

Negotiations, Summer 2020

Modified version for evaluation at the PhD level

Objectives

The course has the following learning objectives.

- 1) Master a general theoretical framework for interpreting and analyzing both distributive and integrative negotiations.
- 2) Survey the empirical literature, from diverse disciplines, related to distributive and integrative strategies, cognitive biases that can distort the negotiation process, cross-cultural negotiations, and negotiations in crisis situations.
- 3) Participate in simulated negotiations in order to develop one's bargaining and negotiation skills in a controlled setting.
- 4) Synthesize and articulate key abstract principles to apply in a diversity of negotiation contexts.

Contents

The course will cover the following material in this order.

- 1) Fundamentals of interest-based negotiation, including interdependence, BATNAs, ZOPAs, and win-lose (distribution) vs. win-win (integration) negotiations.
- 2) Distribution as a coordination game. Distribution as a low-dimensional problem. The fundamental informational problem underlying distributive negotiation. Tactics for distributing. Hardball tactics.
- 3) Integration as a high-dimensional problem. The Pareto Frontier. Integration as a joint effort to solve a problem. Tactics for integrating. Trust and information sharing.
- 4) Distributive norms, shared cultural background, and focal points as solutions to the equilibrium selection problem in distributive negotiations. Conflicting focal points and self-serving biases lead to impasse.
- 5) Anchors and other reference points in negotiations and renegotiations.
- 6) Repeated interactions and power asymmetries in negotiations.
- 7) Cognitive biases in negotiations.

8) Individual and cultural differences in negotiations.

9) Crisis situations.

References

Lewicki et al. (2015). Negotiation. 7th ed.

Fisher et al. (2011) Getting to Yes. Revised ed.

Raiffa. (1982). The Art and Science of Negotiation.

Malhotra and Bazerman. (2008). Negotiation Genius.

A variety of papers from the primary scientific literature in economics, psychology, and management.

Pre-requisites

Basic game theory and microeconomic theory, especially basic solution concepts in game theory and a firm understanding of concepts like asymmetric information and Pareto optimality. Some familiarity with social and cognitive psychology, as well as behavioral economics.

IMPORTANT: The class will often take an analytical approach to negotiations, and analyses will often, though not always, be quantitative.

Evaluation

1st attempt

Exam: Written 2 hours

Documentation: Not allowed

Calculator: Not allowed

Evaluation:

The final grade will have four components.

1) Participation in various negotiation exercises/simulations throughout the course (15%).

2) An in-class negotiation exercise and associated exam mid-way through the semester (15%), a mix of short essays and quantitative problems.

3) A final exam (30%), a mix of short essays and quantitative problems.

4) A research proposal (40%) of 2500-3000 words that identifies key open questions related to biases (e.g. cognitive, ingroup/outgroup) that distort negotiations and proposes a research program to answer these questions.

Retake

Exam: Written 2 hours

Documentation: Not allowed

Calculator: Not allowed

Evaluation:

Retake exams will take place under the same conditions as the final exam. The retake will constitute 60% of the total grade, replacing the overall grade comprised of the in-class negotiations, the mid-term, and the final. The retake grade will be combined with the grade for the original research proposal (40%) to yield an overall grade.