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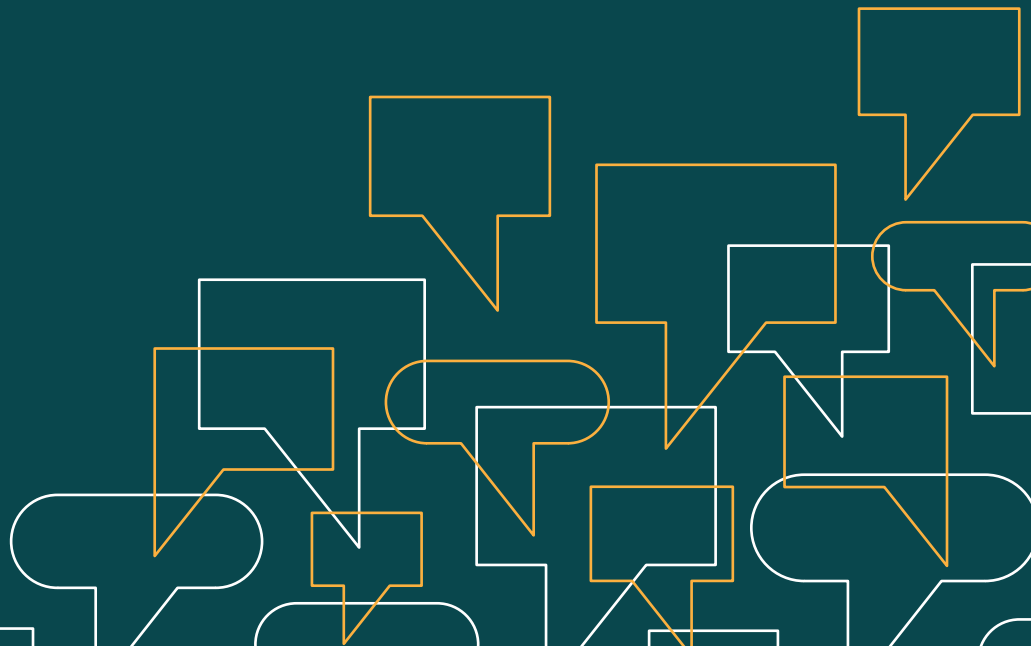
Negotiation

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Negotiation

eighth edition

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The Ohio State University

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NEGOTIATION, EIGHTH EDITION

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Dedication

We dedicate this book to all negotiation, mediation, and dispute resolution professionals who try to make the world a more peaceful and prosperous place.

And to John W. Minton (1946–2007): friend, colleague, and co-author.

About the Authors

Roy J. Lewicki is the Irving Abramowitz Memorial Professor of Business Ethics Emeritus and Professor of Management and Human Resources Emeritus at the Max M. Fisher College of Business, The Ohio State University. He has authored or edited 40 books, as well as numerous research articles and book chapters. Professor Lewicki has served as the president of the International Association for Conflict Management, and he received its Lifetime Achievement Award in 2013. He received the Academy of Management's Distinguished Educator Award in 2005 and has been recognized as a Fellow of the Academy of Management, International Association of Conflict Management, and Organizational Behavior Teaching Society for his contributions to the fields of negotiation and dispute resolution.

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David M. Saunders has served as dean of Smith School of Business at Queen's University since July 2003. Under his strategic leadership, the school has experienced dramatic growth, including the addition of new and innovative MBA, professional Master's, and executive education programs. In support of Smith's mission to develop outstanding leaders with a global perspective, Dr. Saunders has internationalized the school, adding 80 strategic partnerships around the globe and naming of the Smith School of Business after a \$50 million gift from Stephen J.R. Smith. Most recently, he co-developed the Analytics Climate Assessment Tool (ACAT), which is used to assess organizations' technological capacity, skill sets, and analytics culture to compete effectively with business analytics in the era of Big Data. ACAT guides the creation of tailored executive education programs to enhance organizations' analytics culture, strategy, and leadership.

Welcome to the eighth edition of *Negotiation*!

Those familiar with the seventh edition will note that there has been no substantial change in the fundamental organization of this book. We continue to emphasize negotiator ethics as a core concept that any student of negotiation should read and understand.

The authors have carefully organized *Negotiation* to coordinate with the previous edition of *Negotiation: Readings, Exercises and Cases*, seventh edition. The Readings book will no longer be published in paper form, but its contents are available online to be adopted separately or paired with versions of the *Negotiation* text. A condensed version of this text is also available as *Essentials of Negotiation*, seventh edition, which will be available in 2020.

New Features and Content Changes

Faculty familiar with previous editions will also note the following other changes:

- The entire book has been revised and updated. The authors reviewed every chapter, utilizing extensive feedback from faculty who have used previous editions of the book. The content in some of the chapters has been reorganized and rewritten to present the material more coherently and effectively.
- In our continued effort to enhance the book's readability, we have also updated many of the features that offer lively perspectives on negotiation dynamics.
- We have included learning objectives at the beginning of each chapter and added an outline of the key sections of each chapter on the first page as well.
- A shorter version of this text, *Essentials of Negotiation*, seventh edition, can also be used in conjunction with the readings book.
- Finally, adopters should become fully aware of McGraw-Hill's CREATE service. CREATE allows any adopter to "mix and match" selected chapters from *Negotiation*, *Essentials of Negotiation*, or the seventh edition of *Negotiation: Readings, Exercises and Cases* into their own custom text. These custom texts are ideal for negotiation courses of different lengths, for different student audiences, and for instructors who want to combine text, readings, and selected exercises and cases into a single "course in a box." We encourage instructors to contact their local McGraw-Hill Education representative for further information, or visit the website at www.mheducation.com or create.mheducation.com.

Support Materials

Instructional resources—including a test bank, chapter outlines, PowerPoint slides, and extensive resource materials on teaching negotiation skills for new instructors—are available to accompany this volume on the Connect website, connect.mheducation.com

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- The work of John Minton, who helped shape the second, third, and fourth editions of this book and passed away in the fall of 2007.
- The staff of McGraw-Hill Education, especially our current senior editor, Michael Ablasmeir; Laura Spell, our associate portfolio manager who can solve almost any problem and content project manager, Melissa Leick; and Marla Sussman at Integra-CHI, who has provided strong editorial assistance as the authors struggle with the ongoing changes in the process of revising manuscript and creating readable prose.
- Our families, who continue to provide us with the time, inspiration, and opportunities for continued learning about effective negotiation and the personal support required to sustain this project.

Roy J. Lewicki

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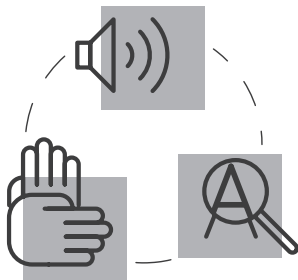
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The Nature of Negotiation

Objectives

1. Understand the definition of *negotiation*, the key elements of a negotiation process, and the distinct types of negotiation.
 2. Explore how people use negotiation to manage different situations of interdependence—that is, that they depend on each other for achieving their goals.
 3. Consider how negotiation fits within the broader perspective of processes for managing conflict.
 4. Gain an overview of the organization of this book and the content of its chapters.
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CHAPTER OUTLINE

A Few Words about Our Style and Approach

Joe and Sue Carter

Characteristics of a Negotiation Situation

Interdependence

Types of Interdependence Affect Outcomes

Alternatives Shape Interdependence

Mutual Adjustment

Mutual Adjustment and Concession Making

Two Dilemmas in Mutual Adjustment

Value Claiming and Value Creation

Conflict

Definitions

Levels of Conflict

Functions and Dysfunctions of Conflict

Factors That Make Conflict Easy or Difficult to Manage

Effective Conflict Management

Overview of the Chapters in This Book

Chapter Summary

“That’s it! I’ve had it! This car is dead!” screamed Chang Yang, pounding on the steering wheel and kicking the door shut on his 10-year-old Toysun sedan. The car had refused to start again, and Chang was going to be late for class (again)! Chang wasn’t doing well in that management class, and he couldn’t afford to miss any more classes. Recognizing that it

was finally time to do something about the car, which had been having numerous mechanical problems for the last three months, Chang decided he would trade the Toysun in for another used car, one that would hopefully get him through graduation. After classes that day, he got a ride to the nearby shopping area, where there were several repair garages and used car lots. He knew almost nothing about cars, and didn't think he needed to—all he needed was reliable transportation to get him through the next 18 months.

