Key words: **negotiation, bargaining, biases, ethics, affect, intuition, negotiation training**

1. **The Decision-analytic Approach**

Raiffa developed a decision-analytic approach to negotiations, one that described how   
“erring folks like you and me actually behave,” rather than “how we should behave if we were smarter, thought harder, were more consistent, were allknowing” (Raiffa 1982: 21).

1. **Individual Biases in Negotiation**

Negotiators tend to:

* be inappropriately affected by the positive or negative frame in which they view risks
* anchor their numeric estimates in negotiations -on irrelevant information such as arbitrary numbers or manipulated listing prices
* rely disproportionately on readily available information at the expense of critical but less salient information
* o be overconfident about the likelihood of attaining outcomes that favor themselves

1. **Competitive Biases in Negotiation**

Negotiators tend to:

* assume that negotiation tasks are fixed-sum (the mythical fixed-pie)
* miss opportunities for mutually beneficial tradeoffs between the parties
* escalate commitment to a previously selected course of action when it is no longer the most reasonable alternative
* escalate commitment to a previously selected course of action when it is no longer the most reasonable alternative
* overlook valuable, available information by failing to consider the opponent’s cognitive perspective and strengths and weaknesses
* retroactively devalue any concession made by one’s opponent

1. **Bringing Social Psychology Back to the Table**

By the late 1990s and into the new millennium, researchers began 6 6 to incorporate many of these missing social factors within the behavioral decision perspective, including social relationships, egocentrism, attribution and construal processes, and motivated illusions.

* 1. **Social Relationships**
* Disputants’ reported preferences for monetary payoffs were greatly influenced by payoffs to and relationships with their hypothetical counterparts.
* People often care far more about their relative than their absolute outcomes, preferring Pareto-inefficient outcomes in order to avoid being comparatively disadvantaged.
* People were found to prefer an outcome of seven dollars for themselves and seven dollars for the other side over an outcome of eight dollars for themselves and ten dollars for the other party
* people too often “satisfice” by dealing with other people they already know, even when a more open search would produce more successful results.
  1. **Egocentrism in Negotiation.**
* When parties disagree about what is fair, each side assumes that the other party is intentionally overstating its case
* In contrast, research has documented that it is extremely common and predictable for parties to overweight views that favor themselves, a phenomenon that results in a motivational bias to perceive what is fair through a self-serving lens.
* Negotiators are egocentric and that the more egocentric parties are, the higher the likelihood of impasse.
* Provision of additional (neutral) information actually increases egocentrism
* Participants who received more information tended to make more extreme estimates about what would be a fair outcome.
* Preferences are determined through reflection, a process that is vulnerable to bias.
* Ambiguous situations create uncertainty about fairness, and negotiators
  1. **Motivated Illusions in Negotiation**
* Human beings see themselves, their side of a negotiation, and the future in a considerably more positive light than more realistic assessments would justify
* We perceive ourselves as being better than others on desirable attributes, and we make unrealistically positive self-evaluations
* In prisoner dilemma games, negotiators behave as if their decisions will control the simultaneous decisions of the other party, even when that expectation is logically impossible
* One reason parties cooperate in one-shot prisoner dilemma games is the illusion that their own cooperation will motivate the other side to cooperate.
* Unsuccessful negotiators denigrate their more successful counterparts by attributing their success to uncooperative and unethical bargaining tactics.
  1. **Attributional Processes in Negotiation**
* Negotiators tend to exaggerate the polarization between two groups in conflict
* In this work, pro-life and pro-choice advocates responded to a variety of questions surveying their own attitudes about abortion, as well as those of members of the other partisan group. Each side overestimated the differences between attitudes held by the two sides.
* When the basis for others’ behavior is ambiguous, people will tend to attribute it to sinister motivations.
* When their opponents offer friendly explanations for their behavior, negotiators discount them to the extent that more sinister explanations are plausible
* Such attributions are likely to engender blame and hostility, making agreement difficult
* Presentation of an ultimatum game influences participants’ behavior.
* When the objectively identical game was described as a social dilemma (mutual “claiming” of a shared resource) rather than an ultimatum game (a “proposed division” 10 10 followed by “accepting” or “rejecting”), those who propose the division (“first movers”) are more generous in their allocations, and those who “accept” or “reject” the division (“second movers”) are more tolerant of inequalities that favor the other player. Remarkably, second movers were three times more likely to accept allocations of zero for themselves when the game is described as a social dilemma (“claiming”) rather than an ultimatum game (“rejecting”/“accepting”)

**Where Do We Go Next?**

1. **Ethics in Negotiation**

* The 1990s saw an active debate regarding the ethics of deception in negotiation. Some argued that deception is to be expected in negotiation and is morally acceptable.
* In contrast, others argued that deception is always morally regrettable and have called for normative standards of negotiation behavior.

1. **Emotions**

Research found that positive moods:

* Increased negotiators’ tendency to select a cooperative strategy
* Increased their frequency of arriving at agreements that enhance joint gains
* Enhanced their ability to find integrative gains
* Helped negotiators avoid the development of hostility and conflict
* Angry negotiators were found to be less accurate than other negotiators at judging the interests of opponent negotiators and achieved lower joint gains
* Anger makes negotiators more self-centered in their preferences and increases the likelihood that they will reject profitable offers in ultimatum games