

The Mind and Heart of the Negotiator, 5e (Thompson)

Chapter 3: Distributive Negotiation: Slicing the Pie

1) In a positive bargaining zone, the most the buyer is willing to pay is greater than the least the seller will accept.

Answer: TRUE

Explanation: In a positive bargaining zone, negotiators' reservation points overlap: the most the buyer is willing to pay is greater than the least the seller will accept.

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Difficulty: Easy

Classification: Conceptual

2) The negative bargaining zone indicates that there is no positive overlap between the parties' target points.

Answer: FALSE

Explanation: The negative bargaining zone indicates that there is no positive overlap between the parties' reservation points.

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Difficulty: Easy

Classification: Conceptual

3) The best possible economic outcome for a negotiator is the one that just meets the counterparty's reservation point.

Answer: TRUE

Explanation: The best possible economic outcome for the negotiator is one that just meets the counterparty's reservation point, thereby inducing the other party to agree, but allows the focal negotiator to reap as much gain as possible. This outcome provides the focal negotiator with the greatest possible share of the resources to be divided.

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Difficulty: Moderate

Classification: Conceptual

4) Since a BATNA is based on subjective factors, it is usually not verifiable.

Answer: FALSE

Explanation: A BATNA is based on objective factors and can therefore be verifiable.

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Difficulty: Easy

Classification: Conceptual

5) It is appropriate for negotiators to reveal their true reservation price if they trust and like the other party or desire a long-term relationship.

Answer: FALSE

Explanation: Many negotiators reveal their true reservation price if they trust and like the other party or desire a long-term relationship. However, this is ill advised. Revealing information about the reservation price is a pie-slicing strategy and it reduces a negotiator's power in a negotiation.

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Difficulty: Moderate

Classification: Conceptual

6) It is to a negotiator's advantage to set a high, somewhat difficult aspiration point early in the negotiation.

Answer: TRUE

Explanation: It is to a negotiator's advantage to set a high, somewhat difficult aspiration point early in the negotiation.

Page Ref: 45

Difficulty: Easy

Classification: Conceptual

7) Your first offer should not be a range.

Answer: TRUE

Explanation: Your first offer should not be a range. By stating a range, you give up precious bargaining surplus. The counterparty will consider the lower end of the range as your target and negotiate down from there.

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Difficulty: Easy

Classification: Conceptual

8) Negotiators who make larger and more frequent concessions maximize their slice of the pie, compared to those who make fewer and smaller concessions.

Answer: FALSE

Explanation: Negotiators who make fewer and smaller concessions maximize their slice of the pie, compared to those who make larger and more frequent concessions.

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Difficulty: Moderate

Classification: Conceptual

9) During a negotiation, you should only walk away from the bargaining table if your BATNA is more attractive than the counterparty's offer.

Answer: TRUE

Explanation: During a negotiation, you should only walk away from the bargaining table if your BATNA is more attractive than the counterparty's offer.

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Difficulty: Easy

Classification: Conceptual

10) Equity is often used to allocate benefits, but equality is more commonly used to allocate burdens.

Answer: FALSE

Explanation: Equality is often used to allocate benefits, but equity is more commonly used to allocate burdens.

Page Ref: 55

Difficulty: Easy

Classification: Conceptual

11) The zone of possible agreements (ZOPA) is the range between _____.

A) the buyer's and the seller's target points

B) the seller's target point and the buyer's reservation point

C) the buyer's and the seller's reservation points

D) the buyer's target point and the seller's reservation point

Answer: C

Explanation: C) The zone of possible agreements (ZOPA) is the range between the buyer's and the seller's reservation points.

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Difficulty: Easy

Classification: Conceptual

12) The final settlement of a negotiation will fall somewhere _____.

A) above the buyer's target point and below the seller's reservation point

B) above the seller's reservation point and below the buyer's reservation point

C) below the buyer's target point and above the seller's reservation point

D) above the buyer's reservation point and below the seller's target point

Answer: B

Explanation: B) The final settlement of a negotiation will fall somewhere above the seller's reservation point and below the buyer's reservation point.

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Difficulty: Moderate

Classification: Conceptual

13) Robert wants to sell his old table to Mike. The lowest price Robert is willing to accept is \$75 but he wishes to sell it at \$105. The highest price Mike is willing to pay for the table is \$82 but he wishes to purchase it at \$73. What is the value of the bargaining zone?

- A) \$7
- B) \$23
- C) \$2
- D) \$32

Answer: A

Explanation: A) The bargaining zone, or zone of possible agreements (ZOPA), is the range between negotiators' reservation points. So in this case the value of the bargaining zone is the difference between \$75 and \$82, which is equal to \$7.