A major international airline company is close to bankruptcy. The fear of terrorism, a number of new “budget-fare” airlines, and rising costs for fuel have all put the airline under massive economic pressure. The company seeks \$800 million in wage and benefit cuts from the pilots' union, the third round of cuts in two years, in order to head off the bankruptcy. Rebuffed by the chief union negotiator for the pilots, the company seeks to go directly to the officers of the Air Line Pilots Association—the international union—to discuss the cuts. If the pilots do not agree to concessions, it is unlikely that other unions—flight attendants, mechanics, and so on—will agree, and bankruptcy will be inevitable.

Janet and Jocelyn are roommates. They share a one-bedroom apartment in a big city where they are both working. Janet, an accountant, has a solid job with a good company, but she has decided that it is time to go back to school to get her MBA. She has enrolled in Big City University's evening MBA program and is now taking classes. Jocelyn works for an advertising company and is on the fast track. Her job not only requires a lot of travel but also requires a lot of time socializing with clients. The problem is that when Janet is not in evening class, she needs the apartment to read and study and has to have quiet to get her work done. However, when Jocelyn is at the apartment, she talks a lot on the phone, brings friends home for dinner, and is either getting ready to go out for the evening or coming back in very late (and noisily!). Janet has had enough of this disruption and is about to confront Jocelyn.

A country's government is in a financial crisis, created by a good old-fashioned “smack-down” between the newly re-elected president and the legislature. The president insists that taxes must be raised to pay for ongoing government services, particularly the taxes of the richest 1 to 2 percent of the taxpayers. In contrast, a majority of the elected legislature, whose political party favors the wealthy, insists that the president cut government spending instead! Moreover, a group of the legislators have taken a public “pledge” to not agree to *any* tax increases and fear losing their jobs in the next election if they give in on their pledge. If the crisis is not resolved in a few days, a financial doomsday is predicted.

Ashley Johnson is one of the most qualified recruits this year from a top-25 ranked business school. She is delighted to have secured a second interview with a major consumer goods company, which has invited her to its headquarters city and put her up in a four-star hotel that is world-renowned for its quality facilities and service. After getting in late the night before due to flight delays, she wakes at 6:45 a.m. to get ready for a 7:30 a.m. breakfast meeting with the senior company recruiter. She steps into the shower and grabs the water control knob to turn it, and the knob falls off in her hand! There is no water in the shower at all; apparently, repairmen started a repair job on the shower, turned all the water off somewhere, and left the job unfinished. Ashley panics at the thought of how she is going to deal with this crisis and look good for her breakfast meeting in 45 minutes.

Do these incidents look and sound familiar? These are all examples of negotiation—negotiations that are about to happen, are in the process of happening, or have happened in

the past and created consequences for the present. And they all serve as examples of the problems, issues, and dynamics that we will address throughout this book.

People negotiate all the time. Friends negotiate to decide where to have dinner. Children negotiate to decide which television program to watch. Businesses negotiate to purchase materials and sell their products. Lawyers negotiate to settle legal claims before they go to court. The police negotiate with terrorists to free hostages. Nations negotiate to open their borders to free trade. Negotiation is not a process reserved only for the skilled diplomat, top salesperson, or ardent advocate for an organized lobby; it is something that everyone does, almost daily. Although the stakes are not usually as dramatic as peace accords or large corporate mergers, everyone negotiates; sometimes people negotiate for major things like a new job, other times for relatively minor things like who will take out the garbage.

Negotiations occur for several reasons: (1) to agree on how to share or divide a limited resource, such as land, or money, or time; (2) to create something new that neither party could do on his or her own; or (3) to resolve a problem or dispute between the parties. Sometimes people fail to negotiate because they do not recognize that they are in a negotiation situation. By choosing options other than negotiation, they may fail to achieve their goals, get what they need, or manage their problems as smoothly as they might like to. People may also recognize the need for negotiation but do poorly because they misunderstand the process and do not have good negotiating skills. After reading this book, we hope you will be thoroughly prepared to recognize negotiation situations; understand how negotiation works; know how to plan, implement, and complete successful negotiations; and, most importantly, be able to maximize your results.

A Few Words about Our Style and Approach

Before we begin to dissect the complex social process known as negotiation, we need to say several things about how we will approach this subject. First we will briefly define negotiation. Negotiation is “a form of decision making in which two or more parties talk with one another in an effort to resolve their opposing interests” (Pruitt, 1981, p. xi). Moreover, we will be careful about how we use terminology in this book. For most people, *bargaining* and *negotiation* mean the same thing; however, we will be quite distinctive in the way we use the two words. We will use the term *bargaining* to describe the competitive, win-lose situations such as haggling over the price of an item at a yard sale, flea market, or used car lot; we will use the term *negotiation* to refer to win-win situations such as those that occur when parties are trying to find a mutually acceptable solution to a complex conflict.

Second, many people assume that the “heart of negotiation” is the give-and-take process used to reach an agreement. While that give-and-take process is extremely important, negotiation is a very complex social process; many of the most important factors that shape a negotiation result do not occur during the negotiation; they occur *before* the parties start to negotiate, or shape the context *around* the negotiation. In the first few chapters of the book, we will examine why people negotiate, the nature of negotiation as a tool for managing conflict, and the primary give-and-take processes by which people try to reach agreement. In the remaining chapters, we will examine the many ways that differences in the substantive issues, the people involved, the processes they follow, and the context in which

negotiation occurs enrich the complexity of the dynamics of negotiation. We will return to a more complete overview of the book at the end of this chapter.

Third, our insights into negotiation are drawn from three sources. The first is our personal experience as negotiators ourselves and the rich number of negotiations that occur every day in our own lives and in the lives of people around the world. The second source is the media—television, radio, newspaper, magazine, and Internet—that report on actual negotiations every day. We will use quotes and examples from the media to highlight key points, insights, and applications throughout the book. Finally, the third source is the wealth of social science research that has been conducted on numerous aspects of negotiation. This research has been conducted for almost 60 years in the fields of economics, psychology, political science, communication, labor relations, law, sociology, and anthropology. Each discipline approaches negotiation differently. Like the parable of the blind men who are attempting to describe an elephant by only touching and feeling different parts of the animal, each social science discipline has its own theory and methods for studying concepts of negotiation, and each tends to emphasize some parts and ignore others. Thus, the same negotiation events and outcome may be examined simultaneously from several different perspectives.¹ When standing alone, each perspective is clear but limited; combined, we begin to understand the rich and complex dynamics of this amazing animal. We draw from all these research traditions in our approach to negotiation. When we need to acknowledge the authors of a major theory or set of research findings, we will use the standard social science research process of citing their work in the text by the author's name and the date of publication of their work; complete references for that work can be found in the bibliography at the end of the book. When we have multiple sources to cite, or anecdotal side comments to make, that information will appear in an endnote at the end of each chapter.

