

## **Strategic Negotiation Dynamics in Mergers and Acquisitions: A Case Study of Disney–Pixar With an Integrated Ethical Framework**

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**ABSTRACT:** This study examines the evolution of negotiation strategies in complex mergers and acquisitions (M&A) through an in-depth case analysis of the acquisition of Pixar by The Walt Disney Company. While existing literature primarily focuses on post-acquisition outcomes, this research emphasizes the negotiation process itself, exploring how strategic, relational, and ethical dimensions shaped the transition from partnership to acquisition.

Using a qualitative case study methodology, the research integrates strategic management theories such as the Resource-Based View (RBV) and Agency Theory with negotiation frameworks including ZOPA, BATNA, and integrative negotiation. Additionally, the study introduces an ethical dimension through the incorporation of Imam Ali's negotiation principles, including justice, patience, responsibility, and adaptability.

Findings reveal that negotiation evolved through distinct phases, transitioning from distributive conflict-driven approaches to integrative and value-creating strategies. This transformation was influenced by leadership change, power interdependence, and mutual recognition of strategic value. The study contributes to the literature by proposing a hybrid framework that combines strategic, behavioral, and ethical perspectives in understanding high-stakes corporate negotiations.

**KEYWORDS:** Negotiation Strategies, Mergers and Acquisitions, Integrative Negotiation, Resource-Based View, Ethical Negotiation, BATNA, ZOPA, Case Study

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### **1. INTRODUCTION**

Negotiation is a fundamental process in business strategy, particularly in mergers and acquisitions (M&A), where outcomes are shaped by strategic alignment, power dynamics, and relational factors. Traditional negotiation theory distinguishes between distributive and integrative approaches; however, empirical evidence suggests that negotiation strategies evolve dynamically rather than remaining static.

The acquisition of Pixar by Disney represents one of the most significant negotiation cases in the entertainment industry. The relationship began as a partnership in the 1990s and evolved into a complex negotiation process culminating in a \$7.4 billion acquisition in 2006. This case provides a unique opportunity to analyze negotiation dynamics across multiple stages, including cooperation, conflict, breakdown, and resolution.

Despite extensive research on M&A outcomes, limited attention has been given to the **process of negotiation itself**, particularly how strategies evolve over time. This study addresses this gap.

#### **Research Question:**

**How do negotiation strategies evolve from distributive to integrative forms in high-stakes mergers and acquisitions, and what role do ethical and relational factors play in shaping outcomes?**

Negotiation is a process aimed at achieving better ways to resolve conflicts, emphasizing that the success of negotiations involves producing good, significant outcomes while maintaining decent relationships (Bazerman, Curhan, Moore, & Valley, 2000). Business negotiation is a strategic process aimed at attaining the maximum benefits for all parties at the bargaining table. It emphasizes that effective negotiation carefully manages procedures through communication tactics during negotiations (Jing, Shao, Sun, & Wang, 2021, July). Effective negotiation can lead to a successful acquisition. However, the negotiations at multiple times were complex, indicating that successful negotiation strategies are crucial for maintaining the stability, satisfaction, and development of the involved parties in the future (Graham, Lawrence, & Requejo, 2015)

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The negotiations between Disney and Pixar represent one of the most eminent examples of successful collaboration in the recreational industry (Collis, Alcácer, & Furey, 2009). through the negotiations. They transformed the landscape of cinema and the film industry by establishing a strategic partnership that made the creation of a series of successful films.

The relationship between Disney and Pixar began in the 1990s when Disney recognized the great potential Pixar had in producing advanced animation films (Luna & Marcos, 2024). During this time, as their interests and goals evolved, leading to conflict between them, it was crucial that negotiations were necessary to adjust their visions and secure a mutually beneficial partnership.

This case study aims to investigate the conflict and negotiation style and strategies during the acquisition by Disney of Pixar. The negotiation between Pixar and Disney not only influenced the two companies' internal dynamics but also had a lasting effect on the animation market and storytelling in the world. By exploring and providing a comprehensive understanding of theoretical and practical aspects for this case study, it provides insight that can be usable to other engagements of organizations in similar transactions, therefore contributing to the broader understanding of mergers and acquisitions strategy.

