-offs and avoid stalemates (De Dreu & Harinck, 2004). De Dreu in his earlier research concluded that negotiators seeking an integrative approach engaged in more problem solving and information exchange, were less contentious, and attained agreements with high joint outcomes (De Dreu et al., 2000).

Integrative negotiation may be viewed as a more civil approach to negotiating by a business wanting to be viewed as a “partner”. The integrative approach is more positive from a relationship perspective and steers away from bargaining through the use of arguments, show of power, threats and entrenched positions. The integrative approach is not purely esoteric; the approach offers potential improvements in profit due to improved negotiation results.

**Obstacles to Integrative Negotiations**

Despite research showing that distributive negotiations under-perform integrative negotiations, the trend is difficult to change. Thompson and Hastie say that negotiators tend to hold to faulty fixed-pie concepts and are resistant to change, even after extensive face to face contact with the other party (as cited in De Dreu et al., 2000). De Dreu states it even more bluntly, “The persistence of fixed-pie perceptions, in conjunction with their potential
destructiveness, constitutes an important rationale for investigating factors that may assist in the appropriate revision of fixed-pie perceptions” (De Dreu et al., 2000, p. 976).

Studies by Griffith & Northcraft and also Thompson & Hastie indicated that a substantial majority of individuals enter negotiations with a fixed pie perception (as cited in De Dreu et al., 2000). This may be explained by negotiators not knowing any prior information about the other party or their preferences. In these studies, the negotiators had little information and defaulted to fixed-pie perceptions. It becomes important for negotiators to shift, early in the process from a fixed-pie perspective to a focus on the underlying issues and interests of each party (De Dreu et al., 2010). If these fixed-pie perceptions are not revised, the approach is maintained throughout the negotiation, leaving the integrative potential untapped.

The framing of the negotiation process may be a major indication of whether a distributive or integrative approach is pursued. Work by Thompson and DeHarpport have shown that the simple label given to the negotiation process had a direct impact on the style of negotiation selected (1998). Those who were instructed to participate in a “bargaining” exercise selected a distributive negotiation style. Those who were involved in a “problem solving” exercise took an integrative approach (Thompson & DeHarpport, 1998). There are similar results from Pruitt and Carnevale showing that simply labeling the task at hand as negotiation drives the assumption of a fixed-pie approach. The stereotype of negotiation is a contentious win-lose process, not the reality of collaborative problem solving (as cited in De Dreu et al., 2010).

Coombs, Van Vianen, Druckman and others feel another barrier to integrative negotiations may be purely psychological. Some research indicates that an individual projects one’s own attributes on another when information is vague or ambiguous (as cited in De Dreu &
Harinck, 2004). Negotiations can be complex and often ambiguous. Individuals must understand their own interests and issues, probe the other parties interests to find commonality and communicate successfully with the other party. This takes a significant amount of information processing. Some believe that the sheer complexity of the negotiation overwhelms some individuals. In an overwhelmed situation, individuals revert back to their distributive negation style in an attempt to simplify the situation (De Drue, 2000).

Individual differences in social value orientation also affect the selection of distributed or integrative bargaining. Pro-socially motivated individuals are concerned about stable outcomes with an interest in equal and fair distributions. Those with egotistic motives are more likely to disregard the other parties’ interests, be dishonest, use threats, bluffs and coercion. The pro-social and egotistic motivations correspond directly to the distributive and integrative approach. One’s social value orientation tends to influence the type of approach selected. An interesting footnote, the egotistic / distributive negotiators averaged a much lower return than social / integrative negotiators. For egotistic negotiators, the average score in the study was only 42% of the pro-social negotiators results (Beersma & De Dreu, 2003).

**Integrative Negotiations - The Approach**

As noted above there are many potential obstacles to moving from distributive to integrative negotiations. Let’s take a look at the attributes of integrative negations to better understand the desired approach.