We began this chapter with several examples of negotiations—future, present, and past. To further develop the reader's understanding of the foundations of negotiation, we will develop a story about a husband and wife—Joe and Sue Carter—and a not-so-atypical day in their lives. In this day, they face the challenges of many major and minor negotiations. We will then use that story to highlight three important themes:

1. The definition of negotiation and the basic characteristics of negotiation situations.
2. An understanding of *interdependence*, the relationship between people and groups that most often leads them to need to negotiate.
3. The definition and exploration of the dynamics of conflict and conflict management processes, which will serve as a backdrop for different ways that people approach and manage negotiations.

Joe and Sue Carter

The day started early, as usual. Over breakfast, Sue Carter raised the question of where she and her husband, Joe, would go for their summer vacation. She wanted to sign up for a tour of Southeast Asia being sponsored by her college's alumni association. However, two weeks on a guided tour with a lot of other people he barely knew was not what Joe had in mind.

He needed to get away from people, crowds, and schedules, and he wanted to charter a sailboat and cruise the New England coast. The Carters had not argued (yet), but it was clear they had a real problem here. Some of their friends handled problems like this by taking separate vacations. With both of them working full-time, though, Joe and Sue did agree that they would take their vacation together.

Moreover, they were still not sure whether their teenage children—Tracy and Ted—would go with them. Tracy really wanted to go to a gymnastics camp, and Ted wanted to stay home and do yard work in the neighborhood so he could get in shape for the football team and buy a motor scooter with his earnings. Joe and Sue couldn't afford summer camp and a major vacation, let alone deal with the problem of who would keep an eye on the children while they were away. And Sue was already "on the record" as being opposed to the motor scooter, for obvious safety reasons.

As Joe drove to work, he thought about the vacation problem. What bothered Joe most was that there did not seem to be a good way to manage the conflict productively. With some family conflicts, they could compromise but, given what each wanted this time, a simple compromise didn't seem obvious. At other times they would flip a coin or take turns—that might work for choosing a restaurant (Joe and Ted like steak houses, Sue and Tracy prefer Chinese), but it seemed unwise in this case because of how much money was involved and how important vacation time was to them. In addition, flipping a coin might make someone feel like a loser, an argument could start, and in the end nobody would really feel satisfied.

Walking through the parking lot, Joe met his company's purchasing manager, Ed Laine. Joe was the head of the engineering design group for MicroWatt, a manufacturer of small electric motors. Ed reminded Joe that they had to settle a problem created by the engineers in Joe's department: the engineers were contacting vendors directly rather than going through MicroWatt's purchasing department. Joe knew that purchasing wanted all contacts with a vendor to go through them, but he also knew that his engineers badly needed technical information for design purposes and that waiting for the information to come through the purchasing department slowed things considerably. Ed Laine was aware of Joe's views about this problem, and Joe thought the two of them could probably find some way to resolve it if they really sat down to work on it. Joe and Ed were also both aware that upper management expected middle managers to settle differences among themselves; if this problem "went upstairs" to senior management, it would make both of them look bad.

Shortly after reaching his desk, Joe received a telephone call from an automobile salesman with whom he had been talking about a new car. The salesman asked whether Sue wanted to test-drive it. Joe wasn't quite sure that Sue would go along with his choice; Joe had picked out a sporty luxury import, and he expected Sue to say it was too expensive and not very fuel efficient. Joe was pleased with the latest offer the salesman had made on the price but thought he might still get a few more concessions out of him, so he introduced Sue's likely reluctance about the purchase, hoping that the resistance would put pressure on the salesman to lower the price and make the deal "unbeatable."

As soon as Joe hung up the phone, it rang again. It was Sue, calling to vent her frustration to Joe over some of the procedures at the local bank where she worked as a senior

loan officer. Sue was frustrated working for an old “family-run” bank that was not very automated, heavily bureaucratic, and slow to respond to customer needs. Competitor banks were approving certain types of loans within three hours, while Sue’s bank still took a week. Sue had just lost landing two big new loans because of the bank’s slowness and bureaucratic procedures—and the loss of the salary bonus that landing a big loan would bring. But whenever she tried to discuss the situation with the bank’s senior management, she was met with resistance and a lecture on the importance of the bank’s “traditional values.”

Most of Joe’s afternoon was taken up by the annual MicroWatt budget planning meeting. Joe hated these meetings. The people from the finance department came in and arbitrarily cut everyone’s figures by 30 percent, and then all the managers had to argue endlessly to try to get some of their new-project money reinstated. Joe had learned to work with a lot of people, some of whom he did not like very much, but these people from finance were the most arrogant and arbitrary number crunchers imaginable. He could not understand why the top brass did not see how much harm these people were doing to the engineering group’s research and development efforts. Joe considered himself a reasonable guy, but the way these people acted made him feel like he had to draw the line and fight it out for as long as it took.

In the evening, Sue and Joe attended a meeting of their town’s Conservation Commission, which, among other things, was charged with protecting the town’s streams, wetlands, and nature preserves. Sue is a member of the Conservation Commission, and Sue and Joe both strongly believe in sound environmental protection and management. This evening’s case involved a request by a real estate development firm to drain a swampy area and move a small creek into an underground pipe in order to build a new regional shopping mall. All projections showed that the new shopping mall would attract jobs and revenue to the area and considerably increase the town’s tax treasury. The new mall would keep more business in the community and discourage people from driving 15 miles to the current mall, but opponents—a coalition of local conservationists and business people—were concerned that the new mall would significantly hurt the downtown business district and do major harm to the natural wetland and its wildlife. The debate raged for three hours, and finally, the commission agreed to continue the hearings the following week.

As Joe and Sue drove home from the council meeting, they discussed the things they had been involved in that day. Each privately reflected that life is kind of strange—sometimes things go very smoothly and other times things seem much too complicated. As they went to sleep later, they each thought about how they might have approached certain situations differently during the day and were thankful they had a relationship where they could discuss things openly with each other. But they still didn’t know what they were going to do about that vacation . . . or that motor scooter.

Characteristics of a Negotiation Situation

The Joe and Sue Carter story highlights the variety of situations that can be handled by negotiation. Any of us might encounter one or more of these situations over the course of a few days or weeks. As we defined earlier, *negotiation* is a process by which two or more

parties attempt to resolve their opposing interests. Thus, as we will point out later in this chapter, negotiation is one of several mechanisms by which people can resolve conflicts. Negotiation situations have fundamentally the same characteristics, whether they are peace negotiations between countries at war, business negotiations between buyer and seller or labor and management, or an angry guest trying to figure out how to get a hot shower before a critical interview. Those who have written extensively about negotiation argue that there are several characteristics common to all negotiation situations (see Lewicki, 1992; Rubin and Brown, 1975):

1. There are two or more parties—that is, two or more individuals, groups, or organizations. Although people can “negotiate” with themselves—as when someone debates in her head whether to spend a Saturday afternoon studying, playing tennis, or going to a football game—we consider negotiation as a process *between* individuals, within groups, and between groups.² In the Carter story, Joe negotiates with his wife, the purchasing manager, and the auto salesman, and Sue negotiates with her husband, the senior management at the bank, and the Conservation Commission, among others. Both still face an upcoming negotiation with the children about the vacation . . . and that motor scooter.
2. There is a conflict of needs and desires between two or more parties—that is, what one wants is not necessarily what the other one wants—and the parties must search for a way to resolve the conflict. Joe and Sue face negotiations over vacations, management of their children, budgets, automobiles, company procedures, and community practices for issuing building permits and preserving natural resources, among others.
3. The parties negotiate by *choice*! That is, they negotiate because they think they can get a better deal by negotiating than by simply accepting what the other side will voluntarily give them or let them have. Negotiation is largely a voluntary process. We negotiate because we think we can improve our outcome or result, compared with not negotiating or simply accepting what the other side offers. It is a strategy pursued by choice; seldom are we required to negotiate. In fact, as Kolb (2015) points out, there are many situations where negotiation is possible, but the parties fail to recognize the opportunity to negotiate, accepting (or rejecting) what the other offers without question. But there are also times to negotiate and times not to negotiate. Our experience is that most individuals in Western culture *do not negotiate enough*—that is, we assume a price or situation is nonnegotiable and don’t even bother to ask or to make a counteroffer!
4. When we negotiate, we expect a “give-and-take” process that is fundamental to our understanding of the word *negotiation*. We expect that both sides will modify or move away from their opening statements, requests, or demands. Although both parties may at first argue strenuously for what they want—each pushing the other side to move first—ultimately both sides will modify their opening position in order to reach an agreement. This movement may be toward the “middle” of their positions, called a compromise. However, truly creative negotiations may not require compromise; instead, the parties may invent a solution that meets the objectives of *all* parties. Of course, if

“For those of you who need to haggle over the price of your sandwich, we will gladly raise the price so we can give you a discount!”

the parties do NOT consider it a negotiation, then they don't necessarily expect to modify their position and engage in this give-and-take (see Box 1.1).