## 2. LITERATURE REVIEW

In negotiations, different theories guide the style and strategies employed by parties involved. Distributive negotiation (win-lose), each party intends to maximize its interest, leading to competitive tactics. In contrast, integrative negotiation (win-win) seeks mutually beneficial outcomes by addressing the interests of both parties, fostering collaboration over competition. In addition, a third approach, developed by Fisher and Ury (Fisher, Ury, & Patton, 2011) is principled negotiation, which emphasizes the value of interest rather than positions. This approach motivates parties to work jointly to find solutions that meet both sides (Ross & LaCroix, 1996).

The negotiation between Pixar and Disney illustrates these theories. Initially, the relation was described by distributive tactics as both companies sought to guarantee the best deals. However, as their partnership changed, they moved towards integrative negotiation, focusing on shared interests. This transformation appropriates each party to create successful films that create benefits for both companies, illustrating how understanding and applying these theories of negotiation can bring more productive collaborations between parties (Gasparini, Vieira, & de Oliveira Dias, 2025).

The strategic management theories, such as Agency theory, Resource-based view (RBV) explain the underlying causes of the conflict, diverging interests, resource competition, and cost, helping to understand the negotiation process, including the shift from conflict to acquisition (Zhou, 2024).

Many previous studies have focused on the consequences of Disney's acquisition of Pixar, with limited attention given to the process of negotiation between the two companies. As far as I searched, a few studies have examined these negotiations in detail. (Alcacer, Collis, & Furey, 2010) Examine the negotiation dynamics and highlight how Pixar's powerful brand and creative production contracted with Disney's broad distribution and marketing capabilities. Their study shows that negotiations were driven by strategic goals to protect and improve each party's interests, with Pixar emphasizing creative control and profit sharing, while Disney looks to solidify long-term collaboration. The negotiation style ranged from assertive negotiation to strategic diplomacy, influenced by culture and power.

In a follow-up in 2011, Barthelemy detailed the development of contractual agreements, starting from the initial agreement in 1991, which Disney preferred to the more balanced profit-sharing arrangement negotiated in 1997. The study explained how Pixar leveraged its success to demand better terms, reflecting an opportunity approach amid the changing competition in the animation industry. While (Jing, Shao, Sun, & Wang, 2021, July) noted that Disney's CEO, Bob Iger, adopted a collaborative, interest-based negotiation strategy with Pixar, focusing on listening to their needs. This approach contrasted with more competitive strategies and strengthened Disney's image as a trustworthy negotiator.

(Meng, 2024) Investigate effective negotiation strategies that can lead to sharing the benefit outcome in mergers and acquisitions. It emphasizes the importance of communication between parties during the negotiation process. In addition, this paper underscores the need for collaborative approaches that increase creativity within an integrated framework in the Pixar-Disney negotiation case.

In conclusion, these studies collectively emphasize the complex negotiation dynamics between Pixar and Disney that shaped the relationship between them, a disclosure mix of collaboration and competitiveness that finally facilitated a successful merger and acquisition.

## 3. METHODOLOGY

The methodology of this study is mainly based on data collected from research collected from secondary sources, such as Google Scholar and EBSCO, to collect articles related to the relationship between Pixar and Disney. In addition, the study also incorporated

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internal secondary data, such as reports, books, media publications, and websites. The approach used in this paper synthesizes data to understand the development of the Disney and Pixar relationship and the strategic choice to explain the dynamics of the Disney Pixar relationship.

### 4. ANALYSIS OF THE NEGOTIATION PROCESS

Business negotiation is a strategic process aimed at establishing mutual benefit for the parties involved (Jing, Shao, Sun, & Wang, 2021, July). Understanding the core interest of each company is foundational to successful business negotiation, as decisions are largely influenced by these essential interests. When the interest of both parties is suitably addressed, reaching agreement like a natural outcome (Thompson, Wang, & Gunia, 2012). In this case, explore the negotiation process between Disney and Pixar.