Page Ref: 39

AACSB: Analytic skills

Difficulty: Moderate

Classification: Application

14) Which of the following statements is true regarding a bargaining zone?

- A) The negative bargaining zone indicates that there is no positive overlap between the parties' target points.
- B) The bargaining zone is the range between the negotiators' target points.
- C) The final settlement of a negotiation will fall somewhere below the seller's reservation point and above the buyer's target point.
- D) In a positive bargaining zone, negotiators' reservation points overlap.

Answer: D

Explanation: D) The bargaining zone is the range between negotiators' reservation points. The final settlement of a negotiation will fall somewhere above the seller's reservation point and below the buyer's reservation point. In a positive bargaining zone, negotiators' reservation points overlap. The negative bargaining zone indicates that there is no positive overlap between the parties' reservation points.

Page Ref: 39-40

Difficulty: Moderate

Classification: Conceptual

15) Bargaining surplus is the amount of overlap between _____.

- A) the buyer's target point and the seller's reservation point
- B) the buyer's and seller's target points
- C) the buyer's and seller's reservation points
- D) the buyer's reservation point and the seller's target point

Answer: C

Explanation: C) Bargaining surplus is the amount of overlap between parties' reservation points.

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Difficulty: Easy

Classification: Conceptual

16) William and Ben are negotiating a maintenance contract. To maximize his slice of the pie, William should ensure that the settlement is as close to _____ as possible.

- A) Ben's reservation point
- B) his own reservation point
- C) Ben's target point
- D) the central point in the bargaining zone

Answer: A

Explanation: A) William and Ben are negotiating a maintenance contract. To maximize his slice of the pie, William should ensure that the settlement is as close to Ben's reservation point as possible.

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AACSB: Analytic skills

Difficulty: Moderate

Classification: Application

17) The positive difference between the settlement outcome and the bargainer's reservation point is the _____ surplus.

- A) reservation
- B) target
- C) bargaining
- D) negotiator's

Answer: D

Explanation: D) The positive difference between the settlement outcome and the bargainer's reservation point is the negotiator's surplus.

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Difficulty: Easy

Classification: Conceptual

18) The total surplus of the two negotiators adds up to the size of the _____ surplus.

- A) target
- B) bargaining
- C) reservation
- D) participative

Answer: B

Explanation: B) The total surplus of the two negotiators' adds up to the size of the bargaining surplus.

Page Ref: 42

Difficulty: Easy

Classification: Conceptual

- 19) Negotiations are said to have a mixed-motive nature because _____.
A) negotiators are motivated to maximize the bargaining surplus
B) negotiators find it difficult to determine the other party's reservation point
C) negotiators are motivated to cooperate as well as compete with each other
D) negotiators try to settle the agreement at the central point in the bargaining zone

Answer: C

Explanation: C) Negotiators are motivated to cooperate with the other party to ensure that settlement is reached in the case of a positive bargaining zone, but they are motivated to compete with one another to claim as much of the bargaining surplus as they can. So negotiations are said to have mixed-motive nature.

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Difficulty: Moderate

Classification: Conceptual

- 20) Samantha is negotiating a contract. Which of the following is likely to be the most difficult problem she faces during the negotiation?
A) determining her own target point
B) analyzing the terms of the contract
C) understanding the legalities of the contract
D) identifying the other party's reservation point

Answer: D

Explanation: D) Most negotiators will not reveal their reservation point and even if someone reveals her reservation point, the other party has no way to verify that the first party is telling the truth. So Samantha will find it difficult to identify the other party's reservation point.

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AACSB: Analytic skills

Difficulty: Moderate

Classification: Application

- 21) Robert is negotiating a contract. In which of the following situations is it appropriate for Robert to reveal his reservation point?
A) Robert knows that the other party has a great BATNA and an aggressive reservation price.
B) Robert has a poor BATNA and a weak reservation price.
C) Robert knows the other party's target point and finds it high.
D) Robert does not have time to negotiate and senses that the bargaining zone may be very small.

Answer: D

Explanation: D) It is appropriate for a negotiator to reveal his reservation point when a negotiator has exhausted his time to negotiate and is about to walk out without a deal and he senses that the bargaining zone may be very small or perhaps negative.

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AACSB: Analytic skills

Difficulty: Moderate

Classification: Application

22) Which of the following is known as an anchor point?

- A) the offer which creates the chilling effect
- B) the highest target point in the negotiation
- C) the first offer made during the negotiation
- D) the lowest reservation point during the negotiation

Answer: C

Explanation: C) The anchor point refers to the first offer made during a negotiation.