5. The parties prefer to negotiate and search for agreement rather than to fight openly, have one side dominate and the other capitulate, permanently break off contact, or take their dispute to a higher authority to resolve it. Negotiation occurs when the parties prefer to invent their own solution for resolving the conflict, when there is no fixed or established set of rules or procedures for how to resolve the conflict, or when they choose to bypass those rules. Organizations and systems invent policies and procedures for addressing and managing those procedures. Libraries have a policy for what they should charge if a rental video is kept too long. Normally, people just pay the fine. They might be able to negotiate a fee reduction, however, if they have a good excuse for why the video is being returned late. Similarly, attorneys negotiate or plea-bargain for their clients who would rather be assured of a negotiated settlement than take their chances with a judge and jury in the courtroom. Similarly, the courts may prefer to negotiate as well to clear the case off the docket, save money, and assure some payment of a fine rather than risk having the defendant set free on some legal technicality. In the Carter story, Joe pursues negotiation, rather than letting his wife decide where to spend the vacation; pressures the salesman to reduce the price of the car, rather than paying the quoted price; and argues with the finance group about the impact of the budget cuts, rather than simply accepting them without question. Sue uses negotiation to try to change the bank's loan review procedures, rather than accepting the status quo, and she works to change the shopping mall site plan to make both conservationists and businesses happy, rather than letting others decide it or watch it go to court. But what about that motor scooter . . . ?
6. Successful negotiation involves the management of *tangibles* (e.g., the price or the terms of agreement) and the resolution of *intangibles*. Intangible factors are the underlying psychological motivations that may directly or indirectly influence the parties during a negotiation. Some examples of intangibles are (a) the need to “win,” beat the other party, or avoid losing to the other party; (b) the need to look “good,” “competent,” or “tough” to the people you represent; (c) the need to defend an important principle or precedent in a negotiation; and (d) the need to appear “fair” or “honorable” or to protect one's reputation; or (e) the need to maintain a good relationship with the other party after the negotiation is over, primarily by maintaining trust and reducing uncertainty (Saorin-Iborra, 2006). Intangibles are often rooted in personal values and emotions. Intangible factors can have an enormous influence on negotiation processes and outcomes; it is almost impossible to ignore intangibles because they affect our judgment about what is fair, right, or appropriate in the resolution of the tangibles. For example, Joe may not want to make Ed Laine angry about the purchasing problem because he needs Ed's support in the upcoming budget negotiations, but Joe also

There are times when the urge to win overwhelms logic. Authors Malhotra, Ku, and Murnighan offer the example of a takeover battle between Johnson & Johnson (J&J) and Boston Scientific to buy Guidant, a medical device maker. Even though Guidant was in the middle of recalling 23,000 pacemakers and telling another 27,000 patients who had pacemakers already implanted to “consult their doctors,” the bidding war between the two buyers led to a final price of \$27.2 billion, \$1.8 billion more than J&J’s initial bid. After the recall, Guidant shares went from \$23 to \$17 a share. *Fortune* magazine later called the acquisition “arguably the second worst ever,” only surpassed by AOL’s infamous purchase of Time Warner.

What fuels these competitive dynamics that lead to bad decisions? The authors identify several key factors:

- *Rivalry*. When parties are intensely competitive with one another, they are willing to suspend rational decision making.
- *Time pressure*. An artificial deadline, or time pressures such as those in an auction, can

push people into quick (and often bad) decision making.

- *The spotlight*. If audiences are watching and evaluating the actor, he is more likely to stick to his guns and escalate his investment just to look strong and tough to the audience (see Chapter 11).
- *The presence of attorneys*. The authors indicate that attorneys, who are more oriented toward “winning” and “losing” in legal battles, may pressure their clients toward winning when options for settlement may clearly be present. This perspective may be complicated by the way the attorneys are paid for their services.

The authors offer several important suggestions to reduce or eliminate the negative impact of these competitive pressures, in order to make more sound and reasoned decisions.

Source: Adapted from Malhotra, Deepak K., Ku, Gillian, and Murnighan, Keith J., “When Winning is Everything,” *Harvard Business Review*, May 2008, 78–86.

doesn’t want to look weak to his department’s engineers, who expect him to support them. Thus, for Joe, the important intangibles are preserving his relationship with Ed Laine and looking strong and “tough” to his engineers.

Intangibles become a major problem in negotiation when negotiators fail to understand how they are affecting decision making or when they dominate negotiations on the tangibles. For example, see Box 1.2 about the problems that the urge to win can create for negotiators.

Interdependence

One of the key characteristics of a negotiation situation is that the parties need each other in order to achieve their preferred objectives or outcomes. That is, either they *must* coordinate with each other to achieve their own objectives, or they *choose* to work together because the possible outcome is better than they can achieve by working on their own. When the parties depend on each other to help achieve their own preferred outcome, they are *interdependent*.

Most relationships between parties may be characterized in one of three ways: independent, dependent, or interdependent. *Independent* parties are able to meet their own needs without the assistance of others; they can be relatively detached, indifferent, and uninvolved

with others. *Dependent* parties must rely on others for what they need; because they need the help, benevolence, or cooperation of the other, the dependent party must accept and accommodate that provider's whims and idiosyncrasies. For example, if an employee is totally dependent on an employer for a job and salary, the employee will have to either do the job as instructed and accept the pay offered or go without that job. *Interdependent* parties, however, are characterized by interlocking goals—the parties need each other in order to accomplish their objectives and hence have the potential to influence each other. For instance, in a project management team, no single person could complete a complex project alone; the time limit is usually too short, and no individual has all the skills or knowledge to complete it. For the group to accomplish its goals, each person needs to rely on the other project team members to contribute their time, knowledge, and resources and to synchronize their efforts. Note that having interdependent goals does not mean that everyone wants or needs exactly the same thing. Different project team members may need different things, but they must work together for each to accomplish his or her goals. This mix of convergent and conflicting goals characterizes many interdependent relationships. (See Box 1.3 for a perspective on interdependence and the importance of intangibles from a famous agent who represents professional athletes in their negotiated contracts.)

Types of Interdependence Affect Outcomes

The interdependence of people's goals, and the *structure* of the situation in which they are going to negotiate, strongly shapes negotiation processes and outcomes. When the goals of two or more people are interconnected so that only one can achieve the goal—such as running a race in which there will be only one winner—this is a competitive situation, also known as a *zero-sum* or *distributive* situation, in which “individuals are so linked together that there is a negative correlation between their goal attainments” (Deutsch, 1962, p. 276). Zero-sum, or distributive, situations are also present when parties are attempting to divide a limited or scarce resource, such as a pot of money or a fixed block of time. To the degree that one person achieves his or her goal, the other's goal attainment is blocked. In contrast, when parties' goals are linked so that one person's goal achievement helps others to achieve their goals, it is a *mutual-gains* situation, also known as a *non-zero-sum* or *integrative* situation, where there is a positive correlation between the goal attainments of both parties. If one person is a great music composer and the other is a great writer of lyrics, they can create a wonderful Broadway musical hit together. The music and words may be good separately but fantastic together. To the degree that one person achieves his or her goal, the other's goals are not necessarily blocked, and may in fact be significantly enhanced. The strategy and tactics that accompany each type of situation are discussed further in the upcoming section Value Claiming and Value Creation, and in Chapters 2 and 3.