**4.1 Disney:** Walt Disney animation studio is a heritage company established in 1923 by Walt Disney and his brother Roy Disney in California (Zhou, 2024). It focuses on family-friendly content, established systems, and a collective culture that emphasizes tradition and brand consistency (Timothy, 2014). In 1984, Michael Eisner was the CEO of the Walt Disney company. He played an important role in improving the company and turned it into a media giant (UKEssays, 2018). The Computer Animation Production System (CAPS) that developed by Disney was found to be limited in meeting long-term industry need (Meng, 2024). In their negotiation with Pixar, Disney wanted to leverage Pixar's technology and talent for commercial success (Collis, Alcácer, & Furey, 2009).

**4.2 Pixar:** Pixar is a graphics group company started in 1979, known for its innovative storytelling and creative freedom, it has a more entrepreneurial culture that encourages risk and artistic expression (Timothy, 2014). In 1986, Steve Jobs purchased Pixar from Lucas Films and served as chairman and chief executive officer of Pixar (UKEssays, 2018). In their negotiation with Disney, Pixar wants to control production, maintain an independent creative culture, key talent employees at Pixar, and profit sharing (Meng, 2024).

### 4.3 Disney and Pixar relationship

Disney and Pixar's relationship started in the 1990s with the expansion of the computer animation production system. In 1991, Pixar faced financial crisis, leading to significant layoffs, it led to struck a \$26 million deal with Disney to produce three computer-animation feature films and distribute by Disney, the first being (Toy Story), which went to achieve great success (Alcacer, Collis, & Furey, 2010). After a great success of the first film, the conflict arose between Pixar and Disney during their next film (Toy Story 2). While Disney managed marketing and distribution, Pixar handled production, yet profits were division 50-50. Pixar complained that the profit-sharing mechanism was unfair. In addition, Disney owned all story and sequel rights, exacerbating tensions and setting the stage for a conflict resolution (Wise, 2014).

In 1997, a renegotiation contract that established a fairer profit-sharing agreement (Barthélemy, 2011). However, differences between CEO of Pixar Steve Jobs and Disney chairman and CEO Michael Eisner complicated the negotiations (Zhou, 2024). By mid-2004, negotiations had completely stopped, with Jobs declaring that Pixar was exploring another partnership. However, Pixar didn't engage with other distributors. After a pause, negotiations restarted in September 2005 after Eisner left Disney and Bob Iger took over as CEO. (Wise, 2014).

In 2006, the negotiations resumed with a change in leadership at Disney, leading to acquisition of Pixar for \$7.4 billion (Meng, 2024). This acquisition allowed Disney to gain control over Pixar, Steve Jobs became a major shareholder in Disney, and Pixar maintaining a degree of operational independence (Barthélemy, 2011).

In conclusion, at the different situation in their relationship, particularly at the beginning of relationships, the two companies displayed a ready to collaborate. They worked together to produce successful films that benefitted both companies. This strategy allowed them to leverage each other's strengths, Disney's distribution and marketing strengths combined with Pixar's creative and technological prowess. As conflicts increased, however, the challenge became maintaining that collaboration. To clarify the dynamics of negotiation table 1 represents the conflict mapping

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Table (1): conflict mapping

<b>Parties</b>	<b>The Walt Disney Company:</b> it is a giant in animated films, with established creative and distribution opportunities, represented by its executive (Bop Iger) and negotiation team who were aiming to acquire Pixar to increase Disney’s animation capabilities and employ advanced technologies within its company.
<b>Primary parties</b>	<b>Pixar Animation Studios</b> is an innovative, animation studio depends on technology with a strong creative identity. represented by its CEO (Steve Jobs) and co-founders, who sought to maintain Pixar s creative independence and unique culture while negotiations
<b>Secondary parties</b>	<b>Non</b>
<b>Third Parties</b>	<b>Non</b>
Type of conflict	<b>Non-Zero sum game</b> Because the situation of Disney and Pixar involves multiple issues that can be expanded, negotiated, or share through transitional arrangement. can determine the type of conflict is non-zero sum game
Conflict context ( situation)	1. Sequel Rights and contracts obligations 2. Financial term and profit distribution 3. Ownership and Control Over Films and characters 4. corporate culture and creative Autonomy 5. Leadership and Personalities