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Difficulty: Easy

Classification: Conceptual

23) During a negotiation you should _____.

- A) set your aspirations low in order to avoid disappointment later
- B) make your first offer slightly lower than the other party's reservation point
- C) make sure that your first offer creates the chilling effect
- D) set your reservation point slightly higher than the other party's target point

Answer: B

Explanation: B) During a negotiation you should make your first offer slightly lower than the other party's reservation point. It pays to set your aspirations high during a negotiation but the negotiator should avoid the chilling effect.

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AACSB: Analytic skills

Difficulty: Moderate

Classification: Application

24) During a negotiation which of the following is likely to result in greater profit?

- A) making your first offer your final offer
- B) focusing on avoiding negative outcomes
- C) setting easy and nonspecific goals
- D) setting high aspirations and focusing on them

Answer: D

Explanation: D) Negotiators who focus on their accomplishments, hopes, and aspirations claim more resources than negotiators who focus on avoiding negative outcomes, holding constant their actual economic positions.

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Difficulty: Moderate

Classification: Conceptual

25) The party who _____ obtains a better final outcome.

- A) focuses on avoiding negative outcomes
- B) sticks to their reservation point
- C) sets low aspirations
- D) makes the first offer

Answer: D

Explanation: D) The party who makes the first offer obtains a better final outcome.

Page Ref: 45

Difficulty: Easy

Classification: Conceptual

26) Negotiators who focus on their target points do better in terms of slicing the pie but these negotiators do not feel as satisfied as negotiators who focus on their reservation point or BATNA. This is known as the _____.

- A) goal-setting paradox
- B) chilling effect
- C) winner's curse
- D) minimal group paradigm

Answer: A

Explanation: A) Negotiators who focus on their target points do better in terms of slicing the pie but these negotiators do not feel as satisfied as negotiators who focus on their reservation point or BATNA. This is known as the goal-setting paradox.

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Difficulty: Easy

Classification: Conceptual

27) The _____ occurs when the negotiator's first offer is immediately accepted by the counterparty.

- A) framing effect
- B) winner's curse
- C) distinction bias
- D) chilling effect

Answer: B

Explanation: B) The winner's curse occurs when the negotiator's first offer is immediately accepted by the counterparty.

Page Ref: 46

Difficulty: Easy

Classification: Conceptual

28) The strategy of making one's first offer one's final offer is known as _____.

- A) illusion of control
- B) the blue ocean strategy
- C) the gambler's fallacy
- D) bouldwarism

Answer: D

Explanation: D) The strategy of making one's first offer one's final offer is known as bouldwarism.

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Difficulty: Easy

Classification: Conceptual

29) The first offer that _____ acts as a powerful anchor point in negotiation.

- A) creates the focusing effect
- B) falls within the bargaining zone
- C) creates the chilling effect
- D) sets low aspirations

Answer: B

Explanation: B) The first offer that falls within the bargaining zone acts as a powerful anchor point in negotiation.

Page Ref: 46

Difficulty: Easy

Classification: Conceptual

30) Which of the following statements is true regarding a first offer?

- A) Your first offer should specify a range.
- B) The first offer should specify the bargaining zone.
- C) Your first offer should be your final offer.
- D) The first offer generally acts as an anchor point.

Answer: D

Explanation: D) Your first offer should not specify a range and it should not create a chilling effect. The strategy of making your first offer your final offer does not prove to be effective during negotiations. First offers act as an anchor point and correlate at least .85 with final outcomes.

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Difficulty: Easy

Classification: Conceptual

31) Once you have made an offer, you should _____.

- A) wait for other party's response before revising it
- B) revise it only if it exceeds the party's target point
- C) revise it if it falls in the bargaining zone
- D) avoid revising it and try to make it your final offer

Answer: A

Explanation: A) If you have made an offer, then you should expect to receive some sort of counteroffer or response. You should always wait for the other party's response before making a further concession.

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Difficulty: Easy

Classification: Conceptual

32) You are negotiating an important sales contract for your organization. Which of the following, if true, would increase the risk of you being anchored by the other party's opening offer?

- A) You have a weak BATNA.
- B) You have not yet planned your opening offer.
- C) The other party's opening offer is less than your reservation point.
- D) The other party's opening offer falls in the bargaining zone.

Answer: B

Explanation: B) It is essential that you plan your opening offer before hearing the other party's opening otherwise you risk being anchored by the other party's offer.

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AACSB: Analytic skills

Difficulty: Moderate

Classification: Application

33) _____ concessions are concessions made by one party.