Alternatives Shape Interdependence

We noted at the beginning of this section that parties choose to work together because the possible outcome is better than what may occur if they do not work together. Evaluating interdependence therefore also depends heavily on the desirability of *alternatives* to working together. Roger Fisher, William Ury, and Bruce Patton (1991), in their popular book *Getting to Yes: Negotiating Agreement without Giving In*, stress that “whether you should or should not

“I have been representing athletes for almost a quarter century, longer than some of them have been alive. During the course of that time, I have developed deep relationships—friendships and partnerships—with many of the executives with whom I do business. We have done dozens of deals with one another over the years. There has been contention and struggle. There have been misunderstandings at times. But in the end, not unlike a marriage, we have stayed together, moved forward, and grown. That kind of shared relationship over time results in a foundation of trust and respect that is immeasurably valuable.

But that kind of trust must be earned. I understood this when I did my first deal 23 years ago. A basic premise of my entire career has been the knowledge that I will be working with the same people again and again. That means that I am always thinking about the deal I am making right now but also about a given player’s future deals. It means I see the other party as a potential partner, not as a foe to be vanquished.

If it were not for the team owners, I would not have a profession. If they did not feel that they could operate at a profit, we would not have an industry. I may believe that a player deserves every penny he is paid, but that is only half the equation. The other half depends upon whether the owner believes he can profit by making that payment.

These are not showdowns. In the end they are collaborations. We each have an interest in the success and health of the other. I need and want professional sports to survive and thrive. The various leagues need a steady supply of quality players who are quality people. Each side has something to offer the other. Each side depends on the other.

In any industry in which repeat business is done with the same parties, there is always a balance between pushing the limit on any particular negotiation and making sure the other party—and your relationship with him—survives intact. This is

not to suggest that you subordinate your interests to his. But sometimes it is in your best long-term interest to leave something on the table, especially if the other party has made an error that works to your advantage.

No one likes being taken advantage of. We are all human beings. We all have the potential to make a mistake. No matter how much each side stresses preparation, there is no way to consider every factor in a negotiation. There may be times during the process where one party realizes he has made an error in calculation or in interpretation and may ask that that point be revised. There may be times where terms have been agreed to but the other party then sees a mistake and asks you to let him off the hook. You don’t have to do it. You could stick him on that point. But you need to ask yourself, Is it worth it? Is what I have to gain here worth what I will lose in terms of this person’s willingness to work with me in the future? In most cases, the long-term relationship is much more valuable than the short-term gain. Sometimes the other party may make a mistake and not know it. There are times when the GM or owner I am dealing with makes a major error in his calculations or commits a major oversight, and I can easily take advantage of that and just nail him.

But I don’t. He shows me his jugular, and instead of slashing it, I pull back. I might even point out his error. Because if I do crush him, he will eventually realize it. And although I might make a killing on that particular deal, I will also have killed our relationship and, very likely, any possibility of future agreements. Or it might be that the person’s mistake costs him his job, in which case someone else might take his place—who is much rougher to deal with and is intent on paying me back for taking his predecessor to the cleaners.”

Source: Steinberg, Leigh, *Winning with Integrity*. New York, NY: Random House, 1998, 217–218.

agree on something in a negotiation depends entirely upon the attractiveness to you of the best available alternative” (p. 105). They call this alternative a BATNA (an acronym for *best alternative to a negotiated agreement*) and suggest that negotiators need to understand their own BATNA and the other party’s BATNA. The value of a person’s BATNA is always relative to the possible settlements available in the current negotiation. A BATNA may offer independence from, dependence on, or interdependence with someone else. A student who is a month away from college graduation and has only one job offer at a salary far lower than he hoped has the choice of accepting that job offer or unemployment; there is little chance that he is going to influence the company to pay him much more than its starting offer.³ A student who has two offers has a choice between two future interdependent relationships; not only does she have a choice, but she can probably use each job offer to attempt to improve the agreement by playing the employers off against each other (asking employer A to improve its offer over B, etc.). Remember that every possible interdependency has an alternative; negotiators can always say “no” and walk away, although the alternative might not be a very good one. We will further discuss the role and use of BATNAs in Chapters 2, 3, 4, and 7.

Mutual Adjustment

When parties are interdependent, they have to find a way to resolve their differences. Both parties can influence the other’s outcomes and decisions, and their own outcomes and decisions can be influenced by the other.⁴ This mutual adjustment continues throughout the negotiation as both parties act to influence the other.⁵ It is important to recognize that negotiation is a process that transforms over time, and mutual adjustment is one of the key causes of the changes that occur during a negotiation.⁶

Let us return to Sue Carter’s job in the small community bank. Rather than continuing to have her loans be approved late, which means she loses the loans and doesn’t qualify for bonus pay, Sue is thinking about leaving the small bank and taking a job with Intergalactic Bank in the next city. Her prospective manager, Max, thinks Sue is a desirable candidate for the position and is ready to offer her the job. Max and Sue are now attempting to establish Sue’s salary. The job advertisement announced the salary as “competitive.” After talking with her husband, Joe, and looking at statistics on bank loan officers’ pay in the state, and considering her past experience as a loan officer, Sue identified a salary below which she will not work (\$70,000) and hopes she might get considerably more. But because Intergalactic Bank has lots of job applicants and is a very desirable employer in the area, Sue has decided not to state her minimally acceptable salary; she suspects that the bank will pay no more than necessary and that her minimum would be accepted quickly. Moreover, she knows that it would be difficult to raise the level if it should turn out that \$70,000 was considerably below what Max would pay. Sue has thought of stating her ideal salary (\$80,000), but she suspects that Max will view her as either too aggressive or rude for requesting that much. Max might refuse to hire her, or even if they agreed on salary, Max would have formed an impression of Sue as a person with an inflated sense of her own worth and capabilities.

Let’s take a closer look at what is happening here. Sue is making her decision about an opening salary request based in part on what bank loan officers are paid in the area, but also very much on how she anticipates Max will react to her negotiating tactics. Sue recognizes that her actions will affect Max. Sue also recognizes that the way Max acts toward her in the

future will be influenced by the way her actions affect him now. As a result, Sue is assessing the indirect impact of her behavior on herself. Further, she also knows that Max is probably alert to this and will look upon any statement by Sue as reflecting a preliminary position on salary rather than a final one. To counter this expected view, Sue will try to find some way to state a proposed salary that is higher than her minimum but lower than her “dream” salary offer. Sue is choosing among opening requests with a thought not only to how they will affect Max but also to how they will lead Max to act toward Sue. Further, if she really thinks about it, Sue might imagine that Max believes she will act in this way and makes her decision on the basis of this belief.

The reader may wonder if people really pay attention to all these layers of nuance and complexity or plot in such detail about their negotiation with others. The most likely answer is “NO”! First, because they don’t think beyond step 1—deciding what they really want—and second, if they did, they would likely be frozen into inactivity while they tried to puzzle through all the possibilities. However, engaging in this level of thinking can help anticipate the possible ways negotiations might move as the parties move, in some form of mutual adjustment, toward agreement. The effective negotiator needs to understand how people will adjust and readjust, and how the negotiations might twist and turn, based on one’s own moves, the others’ responses, one’s countermoves, etc.

