Chapter 02 Strategy and Tactics of Distributive Bargaining Test Bank

Answer Key

Fill in the Blank Questions

1. Distributive bargaining is basically a competition over who is going to get the most of a ______________________.

   limited resource

2. Whether or not one or both parties in a distributive bargaining situation achieve their objectives will depend upon the ____________ and ___________ they employ.

   strategies; tactics

3. The ______________________ is the point beyond which a person will not go and would rather break off negotiations.

   resistance point
4. The spread between the resistance points is called the ________________.

    bargaining range

5. A __________ bargaining range occurs when the buyer's resistance point is above the seller's.

    positive

6. __________ are important because they give the negotiator power to walk away from any negotiation when the emerging deal is not very good.

    Alternatives

7. The package of issues for negotiation is the ________________.

    bargaining mix

8. Central to planning the strategy and tactics for distributive bargaining is effectively locating the other party's ________________.

    resistance point

9. The more attractive the other party's alternatives, the more likely he or she will be to maintain a __________ resistance point.

    high

10. Selective __________ reduces the likelihood of making verbal slips or presenting any clues that the other side could use to draw conclusions.

    Reticence
11. Channeling all communication through a ________________________ reduces inadvertent revelation of information.

   team spokesperson

12. In some ways, the ultimate weapon in negotiation is to threaten to ________________________.

   terminate negotiations

13. To communicate effectively, a negotiator should try to send a consistent message through both an opening __________ and an opening __________.

   offer; stance

14. If one side is not prepared to make concessions, the other must __________ or the negotiations will __________.

   capitulate; deadlock

15. An offer that may have been accepted had it emerged as a result of ________________________ may be rejected when it is presented as a fait accompli.

   concession making

16. A reasonable initial concession communicates a basic stance of __________.

   flexibility

17. Another way to strengthen a commitment and encourage further concessions is to __________ with one or more prior concessions.

   link
18. When acting as if the decision to close the deal has already been made, the negotiator is using the ____________________________ method of closing the agreement.

**assume the close**

19. Most hardball tactics are designed to either __________ the appearance of the bargaining position of the person using the tactic or to ______________________ the appearance of the options available to the other party.

**enhance; detract from**

20. Good __________ is critical for defending against the lowball/highball (or all) hardball tactics.

**preparation**

21. The ______________________ tactic occurs when negotiators overwhelm the other party with so much information that they have trouble determining which information is real or important.

**snow job**

22. ______________________ is a conflict situation wherein parties seek their own advantage through tactics including concealing information, attempting to mislead or using manipulative actions.

**Distributive bargaining**

True / False Questions
23. Distributive bargaining strategies are the only strategies that are effective in interdependent situations.

**FALSE**

24. Distributive bargaining strategies and tactics are useful when a negotiator wants to maximize the value obtained in a single deal.

**TRUE**

25. The resistance point is the point at which a negotiator would like to conclude negotiations.

**FALSE**

26. Both parties to a negotiation should establish their starting, target and resistance point before beginning negotiation.

**TRUE**

27. Anything outside the bargaining range will be summarily rejected by one of the negotiators.

**TRUE**
28. A negative bargaining range occurs when the buyer's resistance point is above the seller's.

FALSE

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29. Negotiations with a positive settlement range are obvious from the beginning.

FALSE

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30. A resistance point will be influenced by the cost an individual attaches to delay or difficulty in negotiation.

TRUE

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31. 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.

TRUE

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32. The first step for a negotiator completing a distributive bargaining negotiation is to obtain information about the other party’s outcome values and resistance points.

FALSE

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33. In "calculated incompetence," the negotiator is intentionally given false or misleading information to reveal to the other party.

FALSE

34. 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 favorable to the presenter than those that currently exist.

TRUE

35. Studies indicate that negotiators who make low or modest opening offers get higher settlements than do those who make extreme opening offers.

FALSE

36. Parties feel better about a settlement when negotiations involve a progression of concessions.

TRUE
37. 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.

   TRUE

38. A small concession late in negotiations may indicate that there is little room left to move.

   TRUE

39. It is important to signal to the other party with both actions and words that the concessions are almost over.

   TRUE

40. One way negotiators may convey the message that "this is the last offer" is by making a personalized concession.

   TRUE

41. Hardball tactics work most effectively against powerful, well-prepared negotiators.

   FALSE
42. Hardball tactics are infallible if used properly.

**FALSE**

43. To respond to hardball tactics, a negotiator must identify the tactic quickly and understand what it is and how it works.

**TRUE**

44. The best response to the chicken tactic is to challenge the other party by responding with one’s own chicken tactic, thereby calling the other’s bluff.

**FALSE**

45. An effective means of countering the intimidation tactic is to ignore it.

**TRUE**

Multiple Choice Questions
46. Distributive bargaining strategies

A. are the most efficient negotiating strategies to use.
B. are used in all interdependent relationships.
C. are useful in maintaining long term relationships.
D. can cause negotiators to ignore what the parties have in common.
E. None of the above describes distributive bargaining strategies.

47. The target point is the

A. point at which a negotiator would like to conclude negotiations.
B. negotiator's bottom line.
C. first offer a negotiator quotes to his opponent.
D. initial price set by the seller.
E. None of the above describes the target point.

48. Starting points

A. are usually contained in the opening statements each negotiator makes.
B. are usually learned or inferred as negotiations get under way.
C. are not known to the other party.
D. are given up as concessions are made.
E. None of the above describes starting points.
49. The objective of both parties in distributive bargaining is to obtain as much of which of the following as possible?

A. bargaining range
B. resistance point
C. target point
D. bargaining mix
E. None of the above.

50. The resistance point is established by the __________ expected from a particular outcome, which is in turn the product of the __________ and __________ of an outcome.