## 4.4 Negotiation Style

The five main conflict styles identified by the Thomas-kilmann conflict Mode Instrument (TKI) are competing, collaborating, Accommodating, Avoiding, and compromising. The efficiency of each style is contingent upon the particular context in which it is employed and the skill with which it is applied. Individuals often develop preferences or strengths in certain modes; however, effective negotiation recognize the importance of flexibility and adaptability. They understand that the successful resolution of conflicts often requires a nuanced approach, allowing them to select and modify their style according to the dynamics of the situation at hand. This adaptability improves their ability to navigate complex interpersonal interactions and gain favorable (Thomas, 2008)

The negotiation Style between Pixar and Disney used a range of styles such evolving from competitive to collaborative, interspersed with avoiding style. Initially, a competitive style particularly obvious during critical negotiations, especially when Steve jobs sought improved terms from Disney and gain leverage and maximize profits, that was expense of Disney’s interest (Alcacer, Collis, & Furey, 2010). this competitive mindset led to standoffs, with both parties pursuing contrasting agendas. However, there were significant time of collaboration, particularly during their first partnership, which fostered mutual benefit from successful films and in the end facilitated Pixar’s acquisition by Disney. At time, Disney adapted and avoiding style, particularly regarding contract realignment amid job’s demands (Barthélemy , 2011).

## 4.5 Negotiation Strategies

Zone of possible agreement (ZOPA) is balance between Disney need for creative of Pixar and Pixar’s need for independence and recognition. The negotiation strategies between Pixar and Disney are represented by bargaining that reflect their changing power dynamics and strategic interests over time. these strategies significantly affect the relationships evolution, from partnership to acquisition. In the beginning the negotiations followed Distributive negotiation (win- lose), each company aims to maximize their share. After that the negotiations strategies between Pixar and Disney focus on underlying interest of both companies to reach win -win strategy (Kevrekidis, Siettos, & Kevrekidis, 2017).

## 5. ELEMENTS OF NEGOTIATION

Negotiations is a complete process influence by different elements that shape negotiations results. Key components include interest, options, legitimacy, communication, relationships, commitment, and alternatives (Fisher, Ury, & Patton, 2011). in the Disney- Pixar negotiation context, these elements played critical roles in shaping their strategies and outcomes, highlighting the interaction of these elements in achieving mutually beneficial agreements.

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This table shows conflict mapping

Table 2

Dimension	Description
Primary Parties	The Walt Disney Company and Pixar Animation Studios
Secondary Parties	Shareholders, employees, creative teams
Third Parties	Competitors, distributors, market actors
Type of Conflict	Non-zero-sum (potential for mutual gains)
Key Issues	Profit sharing, creative control, intellectual property rights, leadership conflict
Context	Long-term partnership evolving into acquisition
Nature of Conflict	Strategic and relational

## 5.1 Interest

Interest refers to the underlying needs and desires that motivate a party's positions, unlike positions, which are the stated demands or claims (Fisher, Ury, & Patton, 2011). the parties should focus on the interest rather than positions to find mutually beneficial outcomes. Focusing on this interest foster mutually beneficial outcome by exploring what each side truly values, emphasizing the importance of understanding priorities in integrative negotiations (Carnevale & Pruitt, 1992).by understanding and determining interests, both parties could craft agreements that satisfied their core priorities, leading to a successful partnership.