**Focus on Interests, not Issues**

One important element of integrative negotiations is to focus on interest of the two parties. Integrative negotiation does not focus on issues or positions in the bargaining process. The focus should be on learning the interests and priorities of each party. Once the interests and
priorities are understood, lesser important items may be offered in concession for higher priority items. During this negotiation, “parties may realize a joint gain by cooperating” (Backhaus, Doorn & Wilken, 2008, p. 367). This goal is to reconcile interests and find possible alternatives to satisfy those interests (Fisher & Ury, 1991).

A Free Flow of Communication

To learn the interests of the other party a steady flow of open communication is desirable to effectively identify the interests and needs. Integrative bargaining benefits from active and open dialog. This communication increases the likelihood that both parties will find alternatives that meet the true concerns and underlying interests, often a little or no additional cost (Barry & Freidman, 1998). In integrative bargaining, it will require more effort than distributive, to effectively communicate and truly understand both their own interests as well as the other parties. This communication must be especially hardy during the information gathering process and continue rigorously through the development of solutions.

Develop Options for Mutual Gain

Success depends on finding solutions that will meet the needs of both parties. The process of integrative negotiation is very different from the distributive approach. When developing options both parties must be careful not to fall into argumentative stances or become competitive. The competitive approach is more aligned with a distributive process and can lead to a win-lose mentality. The goal of developing options for mutual gain must remain in the forefront for integrative negotiations to succeed (Fisher & Ury, 1991).

It’s Not a Fixed Pie

While developing options, it is advised by many to avoid the assumption of a fixed pie. With a fixed pie mentality each side sees a particular item as going to one party or the other.
There is some advice to negotiators on how to move to the more productive approach. One journal focused specifically on “Unfixing the Fixed Pie” and sees the perspective as self-defeating (De Dreu et al., 2000). The fixed pie perception can cause individuals to overlook benefits to be gained by both parties. De Dreu and others use the example of a potential car buyer. The buyer of the car may be most concerned about the price of the car and be indifferent about the delivery date. The salesman may be more interested in delivery date and month end commissions than the advertised price of the car. An integrative solution can provide both parties their most prized interest, therefore attaining high outcomes for both parties (2000).

**Stress Common Interests**

Shared interests are the heart of integrative negotiations. Finding common interests can help lead to an equitable solution for both parties. The negotiator must be able to understand their own interests and be able to get them across to the other party. They must also pay diligent attention to what the other party is saying and decode what they are saying means to the underlying interests. Once these common interests are identified, it is likely to lead to an agreement (De Dreu et al., 2000). Barry and Friedman point out that in distributive negotiation, one is better served by acquisition of information on the other party’s interest, but not by sharing one’s own interest. In integrative negotiation the sharing of interest is necessary for success (1998).

Fisher and Ury also bring the point of dovetailing different interests (1991). Identifying interests in different things may provide the opportunity to create common interests. The example is used of two sisters arguing over an orange. Finally they decide to split it. One sister keeps the fruit to eat and discards the peel; the other sister discards the fruit and uses the peel for baking. Identifying differences in this example could have lead to a common interest.
Moving from Distributive to Integrative Negotiations

This paper has reviewed some of the reasons for taking an integrative approach. It has also examined some of the attributes of integrative negotiation, we will move to the challenge of shifting an organization from distributive negotiations to an integrative approach. We will use the research examined above to recommend considerations and approaches to make the shift to integrative bargaining.

Frame the negotiation correctly

It is important to frame the negotiation correctly. In integrative negotiation, the frame is not about rights or power, but a focus on interests. In this focus on interests, the negotiators should avoid taking positions early in discussions; this would be detrimental to completing an integrative agreement. Creating a list of issues could also stifle the creative development of a solution.

The negotiation should be framed as a collaborative effort or a problem-solving task, in order to direct team members to a more positive cooperative posture. Previously in the paper we examined research from Thompson and DeHarpport where the simple label applied to the negotiation had a far reaching impact on the negotiators approach (1998). Even referring to “bargaining” in the framing of their research drove participants to a distributive approach. Pruitt and Carnevale found that the term negotiating had a powerful effect, leaning participants to a distributive approach (as cited in De Dreu et al., 2004).