- A) Distributive
- B) Singular
- C) Unilateral
- D) Representative

Answer: C

Explanation: C) Unilateral concessions are concessions made by one party.

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Difficulty: Easy

Classification: Conceptual

34) It is an almost universal norm that concessions take place in a quid pro quo fashion, meaning that negotiators expect _____.

- A) that the party who made the opening offer should make the highest concession
- B) the opening offer to be the anchoring offer
- C) a back-and-forth exchange of concessions between parties
- D) the final offer to be very close to the opening offer

Answer: C

Explanation: C) It is an almost universal norm that concessions take place in a quid pro quo fashion, meaning that negotiators expect a back-and-forth exchange of concessions between parties.

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Difficulty: Easy

Classification: Conceptual

35) Which of the following statements is true regarding effective concessions?

- A) The party who made the opening offer should avoid making any concessions to its offer.
- B) To maximize their slice of pie, the negotiators should make larger and more frequent concessions.
- C) Negotiators should offer only a single concession at a time and avoid frequent concessions.
- D) Negotiators should make consistently greater concessions than the counterparty.

Answer: C

Explanation: C) It is unwise to make consistently greater concessions than the counterparty. Negotiators who make fewer and smaller concessions maximize their slice of the pie, compared to those who make larger and more frequent concessions. Negotiators should offer only a single concession at a time.

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Difficulty: Easy

Classification: Conceptual

36) Which of the following is a negotiation method in which parties avoid escalating conflict to reach mutual settlement within the bargaining zone?

- A) the GRIT model
- B) a blue ocean strategy
- C) Porter's Five Forces model
- D) the Diamond model

Answer: A

Explanation: A) The graduated reduction in tension (GRIT) model is a method in which parties avoid escalating conflict to reach mutual settlement within the bargaining zone.

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Difficulty: Easy

Classification: Conceptual

37) Once you have offered a concession, you should wait for the counterparty before making further concessions. This conclusion rests on which of the following assumptions?

- A) Your counterparty has a very low reservation point.
- B) Unilateral concessions decrease the size of the bargaining zone.
- C) Your counterparty's offer is not at their reservation point.
- D) Your counterparty's first offer is now the anchor point.

Answer: C

Explanation: C) Negotiators should not offer more than a single concession at a time to the counterparty. You should wait for a concession from the counterparty before making further concessions. An exception would be a situation in which you feel that the counterparty's offer is truly at his or her reservation point.

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AACSB: Reflective thinking skills

Difficulty: Moderate

Classification: Critical Thinking

38) Ben is negotiating a sales contract. The most valuable piece of information Ben can have about the counterparty is _____.

- A) the counterparty's target point
- B) the negotiator's surplus expected by the counterparty
- C) the counterparty's reservation point
- D) the bargaining surplus expected by the counterparty

Answer: C

Explanation: C) The most valuable piece of information you can have about the counterparty is his or her reservation point.

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AACSB: Analytic skills

Difficulty: Easy

Classification: Application

39) Lewicki and Stark identified five types of behavior that some consider to be unethical in negotiations. One of them is traditional competitive bargaining. Which of the following is an example of traditional competitive bargaining?

- A) inappropriate information gathering
- B) denying information that weakens your position
- C) attempting to get your opponent fired
- D) exaggerating an initial offer or demand

Answer: D

Explanation: D) Exaggerating an initial offer or demand is an example of traditional competitive bargaining.

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Difficulty: Easy

Classification: Conceptual

- 40) Which of the following statements is true regarding face threat sensitivity (FTS)?
- A) People with high FTS have little or no ability to detect and respond to face threats.
 - B) A seller who has little or no reaction to a face threat is said to have high FTS.
 - C) A negotiator's FTS is the likelihood of having a negative reaction to a face threat.
 - D) In employment negotiations, job candidates are less likely to make win-win deals if they have low FTS.

Answer: C

Explanation: C) A negotiator's face threat sensitivity (FTS) is the likelihood of having a negative reaction to a face threat. People with high FTS have a lower threshold for detecting and responding to face threats. According to a study, in buyer-seller negotiations, fewer win-win agreements are reached when the seller has high FTS and in employment negotiations, job candidates are less likely to make win-win deals if they had high FTS.

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Difficulty: Easy

Classification: Conceptual

- 41) Negotiators often use one of three fairness principles when it comes to slicing the pie. Which of the following is one of these three principles?

- A) the procedural rule
- B) the needs-based rule
- C) the traceability rule
- D) the reciprocal rule

Answer: B

Explanation: B) Negotiators often use one of three fairness principles when it comes to slicing the pie. These three principles are equality rule, equity rule, and needs-based rule.