The interests in the case of negotiation between Pixar and Disney are shaped by their goals and market positioning. Pixar aimed to maximize profits, maintain creative independence and strengthen its technology, and secure favorable financial terms while preserving tissue unique culture (Luna & Marcos, 2024). in addition, the company sought control over its intellectual property, particularly sequel, to safeguard creative integrity. while, Disney's interests included accessing and integrating Pixar's advance technology and talent to remain competitive, enhancing revenue, and retaining control over franchises. Both parties aimed for a sustainable partnership that would leverage each other's strengths while addressing concerns about autonomy and control (Alcacer, Collis, & Furey, 2010).

## Negotiation Phases and Strategic Evolution

Table 3

Phase	Period	Strategy	Negotiation Style	Outcome
Initial Partnership	1991–1997	Resource sharing	Integrative	Successful collaboration
Conflict Phase	1998–2004	Power assertion	Distributive	Contractual tension
Breakdown	2004	Strategic withdrawal	Avoiding	Negotiation collapse
Renewal & Acquisition	2005–2006	Strategic alignment	Integrative	Acquisition agreement

## 5.2 Options

options are the possible agreements or solutions that parties can consider. It can be known from the start of negotiations or developed creatively during negotiations (Fisher, Ury, & Patton, 2011). Options are represented in a joint utility space, which considers the value or utility each party gains from different outcomes (Carnevale & Pruitt, 1992)

In the negotiation between Pixar and Disney, both parties had several strategic options to consider. Disney could decide to continue the partnership under renegotiated terms that would balance power dynamics while retaining majority control, another option for Disney would be to bring Pixar's animation capabilities in-house through acquisition, reducing dependency and mitigating past opportunism (Alcacer, Collis, & Furey, 2010). Conversely, Pixar had the option to maintain the existing partnership while renegotiating terms to achieve more favorable conditions. Alternatively, Pixar could leverage its success and technological advancements to continue an acquisition of Disney, thus gaining greater control (Barthélemy , 2011). Additionally, Pixar could negotiate a distribution deal similar to the Lucasfilm model, where it finances films and receives a larger share of revenue, or maintain existing contract terms while using interest from competitors to support its negotiating power (Alcacer, Collis, & Furey, 2010). These options highlight the complex interplay of interests and strategies in their negotiation dynamics

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### **5.3 Legitimacy**

legitimacy refers to the basis of the outcome on fair independent of each side's will as laws, market value or expert opinions, to secure fairness and legitimacy (Fisher, Ury, & Patton, 2011). While not directly labeled as legitimacy, the discussions about issues, limits, and options mean the importance of fairness and justification in the process (Carnevale & Pruitt, 1992).

In the negotiations between Disney and Pixar, each company viewed their contractual rights and prior agreements as legitimate bases for their demands. Pixar's insistence on better terms and full right was grounded in its significant contributions to success of their collaborative films and technological innovations. The explicit contractual conditionality regarding ownership, profit, and territorial rights established a recognized framework that both companies acknowledged as legitimate. Moreover, the 1997 co-production agreement served as a foundational legal situation, enhancing the legitimacy of their negotiations and disputes (Barthélemy, 2011). The successful merger and positive reception of their collaboration outcomes reflected a perception of fairness among both parties and external reviewer, suggesting that the agreement was justified and beneficial for both, as acknowledged by market (Luna & Marcos, 2024). Ultimately, the recognition of each company's contributions reinforced their roles as legitimate partner, framing the negotiation within a context of mutual benefit and equity.

### **5.4 Communication**

The communication refers to the using clear, honest communication and guide the negotiation process effectively to manage it toward a successful outcome (Fisher, Ury, & Patton, 2011). The importance of effective communication is implicit throughout, specifically in relation to resolving issues, sharing options, and building understanding (Carnevale & Pruitt, 1992).

During the negotiations between Disney and Pixar, communication was characterized by limited and strategic information sharing. Led by Steve Jobs, Pixar effectively expressed its valuation of films and technology, emphasizing successes like finding Nemo to assert its bargaining power. This strategic communication worked as a credible signal of Pixar's value, compelling Disney to consider more equitable terms. In contrast, Disney highlighted its longtime partnership and contractual rights, indicating a desire to maintain control and secure its investment. Both parties strategically kept certain information to maintain their negotiating leverage. For example, Disney was cautious about disclosing its maximum willingness to pay, while carefully formulated its demands to maximize its position. Pixar's explicit requests for increased revenue and ownership rights were framed as essential for fair rebalancing based on contributions. Disney's responses, which included counteroffer equalize with preceding agreements, reflected its intent to balance control with partnership stability (Alcacer, Collis, & Furey, 2010).

