



Name:  
Enrolment No:

**UPES**

**End Semester Examination, December 2024**

**Course: International Business Negotiations**  
**Program: MBA IB**  
**Course Code: INTB8015P**

**Semester: III**  
**Time : 03 hrs.**  
**Max. Marks: 100**

**Instructions:**

**SECTION A**  
**10Qx2M=20Marks**

S. No.		Marks	CO
Q 1	Which of the following is a key skill in successful business negotiations? A) Rigid positioning B) Effective communication C) Uncompromising demands D) Avoiding emotions	2	CO1
Q 2	What is the primary goal of a win-win negotiation? A) To maximize one's own gains B) To satisfy only one party's interests C) To reach an agreement that benefits both parties D) To make the other party feel inferior	2	CO1
Q 3	Which negotiation strategy involves making the first offer to set an anchor? A) Avoidance B) BATNA C) Anchoring D) ZOPA	2	CO1
Q 4	The acronym BATNA stands for: A) Best Alternative to a Negotiated Agreement B) Business Agreement Toward New Alternatives C) Basic Analysis of Tactical Negotiation Approach D) Binding Agreement to Negotiation Assessment	2	CO1
Q 5	In negotiation, a "ZOPA" refers to: A) The zone of potential agreement B) The zero-sum opportunity area C) The zone of precise actions D) The zero-option partnership agreement	2	CO1
Q 6	Which of the following is NOT a common tactic in negotiations? A) Good cop/bad cop B) Silence C) Misrepresentation D) Fair pricing	2	CO1

Q 7	When one party agrees to an initial price but later demands additional concessions, this is known as: A) Anchoring B) Escalation C) Low-balling D) Ultimatum bargaining	2	CO1
Q 8	Active listening in negotiation includes all EXCEPT: A) Making eye contact B) Interrupting frequently to clarify points C) Nodding to show understanding D) Asking open-ended questions	2	CO1
Q 9	In high-context cultures, communication is often: A) Direct and explicit B) Indirect and implicit C) Focused solely on facts D) Ignored during negotiations	2	CO1
Q 10	Which country is typically associated with a high-context culture? A) Germany B) United States C) Japan D) Canada	2	CO1
<b>SECTION B</b> <b>4Qx5M= 20 Marks</b>			
Q 11	Explain the importance of understanding high-context communication styles in cross-cultural negotiations.	5	CO2
Q 12	Explain the concept of Fuzzy BATNA and its importance in business negotiations.	5	CO2
Q 13	State the concept of 'value creation through trades' in the context of integrative negotiations?	5	CO2
Q 14	Explain the concept of "counter-anchoring" in negotiation?	5	CO2
<b>SECTION-C</b> <b>3Qx10M=30 Marks</b>			
Q 15	Explain how time orientation, such as monochronic and polychronic views of time, can affect negotiations between different cultures.	10	CO3
Q 16	What are some common barriers to effective negotiation, and how can they be overcome? Provide examples.	10	CO3
Q 17	Suppose Prakhar is contemplating the purchase of a used 2001 Volvo Sedan with an automatic transmission and 30000 miles on the odometer. The dealer has been listed for \$27,000 and offers a ninety-day warranty.	10	CO3

	<p>Prakhar’s friend owns a 2001 Volvo station Wagon with standard transmission (which Prakhar prefers) and 60000 miles on odometer. His friend says the car has no mechanical problem and will part with it for \$19,000.</p> <p>A. What will be BATNA of Prakhar if price has been considered the only issue to Prakhar?</p> <p>B. Explain the concept of Fuzzy BATNA and derive the Fuzzy BATNA of Prakhar?</p>		
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**SECTION-D**  
**2Qx15M= 30 Marks**

	<p style="text-align: center;"><b>Read the below case and answer the questions of 18 &amp; 19</b></p> <p><b>Background:</b></p> <p>GlobalTech, a leading electronics manufacturer based in the United States, is looking to secure a long-term supply agreement with AsiaComponents, a major supplier of microchips headquartered in Taiwan. GlobalTech’s products, including smartphones and laptops, rely heavily on these microchips, and securing a favorable deal is crucial for maintaining their competitive edge in a market that is experiencing increased competition and rising production costs.</p> <p>AsiaComponents, on the other hand, recognizes the growing demand for their products due to the global semiconductor shortage. They are looking to maximize their profits while locking in a stable, long-term contract with a major client like GlobalTech. The negotiation is expected to be highly distributive, with both parties seeking to maximize their share of the benefits from the agreement.</p> <p><b>Key Issues in the Negotiation:</b></p> <p>1. <b>Pricing:</b></p> <ul style="list-style-type: none"> <li>○ GlobalTech wants to secure the lowest possible price per unit to maintain their profit margins, especially as production costs rise.</li> <li>○ AsiaComponents aims to capitalize on the high demand by securing a premium price per unit.</li> </ul> <p>2. <b>Volume Commitments:</b></p>		
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- GlobalTech seeks flexibility in the volume commitments to adjust to market demand, preferring a lower minimum purchase requirement.
- AsiaComponents prefers a high minimum volume commitment to ensure consistent revenue and efficient production planning.