The process should also be framed with expectations of open dialog, relationship building, honesty and integrity. It should be emphasized that the negotiation is not a win-lose proposition, but a chance to collaborate to solve a problem. These principles will help frame the negotiations in a positive collaborative view.
Use a Negotiator Selection Process

Selecting the negotiator or team can have important impact on the style of the negotiation. A very competitive negotiator would most likely fall into a distributive approach. When it is a competition there are winners and losers, this is much more indicative of distributive bargaining. Beersma & De Dreu have shown that those high egotist negotiators saw the process as win-lose and took a more confrontational distributive approach. Pro-social individuals were much more likely to strive for equal and fair distributions. The outcomes negotiated by pro-socials were over twice the results of the egotistic negotiators (2003). To move from distributive to integrative negotiations, selecting the team should be considered carefully.

Bowles, Babcock and McGinn’s research brings gender and negotiation styles into the discussion (2005). Their research shows that female negotiators work best in an environment without situational ambiguity. Restated, females were more successful in bargaining when more is known about the economic structure of the negotiation. This more closely matches the integrative approach where each party is divulging their interests. A male gender trigger is to become competitive in negotiations, which leads to a more distributive approach. In a business environment, great care should be taken to avoid gender stereotypes. Research has shown that negotiation styles do have gender effects on negotiation performance.

Focus on Interests Not Issues or Positions

This is a topic that has been mentioned numerous times throughout the paper. It is also one of the key fundamental principles of integrative negotiation. For an organization attempting to move from distributive to integrative negotiations it is a focal point. Once issues or positions become the active topic, it is easy to reach a defensive posture and overlook the fact that integrative agreements reach far more positive results. If the other party is viewed as an
adversary, then a win-lose mentality occurs and integrative negotiation cannot occur. Negotiators must keep the information channels open and maintain free and flowing communication.

Identifying the other party’s interest is as important as knowing your own interests. Fisher and Ury offer suggestions on how to identify the other party’s interest (1991). They recommend asking “Why?” Put yourself in the other party’s shoes and ask yourself what their underlying interest is. Ask the other party what their basic concern is. Also ask “Why not?” What interest do they have that stands in the way of a decision? This may help get to the underlying interests that are so vital in integrative negotiations.

Open and Trustworthy Dialog

Another bedrock of integrative negotiation is communication. Without an open exchange of information integrative negotiation will likely fail. Research also links the lack of open information sharing with the likelihood of the negotiation being distributive. Some negotiators are reluctant to exchange information about their preferences. The negotiations take on a fixed-pie type approach. The converse perspective is true also, those that reached integrative agreements where prosocial, more likely to exchange information, revise their fixed-pie perceptions and to search for good outcomes for themselves and their opponent (De Dreu et al., 2000). Similar studies by De Dreu, Giacomantonio, and Mannetti showed that negotiators with limited information about the other party’s preferences, held fixed-pie perceptions. When negotiators gained more information there were revisions to the fixed-pie perception (2010).

Executive Summary

Integrative negotiation has consistently produced higher outcomes for negotiators than the distributive approach. For an organization moving to integrative bargaining there are some
guidelines that should be observed. Frame the negotiation as a collaborative or problem solving effort. Emphasize that the negotiation will consist of open dialog, relationship building, honesty and integrity. Use a selection process to identify the best suited candidate to make the shift from a distributive to integrative approach. It is not a competition struggling for a fixed-pie. Focus on and strive diligently to identify the underlying interests of both parties, both yours and the other party. Do not hinge discussions on issues or positions, which will stifle reaching an integrative result. Practice open and trustworthy dialog, it is the core of integrative process.

Integrative negotiations may seem very different for those familiar with distributive bargaining. The results of the integrative approach leave both parties feeling more positive than distributive approach, they also impact the bottom line of the business by bring greater outcomes to each party.
References