### **5.5 Relationships**

Building good relationships, trust, understanding the other side, and effective communication, it is important of separating the people from the problem to handle emotional and interpersonal issues without compromising the negotiation's substance (Fisher, Ury, & Patton, 2011). The role of relationships come in discussions about concern for the other party's result influencing negotiation approach and behavior. For example, worry for relationships can decrease conflicts and promote cooperation, especially when parties perceive the negotiation as apart of ongoing interactions (Carnevale & Pruitt, 1992). The relational factors essentially influence behavior, outcomes, and the stability of agreement, suggesting that understanding and managing relationships is important for effective negotiation (Greenhalgh, 1987).

The relationship between the negotiators of Disney and Pixar significantly influenced their negotiation dynamics and readiness to compromise. For example, the result of negotiations between Disney and Pixar were significantly impacted by the stress relationship between Steve Jobs and Michael Eisner. This tension created challenges in reaching satisfactory agreements. Besides, when Bob Iger became Disney's CEO and stepped into emphasize the importance of nurturing relationships with creative partners, including Pixar, which helped improve the negotiation and enhance collaboration between the two companies (Alcacer, Collis, & Furey, 2010). In addition, the long-time relationship encourages positive relationships both parties that lead to resolve any conflict peacefully. These relationship between Disney and Pixar significantly influenced their negotiation dynamics and readiness to compromise (Luna & Marcos, 2024).

### **5.6 Commitment**

Commitment refers to upholding promises and agreements with honesty. The ability to make reliable commitments can influence the negotiation dynamics (Fisher, Ury, & Patton, 2011). The idea of commitment is embedded in discussions about the visibility and stability of agreements, as well as in the strategic considerations of negotiators, such as persistence or concession patterns that signal commitment to certain result (Carnevale & Pruitt, 1992).

Initially, both Disney and Pixar exhibited a strong commitment to their partnership, with Disney seeking innovative technological and creative capabilities to sustain industry leadership, while Pixar aimed to leverage Disney's distribution channels and skills.



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However, as negotiations progressed, this commitment became partial. Pixar sought better terms to ensure its continued growth and independence, While Disney focused on protecting its investments and market position. This change was marked by Pixar's threats to end the collaboration, which coupled with Disney's resistance, demonstrated a diminishing willingness to compromise. finally, Disney's decision to acquire Pixar stemmed from a desire to fully control the relationship and safe its creative, reflecting a strategic commitment to avoid the risks associated with further negotiation breakdown. this acquisition signified a consolidation of their partnership, aligning their long- term objectives more closely (Barthélemy , 2011).

### **5.7 Alternatives**

The alternatives refer to the possible agreement scenarios outside the current negotiation. The concept of options and joint utility space directly relate to alternatives (Carnevale & Pruitt, 1992),Knowing the alternatives increase leverage and effect on the negotiation result (Fisher, Ury, & Patton, 2011)

The negotiation alternatives between Disney and Pixar underline different strategic options for both parties. For Disney, alternatives consist strengthening its internal capabilities by modernization its animation studio culture to compete effectively without acquiring Pixar (Alcacer, Collis, & Furey, 2010)Disney could have also look for partnerships with other animation studios like Dream works or Sony Pictures, However, unsuccessful negotiations with these alternatives limited this option. Additionally, Disney might have invested in developing in- house 3D animation capabilities, although this approach posture significant risks and uncertainties. Alternatively, a shift back to 2D animation could have emphasized Disney's traditional strengths, but this strategy would likely have limited its competitiveness in a market increasingly dominated by 3D content (Barthélemy , 2011).