It might seem that the best strategy for successful mutual adjustment to the other is grounded in the assumption that the more information one has about the other person, the better. There is the possibility, however, that too much knowledge only confuses (Beisecker, Walker, and Bart, 1989). For example, suppose Sue knows the average salary ranges for clerical, supervisory, and managerial positions for banks in her state and region. Does all this information help Sue determine her actions, or does it only confuse things? In fact, even with all of this additional information, Sue may still not have reached a decision about what salary she should be paid, other than a minimum figure below which she will not go. This state of affairs is typical to many negotiations. Both parties have defined their outer limits for an acceptable settlement (how high or low they are willing to go), but within that range, neither has determined what the preferred number should be. Or they have thought only about a desired salary, but not a minimally acceptable one. The parties need to exchange information, attempt to influence each other, and problem solve. They must work toward a solution that takes into account each person’s requirements and, hopefully, optimize the outcomes for both.⁷

Mutual Adjustment and Concession Making

Negotiations often begin with statements of opening positions. Each party states its most preferred settlement proposal, hoping that the other side will simply accept it, but not really believing that a simple “yes” will be forthcoming from the other side (remember our key definitional element of negotiation as the expectation of give-and-take). If the proposal isn’t readily accepted by the other, negotiators begin to defend their own initial proposals and critique the others’ proposals. Each party’s rejoinder usually suggests alterations to the other party’s proposal and perhaps also contains changes to his or her own position. When one party agrees to make a change in his or her position, a concession has been made (Pruitt, 1981). Concessions restrict the range of options within which a solution or an

agreement will be reached; when a party makes a concession, the *bargaining range* (the range of possible agreements between the two parties' minimally acceptable settlements) is further constrained. For instance, Sue would like to get a starting salary of \$80,000, but she scales her request down to \$75,000, thereby eliminating all possible salary options above \$75,000. Before making any concessions to a salary below \$75,000, Sue probably will want to see some willingness on the part of the bank to improve its salary offer.

Two Dilemmas in Mutual Adjustment

Deciding how to use concessions as signals to the other side and attempting to read the signals in the other's concessions are not easy tasks, especially when there is little trust between negotiators. Two of the dilemmas that all negotiators face, identified by Harold Kelley (1966), help explain why this is the case. The first dilemma, the *dilemma of honesty*, concerns how much of the truth to tell the other party. (The ethical considerations of these dilemmas are discussed in Chapter 5.) On the one hand, telling the other party everything about your situation may give that person the opportunity to take advantage of you. On the other hand, not telling the other person anything about your needs and desires may lead to a stalemate. Just how much of the truth should you tell the other party? If Sue told Max that she would work for as little as \$70,000 but would like to start at \$80,000, it is quite possible that Max would hire her for \$70,000 and allocate the extra money that he might have paid her elsewhere in the budget.⁸ If, however, Sue did not tell Max any information about her salary aspirations, then Max would have a difficult time knowing Sue's aspirations and what she would consider an attractive offer. He might make an offer based on the salary of the last person he hired, or claim "bank policy" for hiring at her experience level, and wait for her reaction to determine what to say next.

Kelley's second dilemma is the *dilemma of trust*: How much should negotiators believe what the other party tells them? If you believe everything the other party says, then he or she could take advantage of you. If you believe nothing that the other party says, then you will have a great deal of difficulty in reaching an agreement. How much you should trust the other party depends on many factors, including the reputation of the other party, how he or she treated you in the past, and a clear understanding of the pressures on the other in the present circumstances. If Max told Sue that \$65,000 was the maximum he was allowed to pay her for the job without seeking approval "from the Intergalactic corporate office," should Sue believe him or not? As you can see, sharing and clarifying information is not as easy as it first appears.

The search for an optimal solution through the processes of giving information and making concessions is greatly aided by trust and a belief that you're being treated honestly and fairly. For example, a study by Fleck, Volkema, and Vaccari (2017) clearly showed that honesty by both parties increased both individuals' desire to negotiate again and enhanced their likelihood of reaching agreement. Two efforts in negotiation help to create such trust and beliefs—one is based on perceptions of outcomes and the other on perceptions of the process. Outcome perceptions can be shaped by managing how the receiver views the proposed result. If Max convinces Sue that a lower salary for the job is relatively unimportant, given the high potential for promotion associated with the position and the very generous bonus policy, then Sue may feel more comfortable accepting a lower salary. Perceptions of

Having information about your negotiation partner's perceptions is an important element of negotiation success. When your expectations of a negotiated outcome are based on faulty information, it is likely that the other party will not take you seriously. Take, for example, the following story told to one of the authors:

At the end of a job interview, the recruiter asked the enthusiastic MBA student, "And what starting salary were you looking for?"

The MBA candidate replied, "I would like to start in the neighborhood of \$150,000 per year, depending on your benefits package."

The recruiter said, "Well, what would you say to a package of five weeks' vacation, 14 paid holidays, full medical and dental coverage, company matching retirement fund up to 50 percent of your salary, and a new company car leased for your use every two years . . . say, a red Porsche?"

The MBA sat up straight and said, "Wow! Are you kidding?"

"Of course," said the recruiter. "But you started it."

the trustworthiness and credibility of the process can be enhanced by conveying images that signal fairness and reciprocity in proposals and concessions (see Box 1.4). When one party makes several proposals that are rejected by the other party and the other party offers no proposal, the first party may feel improperly treated and may break off negotiations. When people make a concession, they trust the other party and the process far more if a concession is returned. In fact, the belief that concessions will occur during negotiations appears to be almost universal. During training seminars, we have asked negotiators from more than 50 countries if they expect give-and-take to occur during negotiations in their culture; all have said they do. This pattern of give-and-take is not just a characteristic of negotiation; it is also essential to joint problem solving in most interdependent relationships.⁹ *Satisfaction with a negotiation is as much determined by the process through which an agreement is reached as with the actual outcome obtained.* To eliminate or even deliberately attempt to reduce this give-and-take—as some legal and labor-management negotiating strategies have attempted¹⁰—is to short-circuit the process, and it may destroy both the basis for trust and any possibility of achieving a mutually satisfactory result.

Value Claiming and Value Creation

Earlier, we identified two types of interdependent situations—zero-sum and non-zero-sum. Zero-sum, or *distributive* situations are ones in which there can be only one winner or where the parties are attempting to get the larger share or piece of a fixed resource, such as an amount of raw material, money, time, and the like. In contrast, non-zero-sum, or *integrative* or *mutual gains* situations are ones in which many people can achieve their goals and objectives.

The structure of the interdependence shapes the strategies and tactics that negotiators employ. In distributive situations, negotiators are motivated to win the competition and beat the other party or to gain the largest piece of the fixed resource that they can. To achieve these objectives, negotiators usually employ win-lose strategies and tactics. This approach to negotiation—called *distributive bargaining*—accepts the fact that there can be only one winner, given the

situation, and pursues a course of action to be that winner. The purpose of the negotiation is to *claim value*—that is, to do whatever is necessary to claim the reward, gain the lion's share of the prize, or gain the largest piece possible (Lax and Sebenius, 1986). An example of this type of negotiation is purchasing a used car or buying a used refrigerator at a yard sale. We fully explore the strategy and tactics of distributive bargaining, or processes of claiming value, in Chapter 2 and some of the less ethical tactics that can accompany this process in Chapter 5.

In contrast, in integrative situations the negotiators should employ win-win strategies and tactics. This approach to negotiation—called *integrative negotiation*—attempts to find solutions so both parties can do well and achieve their goals. The purpose of the negotiation is to create value—that is, to find a way for all parties to meet their objectives, either by identifying more resources or finding unique ways to share and coordinate the use of existing resources. An example of this type of negotiation might be planning a wedding so that the bride, groom, and both families are happy and satisfied and the guests have a wonderful time. We fully explore the strategy and tactics of integrative, value-creating negotiations in Chapter 3.