A. cost; value; worth
B. value; worth; costs
C. value; cost; timeliness
D. cost; importance; value
E. None of the above.
51. The more you can convince the other party that your costs of delay or aborting negotiations are __________, the more modest will be the other's resistance point.

A. high
B. modest
C. extreme
D. low
E. None of the above.

52. 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 by one of the following resistance points.

A. high
B. low
C. modest
D. extreme
E. None of the above.
53. A large majority of agreements in distributive bargaining are reached when the deadline is

A. near.
B. flexible.
C. past.
D. undefined.
E. None of the above.

54. Disruptive action tactics can cause

A. embarrassment.
B. increased costs.
C. anger.
D. escalation of conflict.
E. Disruptive action tactics can cause all of the above.

55. The opening stance is

A. another name for the first round of concessions.
B. the first price that a buyer quotes to a seller.
C. the attitude to adopt during the negotiation.
D. a package of concessions.
E. All of the above describe the opening stance.
56. The bargaining range is defined by

A. the opening stance and the initial concession.
B. the initial round of concessions.
C. the bargaining mix and the opening stance.
D. the opening offer and the counteroffer.
E. The bargaining range is defined by all of the above.

57. What action can be taken after the first round of offers?

A. hold firm
B. insist on the original position
C. make some concessions
D. make no concessions
E. All of the above.
58. Good distributive bargainers will

A. begin negotiations with the other party with an opening offer close to their own resistance point.
B. ensure that there is enough room in the bargaining range to make some concessions.
C. accept an offer that is presented as a *fait accompli*.
D. immediately identify the other party's target point.
E. All of the above are actions that good distributive bargainers will take.

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59. Parties feel better about a settlement when negotiations involve a(n)

A. immediate settlement.
B. single round of concessions.
C. progression of concessions.
D. *fait accompli*.
E. All of the above.

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60. What statement about concessions is false?

A. Concessions are central to negotiations.
B. Concessions is another word for adjustments in position.
C. Concession making exposes the concession maker to some risk.
D. Reciprocating concessions is a haphazard process.
E. All of the above statements are true.

61. Concession making

A. indicates an acknowledgment of the other party.
B. shows a movement toward the other's position.
C. implies a recognition of the legitimacy of the other party's position.
D. recognizes the other party's position.
E. All of the above are characteristics of concession making.

62. When successive concessions get smaller, the most obvious message is that

A. the negotiator is reaching the fatigue point.
B. the resistance point is being approached.
C. the concession maker's position is weakening.
D. the negotiator has passed the resistance point.
E. None of the above.
63. Skilled negotiators may

A. suggest different forms of a potential settlement that are worth about the same to them.
B. recognize that not all issues are worth the same amount to both parties.
C. frequently save a final small concession for near the end of the negotiation to "sweeten" the deal.
D. make the last concession substantial to indicate that "this is the last offer".

E. Skilled negotiators may take all of the above actions.

64. Hardball tactics are designed to

A. be used primarily against powerful negotiators.
B. clarify the user's adherence to a distributive bargaining approach.
C. pressure targeted parties to do things they would not otherwise do.
D. eliminate risk for the person using the tactic.
E. Hardball tactics are designed to accomplish all of the above.
65. Aggressive behavior tactics include

A. the relentless push for further concessions.
B. asking for the best offer early in negotiations.
C. asking the other party to explain and justify their proposals item by item.
D. forcing the other side to make many concessions to reach an agreement.
E. Aggressive behavior tactics include all of the above.

66. The negotiator's basic strategy is to

A. get information about the opposition and its positions.
B. reach the final settlement as close to the other's resistance point as possible.
C. convince members of the other party to change their minds about their ability to achieve their own goals.
D. promote his or her own objectives as desirable, necessary, and inevitable.
E. All of the above.

Short Answer Questions
67. Define distributive bargaining.

A competition over who is going to get the most of a limited resource (often money).

68. List two situations when distributive bargaining strategies are useful.

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

69. A negative bargaining range occurs when:

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

70. How can a negotiation that begins with a negative bargaining range be resolved?

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

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

72. Define bargaining mix.

The package of issues for negotiation.

73. What are the four important tactical tasks for a negotiator in a distributive bargaining situation?

(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.

74. What is the simplest way to screen a position?

Say and do as little as possible.
75. Define calculated incompetence.

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

76. Define selective presentation.

Negotiators reveal only the facts necessary to support their case.

77. What negative effect can be caused by using trivial items as distractions or magnifying minor issues?

The other person may become aware of this maneuver and concede on the minor points, thereby gaining the right to demand equally generous concessions on the central points.

78. What are the three ways to manipulate the costs of delay in negotiation?

(1) Plan disruptive action; (2) ally with outsiders; (3) manipulate the scheduling of negotiations.
79. Why is it advantageous to make an extreme opening offer?

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.

80. What are the disadvantages of making a more extreme opening offer?

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

81. What characteristics of original offer, opening stance and opening concession would signal a position of firmness? Of flexibility?

Firmness: an extreme original offer, a determined opening stance, and a very small opening concession. Flexibility: a more moderate opening offer, a reasonable cooperative opening stance, and a more generous initial concession.
82. What are the advantages of adopting a flexible position?

Can learn about the other party’s outcome values and perceived possibilities. Establishes a cooperative rather than combative relationship hoping to get a better agreement. Keeps negotiations going.

83. What is the disadvantage of letting the absence of further concessions convey the message of the final offer?

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.

84. What are the risks involved when using hardball tactics?

Harm to reputation, Losing the deal, Negative publicity, Dealing with the other party’s revenge.

85. What are the strategies for responding to hardball tactics?

Ignore them, discuss them, respond in kind, 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.
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