Conversely, Pixar's, alternatives it could have negotiated with other distributors like Warner Bros or Universal, particularly if negotiations with Disney faltered (Barthélemy , 2011). self-distribution was another option, allowing Pixar to release films independently, although with challenges due to Disney's market dominance. furthermore, Pixar might have licensed its technology to another studios, creating broader get profit opportunities. Increased pressure during negotiations or potential legal trial could have also been leveraged to improve terms.

The best alternative to a negotiation agreement (BATNA) for Disney is to search on other acquisition for partnerships for animation expansion. While, Pixar's PATNA is remaining independent, seek alternative partnerships that respect its creative culture.

## **6. ELEMENTS OF IMAM ALI'S NEGOTIATION APPROACH**

While Roger Fisher's model emphasizes practical and structural elements which are discussed earlier. Imam Ali's framework enriches the process with ethical and spiritual dimensions. By advocating for Knowledge, responsibility of leadership, Adaptability, Patience and Justice as an additional element of negotiation, making his framework both distinctive and comprehensive (Erekat, 2015) .

Can be applied Imam Ali's negotiation approach in the Disney and Pixar negotiation context.

### **6.1 Knowledge**

Knowledge means applying awareness and understanding rationally, and apply this knowledge wisely in the negotiation (Erekat, 2015). both Disney and Pixar depend on deep understanding of each other's capabilities, and strategic interests. For example, awareness of Disney of Pixar's technological innovation and creative prowess reflects a knowledge-based approach (Barthélemy , 2011).

### **6.2 Responsibility and leadership**

Imam Ali emphasis the negotiators must act with accountability and guide the process of negotiation with ethical clarity (Erekat, 2015). In the Disney- Pixar case, Disney's initial partnership and negotiations show effort to uphold fairness, though tensions arose over realized unfairness in later negotiations. The potential acquisition can be seen as a move to restore equitable control, Aligning with the desire of justice in negotiations (Barthélemy , 2011).

### **6.3 Agreement transformation**

Imam Ali emphasizes adapting agreements to external factors and changing circumstances (Erekat, 2015). Disney's shift from outsourcing Pixar's films to acquiring Pixar outright demonstrates a strategic transformation of their relationship to better suit changing industry dynamics and mutual interest, when negotiations reached an impasse over terms, Disney's ultimate decision to acquire Pixar was an adaptable move to secure alignment and control (Barthélemy , 2011)

### **6.4 Patience**

Imam Ali identifies patience and perseverance as vital feature. Negotiators should be steadfast and consistent in their principles, even when faced with challenges or delays (Erekat, 2015)The Disney-Pixar negotiations spanned several years, with multiple

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renegotiations and lengthy disputes before Disney decided on acquisition. Both companies exhibited patience before ultimately opting for a more decisive strategy (Barthélemy , 2011).

6.5 Justice

justice is central to Imam Ali principles. negotiations should always aim for justice result, equitable, and aligned with higher moral values (Erekat, 2015) the use of details benefit- cost analysis, understanding of negotiation power, and strategic patience in Disney’s negotiations reflect an application of Imam Ali’s principles. seeking informed, ethical, and just outcomes rather than aggressive or opportunistic tactics (Barthélemy , 2011).

7. ANALYSIS OF OUTCOME

In the beginning, the negotiation was marked by competitive tactics, particularly during disruption in discussions. However, as the relationship progressed when departure Michael Eisner, and Bob Iger became Disney's CEO and towards the acquisition, a collaborative approach emerged. This transition demonstrates how inter- organizational conflict can evolve over time, influenced by relational dynamics and external market conditions and personal relationships. the result corresponds with relational theory of negotiation that emphasizes the significance relationship between negotiators on the negotiations outcome (Greenhalgh, 1987).

The strategies employed during the negotiation ranged from competitive negotiation to collaborative efforts and critical strategic changes such as vertical integration. the complexity of inter-organizational conflicts in rapidly changing industry such as films industry was obvious, as the shifting dynamics between Disney and Pixar show both the challenges and opportunities in high- risk partnerships.