It would be simple and elegant if we could classify all negotiation problems into one of these two types and indicate which strategy and tactics are appropriate for each problem. Unfortunately, *most actual negotiations are a combination of claiming and creating value processes*. The implications for this are significant:

1. *Negotiators must be able to recognize situations that require more of one approach than the other*: those that require predominantly distributive strategy and tactics, and those that require integrative strategy and tactics. Generally, distributive bargaining is most appropriate when time and resources are limited, when the other is likely to be competitive, and when there is no likelihood of future interaction with the other party. Most other situations should be approached with an integrative strategy.
2. *Negotiators must be versatile in their comfort with and use of both major strategic approaches*. Not only must negotiators be able to recognize which strategy is most appropriate, but they must be able to employ both approaches with equal versatility. There is no single “best,” “preferred,” or “right” way to negotiate; the choice of negotiation strategy requires adaptation to the situation, as we will explain more fully in the next section, on conflict. Moreover, if most negotiation issues or problems have components of both claiming and creating values, then negotiators must be able to use both approaches in the same deliberation.
3. *Negotiator perceptions of situations tend to be biased toward seeing problems as more distributive/competitive than they really are*. Accurately perceiving the nature of the interdependence between the parties is critical for successful negotiation. Unfortunately, most negotiators do not accurately perceive these situations. People bring baggage with them to a negotiation: past experience, personality, moods, assumptions about the other party, and beliefs about how to negotiate. These elements dramatically shape how people perceive an interdependent situation, and these perceptions have a strong effect on the subsequent negotiation. Moreover, research has shown that people are prone to several systematic biases in the way they perceive and judge interdependent situations.¹¹ While we discuss these biases extensively in Chapter 6, the important point here is that the predominant bias is seeing interdependent situations as more distributive or competitive than they really are. As a result, there is a

tendency to assume a negotiation problem is more zero-sum than it may be and to *overuse* distributive strategies for solving the problem. As a consequence, negotiators often leave unclaimed value at the end of their negotiations because they failed to recognize opportunities for creating value.

The tendency for negotiators to see the world as more competitive and distributive than it is, and to underuse integrative, creating-value processes, suggests that many negotiations yield suboptimal outcomes. This does not need to be the case. At the most fundamental level, successful coordination of interdependence has the potential to lead to synergy, which is the notion that the whole is greater than the sum of its parts. There are numerous examples of synergy. In the business world, many research and development joint ventures are designed to bring together experts from different industries, disciplines, or problem orientations to maximize their innovative potential beyond what each company can do individually. Examples abound of new technologies in the areas of medicine, communication, computing, and the like. The fiber-optic cable industry was pioneered by research specialists from the glass industry and specialists in the manufacturing of electrical wire and cable—industry groups that had little previous conversation or contact. A vast amount of new medical instrumentation and technology has been pioneered in partnerships between biologists and engineers. In these situations, interdependence was created between two or more of the parties, and the creators of these enterprises, who successfully applied the negotiation skills discussed throughout this book, enhanced the potential for successful value creation.

Value may be created in numerous ways, and the heart of the process lies in exploiting the differences between the negotiators (Lax and Sebenius, 1986). The key differences among negotiators include these:

1. *Differences in interests.* Negotiators seldom value all items in a negotiation equally. For instance, in discussing a compensation package, a company may be more willing to concede on the amount of a signing bonus than on salary because the bonus occurs only in the first year, while salary is a permanent expense. An advertising company may be quite willing to bend on creative control of a design, but very protective of control over advertising placement. Finding compatibility in different interests is often the key to unlocking the puzzle of value creation.
2. *Differences in judgments about the future.* People differ in their evaluation of what something is worth or the future value of an item. For instance, is that piece of swamp land a valuable wetland to preserve, a bug-infested flood control problem near a housing development, or a swamp that needs to be drained to build a shopping center? How parties see the present and what is possible that needs to be created—or avoided—can create opportunities for the parties to get together.
3. *Differences in risk tolerance.* People differ in the amount of risk they are comfortable assuming. A young, single-income family with three children can probably sustain less risk than a mature, dual-income couple near retirement. A company with a cash flow problem can assume less risk of expanding its operations than one that is cash-rich.
4. *Differences in time preference.* Negotiators frequently differ in how time affects them. One negotiator may want to realize gains now, while the other may be happy to defer gains into the future; one needs a quick settlement, while the other has no need for

any change in the status quo. Differences in time preferences have the potential to create value in a negotiation. For instance, a car salesman may want to close a deal by the end of the month in order to be eligible for a special company bonus, while the potential buyer intends to trade his car “sometime in the next six months.”

In summary, while value is often created by exploiting common interests, differences can also serve as the basis for creating value. The heart of negotiation is exploring both common and different interests to create this value and employing such interests as the foundation for a strong and lasting agreement. Differences can be seen as insurmountable, however, and in that case serve as barriers to reaching agreement. As a result, negotiators must also learn to manage conflict effectively in order to manage their differences while searching for ways to maximize their joint value. Managing conflict is the focus of the next section.

Conflict

As we have been discussing, a potential consequence of interdependent relationships is conflict. Conflict can result from the strongly divergent needs of the two parties or from misperceptions and misunderstandings. Conflict can occur when the two parties are working toward the same goal and generally want the same outcome or when both parties want very different outcomes. Regardless of the cause of the conflict, negotiation can play an important role in resolving it effectively. In this section, we will define *conflict*, discuss the different levels of conflict that can occur, review the functions and dysfunctions of conflict, and discuss strategies for managing conflict effectively.

Definitions

Conflict may be defined as a “sharp disagreement or opposition, as of interests, ideas, etc.,” and includes “the perceived divergence of interest, or a belief that the parties’ current aspirations cannot be achieved simultaneously” (both from Pruitt and Rubin, 1986, p. 4). Conflict results from “the interaction of interdependent people who perceived incompatible goals and interference from each other in achieving those goals” (Hocker and Wilmot, 1985, p. 12).

Levels of Conflict

One way to understand conflict is to distinguish it by level. Four levels of conflict are commonly identified:

1. *Intrapersonal or intrapsychic conflict.* These conflicts occur within an individual. Sources of conflict can include ideas, thoughts, emotions, values, predispositions, or drives that are in conflict with each other. We want an ice cream cone badly, but we know that ice cream is very fattening. We are angry at our boss, but we’re afraid to express that anger because the boss might fire us for being insubordinate. The dynamics of intrapsychic conflict are traditionally studied by various subfields of psychology: cognitive psychologists, personality theorists, clinical psychologists, and psychiatrists (c.f. Bazerman, Tenbrunsel, and Wade-Benzoni, 1998). Although we will occasionally delve into the internal psychological dynamics of negotiators (e.g., in Chapters 6 and 15), this book generally doesn’t address intrapersonal conflict.

2. *Interpersonal conflict.* A second major level of conflict is between individuals. Interpersonal conflict occurs between co-workers, spouses, siblings, roommates, or neighbors. Most of the negotiation theory in this book is drawn from studies of interpersonal negotiation and directly addresses the management and resolution of interpersonal conflict.
3. *Intragroup conflict.* A third major level of conflict is within a group—among team and work group members and within families, classes, living units, and tribes. At the intragroup level, we analyze conflict as it affects the ability of the group to make decisions, work productively, resolve its differences, and continue to achieve its goals effectively. Within-group negotiations, in various forms, are discussed in Chapters 11, 12, and 13.
4. *Intergroup conflict.* The final level of conflict is intergroup—between organizations, ethnic groups, warring nations, or feuding families or within splintered, fragmented communities. At this level, conflict is quite intricate because of the large number of people involved and the multitudinous ways they can interact with each other. Negotiations at this level are also the most complex. We will discuss the nature of intergroup negotiations throughout the book, particularly in Chapters 11 and 13.

