

## **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.