**3. Contract Duration:**

- GlobalTech wants a shorter contract duration (two years) to renegotiate terms in case of market changes.
- AsiaComponents is pushing for a longer contract (five years) to ensure long-term stability and predictability in their production and sales.

**4. Payment Terms:**

- GlobalTech prefers extended payment terms (90 days after delivery) to manage their cash flow more effectively.
- AsiaComponents desires immediate payment (30 days after delivery) to reduce financial risk and maintain liquidity.

**5. Quality Control and Returns:**

- GlobalTech requires stringent quality control measures with easy return policies for defective units.
- AsiaComponents wants to limit the return policies and ensure that any disputes over quality are minimized to protect their margins.

**6. Currency Risk:**

- GlobalTech prefers to fix the price in U.S. dollars to avoid currency fluctuation risks.
- AsiaComponents wants to price the contract in Taiwanese dollars (NTD) or include a currency fluctuation clause to protect against exchange rate volatility.

**The Negotiation Process:**

The negotiation involves multiple rounds of discussions between senior executives from both companies. Each side has clear objectives and knows that the negotiation will require tough bargaining on each of these critical issues.

### **Stage 1: Preparation**

Both companies conduct in-depth analyses of their positions and the market environment. GlobalTech prepares by understanding the global microchip market, including pricing trends and supply chain disruptions. AsiaComponents evaluates their production capacity and forecasts demand for the next few years, emphasizing their position of strength due to the global semiconductor shortage.

### **Stage 2: Initial Proposals**

In the first round of negotiations, GlobalTech proposes a price per unit that is 10% below the current market rate, a two-year contract duration, and a flexible volume commitment with a low minimum purchase requirement. They also suggest payment terms of 90 days post-delivery and insist on pricing in U.S. dollars.

AsiaComponents counters with a proposal that includes a price 15% above the current market rate, a five-year contract, a high minimum volume commitment, payment terms of 30 days post-delivery, and pricing in NTD. They also propose strict quality control measures that limit returns to defective products that significantly affect functionality.

### **Stage 3: Bargaining**

The bargaining process is intense, with each side making arguments to justify their positions while trying to extract concessions from the other.

- **Pricing:** After several rounds of negotiation, they agree on a price that is 5% above the current market rate, a compromise between GlobalTech's need for cost control and AsiaComponents' desire to capitalize on high demand.
- **Volume Commitments:** Both parties settle on a minimum volume commitment that is lower than AsiaComponents' initial demand but higher than GlobalTech's original offer. They agree on a tiered pricing structure where higher volumes will result in slight price discounts.
- **Contract Duration:** The parties compromise on a three-year contract with an option to renegotiate terms after two years, offering some stability while allowing for flexibility in case of market changes.

	<ul style="list-style-type: none"> <li>• <b>Payment Terms:</b> They agree on 60-day payment terms, a middle ground between GlobalTech's preference for extended terms and AsiaComponents' need for quicker payments.</li> <li>• <b>Quality Control and Returns:</b> Both sides agree on quality control measures that meet GlobalTech's standards but limit returns to defective units only, with a streamlined process for resolving disputes.</li> <li>• <b>Currency Risk:</b> The final agreement includes a hybrid approach where the price is fixed in U.S. dollars, but a currency fluctuation clause is included to protect AsiaComponents in case of extreme volatility.</li> </ul> <p><b>Stage 4: Final Agreement</b></p> <p>The final terms are documented and reviewed by the legal teams of both companies. The agreement is designed to ensure that both companies can achieve their strategic objectives while maintaining a productive and mutually beneficial relationship.</p>		
Q 18	Develop the negotiation preparation document for AsiaComponents.	<b>15</b>	<b>CO4</b>
Q 19	What kind of negotiation is it? Discuss the key characteristics of this type of negotiation? Was the final agreement more favorable to GlobalTech or AsiaComponents?	<b>15</b>	<b>CO4</b>