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UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, May 2018

Program: FT
Subject (Course): International Trade Negotiations
Course Code : BBFT115
No. of page/s: 3

Semester – IV
Max. Marks : 100
Duration : 3 Hrs

Section A

Fill in the blanks- (2 * 10 = 20 marks)

- 1) The better the disputant's BATNA, the _____ (more/less) power the disputant has.
- 2) The expanded form of BATNA is _____
- 3) When negotiating, it is essential to make the most eye-contact during _____ listening / problem-solving).
- 4) _____ (Distributive / Integrative) negotiations are WIN-WIN in nature.
- 5) You hope to spend no more than \$100 on a new piece of clothing. You want to negotiate with the sales clerk for a suite that costs \$125. _____ (BATNA/ZOPA/Reservation Price) best describes your \$100 in this negotiation.
- 6) Rapport and Trust in negotiations is the primary responsibility of _____ (Commander / Negotiator / Coach).
- 7) You are planning to purchase a house and have contracted with a real estate salesperson to assist you. Your role in this relationship is that of _____ (Principal/Agent).
- 8) Effective negotiations focus on _____ (interests / people) and not on positions.
- 9) The expanded form of ZOPA is _____
- 10) Zero sum negotiations are best represented by _____ (Fixed Pie/Enlarged Pie/Line Graph) image.

Section B — Draw the diagrammatic frameworks and objectively (**any four**) of the following. (Your description should be crisp and in bulleted points and need not exceed more than **5 lines**. Ensure that the terms are precise.)

(4 * 5 = 20 marks)

- 1) Anchoring and Counter-Anchoring
- 2) Law of Authority
- 3) Framing
- 4) Negotiator's Dilemma
- 5) The Five Roles in a Negotiation

Section C – Through the use of diagrammatic frameworks (wherever relevant), explain (**any four**) the significance of the following. (Your description should be crisp and in bulleted points and need not exceed more than **20 lines**. Ensure that the terms are precise.)

(4 * 7.5 = 30 marks)

- 1) Accommodating vs. Compromising styles of negotiation
- 2) Assertiveness vs. Cooperativeness
- 3) Law of Reciprocation
- 4) Typical problems in a Shaker – Auditor engagement
- 5) Law of Commitment and Consistency
- 6) Thomas Kilmann Instrument (TKI)

Section D - Case study

(10+10+5+5 = 30 marks)

Case: House on Deer Tail Lake

Jake was thinking of selling his house on Deer Tail Lake. The house had a unique design, substantial lakefront footage, and many amenities. He thought to himself, "If I can get \$335,000, I'll be satisfied. If that's not possible, I'll hold onto it for another year." His agent suggested that he put the house on the market at \$395,000. So he did.

The real estate agent had just listed Jake's lakefront summer house for \$395,000 confident that that number would be an anchor point for all incoming bids. But he hadn't counted on dealing with Carla. Carla had her eye on the lakefront property market in the Deer Tail Lake area for the

past two years. So she was familiar with all the current property listings and the dozens that had sold over that time period.

During her first meeting with Jake's agent, Carla explained how she had been tracking property prices on Deer Tail Lake and neighbouring lake for the past two years.

Without making any reference to Jake's \$395,000, she cited three sales of comparable properties that had occurred on Deer Tail Lake during the past year, indicating how those properties were more or less similar to Jake's.

"These three are very comparable to your listing in terms of shoreline frontage, lot sizes, and house characteristics," she told the agent as she showed him the listing sheets. "They sold for \$325,000; \$330,000 and \$345,000, respectively, within the past ten months. Factoring in inflation, that makes your client's property worth about \$350,000 at the most, which is what I'm prepared to offer you today."

Jake's agent responded by saying, "We appreciate the research you've done on recent lake property sales, Carla, but we don't feel that the properties you've used as benchmarks are really comparable to Jake's place. After all, he has that big pier and boathouse-and the house itself has been recently renovated. Taking those factors into account, we think that Jake's property is worth substantially more than your offer, and we believe that other buyers will share our view. However, in the interest of getting things wrapped up, Jake is willing to lower his price by \$10,000 to \$385,000."

Later in the day, Jake had a conversation with his agent, which went something like this. "I'm happy that we have an offer of \$350,000 already. I could live with that. But we may get a better offer in the next week or so, either from Carla or from another buyer. Actually, I'd expect Carla to up her bid to \$360K. If she does that, should we push for a bit more? Should we say, "Give us \$365K and we'll have a deal?" Or should we sit on her offer and hope to get a better one?"

Does \$350,000 look like a good price point for the deal to go through?

- a) Describe the 9 step negotiation process comprehensively.
- b) With the help of various negotiating concepts and terms that you have studied, describe the various tactics employed by both Jake and Carla.

Using relevant parts of the 9 step negotiation process,

- c) What should Jake do?
- d) What should Carla do?

(P.S: Use diagrammatic frameworks and bulleted points. Answers should be precise.)