Table 4: ZOPA and BATNA Analysis

Party	Interests	BATNA	Negotiation Power
Disney	Access to innovation, market leadership	Develop internal animation or partner with competitors	Moderate
Pixar	Creative independence, profit maximization	Seek alternative distributors or remain independent	Strong

The acquisition of Pixar was a strategic change for Disney and Pixar. Access to Disney's broad resources could improve the production capabilities for Pixar, while Disney utilize technology and creative talent to enhance its animation offerings. this acquisition allowed for the integration of Pixar’s cutting edge technology with Disney’s extensive distribution and marketing capabilities, Disney regained its reputation in animation and increase its market reach, while Pixar earned access to broader resources and distribution channels, enhancing overall effectiveness (Ru, 2024).

The negotiation between Disney and Pixar was a complex process influenced by various elements such as interest, options, legitimacy, communication, relationships, commitment, and alternatives. in addition, the application of Imam Ali’s negotiation principles such as knowledge, responsibility, patience, adaptability, and justice, provide a moral and ethical framework that highlights the strategic actions taken by both parties to enhance the environment of negotiations.

The negotiations show strategic communication, trust, and legitimacy, which facilitated a mutually beneficial result. Both companies used their power and leverage judiciously, emphasizing fairness and ethics, aligning with Imam Ali’s principles. The process also participated exploring different options. such as partnerships and internal capabilities, that impacted their strategies and decisions. Ultimately, Disney’s acquisition of Pixar is portrayed as a strategic move rooted in ethical negotiation practices and mutual recognition of value and contribution.

Table 5: Seven Elements of Negotiation

Element	Application in Disney–Pixar Case
Interests	Alignment of strategic and financial goals
Options	Multiple strategic alternatives (partnership, renegotiation, acquisition)
Legitimacy	Based on contracts, market value, and performance



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Communication	Strategic information sharing and signaling
Relationships	Leadership dynamics influenced outcomes
Commitment	Long-term engagement and persistence
Alternatives	Strong BATNA increased bargaining power

The negotiation between Pixar and Disney led to an agreement that was profitable for both companies, spotlight the effectiveness of Disney’s strategy in promotion collaboration relationships. By addressing cultural and goals differences and focusing on value creation, acquisition can change from being risky aim to source of sustainable competitive advantage.

**Table 6: Financial and Strategic Impact of Acquisition**

Indicator	Pre-Acquisition	Post-Acquisition Impact
Animation Performance	Declining	Significant improvement
Market Position	Weak in CGI animation	Industry leadership
Innovation Capacity	Limited	High innovation output
Competitive Advantage	Reduced	Strengthened globally

### 8. CONCLUSION

The paper demonstrates the complexity and change negotiation process between Pixar and Disney, highlighting how their strategic relationship changed from competitive approach to collaborative relationship, finally Disney’s acquisition of Pixar, which Disney’s decision to acquire Pixar was driven by a desire to maintain competitiveness, while Pixar sought to maintain its innovation culture and secure favorable terms. The analysis emphasizes the significance of understanding diverse negotiation styles and strategic management theories such as resource base view and agency theory in shaping the dynamics of this high-risk negotiation. the study also emphasizes that addressing underlying interest, managing relational dynamics, and leverage strategic communication were crucial changing possibly conflicts in to joint beneficial outcome.

The case illustrate that successful negotiations are not exclusive about bargaining power but also about applying understanding interest and options, legitimacy, communication, mutual respect, commitment, and alternatives. Integrating Imam Ali’s negotiations emphasizes the power of knowledge, importance of justice, responsibility, patience, and ethical conduct, leading to sustainable and mutually beneficial agreement. The Disney-Pixar case illustrates that combining strategic management with ethical negotiation principles can result in long-term success and positive relational dynamics

overall, the case highlights the significance of adaptive negotiation strategies and the elements of negotiation in promoting collaboration, which not only benefited both companies but also reconstruct the animation product, setting a standard for future acquisitions and partnerships.

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