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Difficulty: Easy

Classification: Conceptual

- 42) Which of the following fairness principles prescribes equal shares for all?

- A) blind justice
- B) equity rule
- C) welfare-based allocation
- D) reciprocal rule

Answer: A

Explanation: A) Equality rule, or blind justice, prescribes equal shares for all.

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Difficulty: Easy

Classification: Conceptual

43) The free market system in the United States is an example of the _____ rule.

- A) equality
- B) welfare-based allocation
- C) equity
- D) needs-based allocation

Answer: C

Explanation: C) The free market system in the United States is an example of the equity rule.

Page Ref: 54

Difficulty: Easy

Classification: Conceptual

44) Which of the following is an instance of the application of the needs-based rule?

- A) the U.S. legal system
- B) the U.S. welfare system
- C) the freemarket system
- D) the two-party system

Answer: B

Explanation: B) Needs-based rule, or welfare-based allocation, states that benefits should be proportional to need. The social welfare system in the United States is based on need. In many universities, financial aid is based on need.

Page Ref: 54

Difficulty: Easy

Classification: Conceptual

45) The equity rule states that _____.

- A) output should be distributed without regard to input
- B) benefits should be proportional to need
- C) everyone should receive equal benefits
- D) distribution should be proportional to a person's contribution

Answer: D

Explanation: D) The equity rule states that the distribution should be proportional to a person's contribution.

Page Ref: 54

Difficulty: Easy

Classification: Conceptual

46) In which of the following cases would an equity-based allocation of resources be most indicated?

- A) The Accounts team received a cash reward for being the top-performing team in the company. The team decided to split the cash among all members.
- B) A popular course at a university attracts a large number of candidates because the course is subsidized. The university needs to allot the few seats among the many applicants.
- C) An organization that collects funds for charity receives applications from a number of charities each year.
- D) A start-up is in the process of arranging healthcare insurance for its employees.

Answer: B

Explanation: B) If the goal is to minimize waste, then a needs-based or social welfare policy is most appropriate. If the goal is to maintain or enhance harmony and group solidarity, equality-based rules are most effective. If the goal is to enhance productivity and performance, equity-based allocation is most effective.

Page Ref: 54

AACSB: Reflective thinking skills

Difficulty: Moderate

Classification: Critical Thinking

47) Which of the following rules of fairness is most likely to be related to incidents involving nurturing and personal development?

- A) the equality rule
- B) the needs-based rule
- C) the equity rule
- D) the reciprocal rule

Answer: B

Explanation: B) A negotiator's relationship to the other party strongly influences the choice of fairness rules. Thus needs-based fairness is related to incidents involving nurturing and personal development, whereas equity and equality-based fairness are related to situations involving the allocation of responsibilities.

Page Ref: 55

Difficulty: Easy

Classification: Conceptual

48) Which of the following types of comparisons is most likely to inspire people to greater achievement?

- A) upward comparison
- B) horizontal comparison
- C) downward comparison
- D) lateral comparison

Answer: A

Explanation: A) Upward comparison occurs when people compare themselves to someone who is better off, more accomplished, or higher in status. Oftentimes, people compare themselves upward for inspiration and motivation.

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Difficulty: Easy

Classification: Conceptual

49) Discuss the significance of procedural justice during negotiation.

Answer: In addition to their slice of the pie, people are concerned with the way resources are distributed. People evaluate not only the fairness of outcomes but also the fairness of the procedures by which those outcomes are determined. Listening to the other party, treating them with respect, and explaining oneself are related to outcome satisfaction and the desire for future negotiations. People's evaluations of the fairness of procedures determine their satisfaction and willingness to comply with outcomes.

Page Ref: 60

Difficulty: Easy

Classification: Conceptual

50) Discuss the guidelines for distribution of resources.

Answer: The guidelines for distribution of resources are:

1. Consistency: One of the hallmarks of a good pie-slicing heuristic is consistency or invariance across settings, time, and respect to the enforcer of the procedure.
2. Simplicity: Pie-slicing procedures should be clearly understood by the individuals who employ them and those who are affected by them.
3. Effectiveness: Pie-slicing policies should produce a choice, meaning that the allocation procedure should yield a clear decision.
4. Justifiability: Pie-slicing procedures should be justifiable to other parties.
5. Consensus: Group members should agree upon the method of allocation.
6. Generalizability: The pie-slicing procedure should be applicable to a wide variety of situations.
7. Satisfaction: To increase the likelihood that negotiators will follow through with their agreements, the pie-slicing procedure should be satisfying to all.

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Difficulty: Easy

Classification: Conceptual