Functions and Dysfunctions of Conflict

Most people initially believe that conflict is bad or dysfunctional. This belief has two aspects: first, that conflict is an indication that something is wrong, broken, or dysfunctional and, second, that conflict creates largely destructive consequences. Deutsch (1973) and others¹² have elaborated on many of the elements that contribute to conflict's destructive image:

1. *Competitive, win-lose goals.* Parties compete against each other because they believe that their interdependence is such that goals are in opposition and both cannot simultaneously achieve their objectives.¹³ Competitive goals lead to competitive processes to obtain those goals.
2. *Misperception and bias.* As conflict intensifies, perceptions become distorted. People come to view things consistently with their own perspective of the conflict. Hence, they tend to interpret people and events as being either with them or against them. In addition, thinking tends to become stereotypical and biased—parties endorse people and events that support their position and reject outright those who oppose them.
3. *Emotionality.* Conflicts tend to become emotionally charged as the parties become anxious, irritated, annoyed, angry, or frustrated. Emotions overwhelm clear thinking, and the parties may become increasingly irrational as the conflict escalates.
4. *Decreased communication.* Productive communication declines with conflict. Parties communicate less with those who disagree with them and more with those who agree. The communication that does occur is often an attempt to defeat, demean, or debunk the other's view or to strengthen one's own prior arguments.
5. *Blurred issues.* The central issues in the dispute become blurred and less well defined. Generalizations abound. The conflict becomes a vortex that sucks in unrelated issues and innocent bystanders. The parties become less clear about how the dispute started, what it is "really about," or what it will take to solve it.

6. *Rigid commitments.* The parties become locked into positions. As the other side challenges them, parties become more committed to their points of view and less willing to back down from them for fear of losing face and looking foolish. Thinking processes become rigid, and the parties tend to see issues as simple and “either/or” rather than as complex and multidimensional (refer back to our example of the deadlocked government negotiation in the introduction to this chapter).
7. *Magnified differences, minimized similarities.* As parties lock into commitments and issues become blurred, they tend to see each other—and each other’s positions—as polar opposites. Factors that separate them from each other become highlighted and emphasized, while similarities that they share become oversimplified and minimized. This distortion leads the parties to believe they are further apart from each other than they really may be, and hence they may work less hard to find common ground.
8. *Escalation of the conflict.* As the conflict progresses, each side becomes more entrenched in its own view, less tolerant and accepting of the other, more defensive and less communicative, and more emotional. The net result is that both parties attempt to win by increasing their commitment to their position, increasing the resources they are willing to spend to win, and increasing their tenacity in holding their ground under pressure. Both sides believe that by adding more pressure (resources, commitment, enthusiasm, energy, etc.) they can force the other to capitulate and admit defeat. As most destructive conflicts reveal, however, nothing could be further from the truth. Escalation of the conflict level and commitment to winning can increase so high that the parties will destroy their ability to resolve the conflict or ever be able to deal with each other again.

These are the processes that are commonly associated with escalating, polarized, “intractable” conflict (see also Chapter 17). However, conflict also has many *productive* aspects (Coser, 1956; Deutsch, 1973). Figure 1.1 outlines some of these productive aspects. From this perspective, conflict is not simply destructive or productive; it is both. The objective is not to eliminate conflict but to learn how to manage it to control the destructive elements while enjoying the productive aspects. *Negotiation is a strategy for productively managing conflict.*

Factors That Make Conflict Easy or Difficult to Manage

Figure 1.2 presents a conflict diagnostic model. This model offers some useful dimensions for analyzing any dispute and determining how easy or difficult it will be to resolve. Conflicts with more of the characteristics in the “difficult to resolve” column will be harder to settle, while those that have more characteristics in the “easy to resolve” column will be settled quicker.

Effective Conflict Management

Many frameworks for managing conflict have been suggested, and inventories have been constructed to measure negotiator tendencies to use these approaches.¹⁴ Each approach begins with a similar two-dimensional framework and then applies different labels and descriptions to five key points. We will describe these points using the framework proposed by Dean Pruitt, Jeffrey Rubin, and S. H. Kim (1994).

FIGURE 1.1 | Functions and Benefits of Conflict

- Discussing conflict makes organizational members more aware and able to cope with problems. Knowing that others are frustrated and want change creates incentives to try to solve the underlying problem.
 - Conflict promises organizational change and adaptation. Procedures, assignments, budget allocations, and other organizational practices are challenged. Conflict draws attention to those issues that may interfere with and frustrate employees.
 - Conflict strengthens relationships and heightens morale. Employees realize that their relationships are strong enough to withstand the test of conflict; they need not avoid frustrations and problems. They can release their tensions through discussion and problem solving.
 - Conflict promotes awareness of self and others. Through conflict, people learn what makes them angry, frustrated, and frightened and also what is important to them. Knowing what we are willing to fight for tells us a lot about ourselves. Knowing what makes our colleagues unhappy helps us to understand them.
 - Conflict enhances personal development. Managers find out how their style affects their subordinates through conflict. Workers learn what technical and interpersonal skills they need to upgrade themselves.
 - Conflict encourages psychological development—it helps people become more accurate and realistic in their self-appraisals. Through conflict, people take others' perspectives and become less egocentric. Conflict helps people believe they are powerful and capable of controlling their own lives. They do not simply need to endure hostility and frustration but can act to improve their lives.
 - Conflict can be stimulating and fun. People feel aroused, involved, and alive in conflict, and it can be a welcome break from an easygoing pace. It invites employees to take another look and to appreciate the intricacies of their relationships.
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Source: Tjosvold, Dean, *Working Together to Get Things Done: Managing for Organizational Productivity*. Lanham, MD: Lexington Books, 1986.

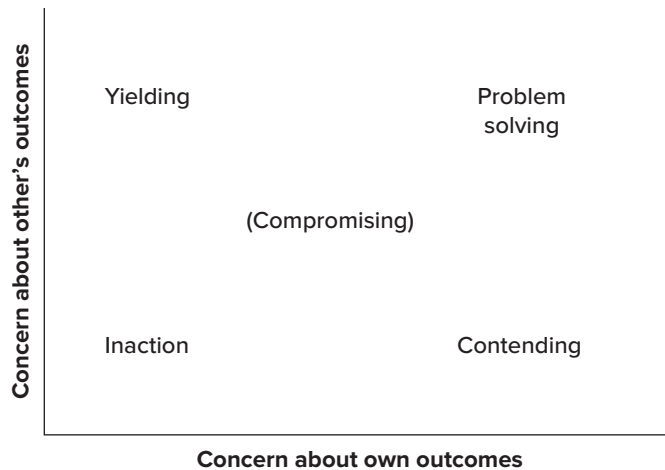
The two-dimensional framework presented in Figure 1.3 is called the *dual concerns model*. The model postulates that people in conflict have two independent types of concern: concern about their own outcomes (shown on the horizontal dimension of the figure) and concern about the other's outcomes (shown on the vertical dimension of the figure). These concerns can be represented at any point from none (representing very low concern) to high (representing very high concern). The vertical dimension is often referred to as the cooperativeness dimension, and the horizontal dimension as the assertiveness dimension. The stronger their concern for their own outcomes, the more likely people will be to pursue strategies located on the right side of the figure, whereas the weaker their concern for their own outcomes, the more likely they will be to pursue strategies located on the left side of the figure. Similarly, the stronger their concern for permitting, encouraging, or even helping the other party achieve his or her outcomes, the more likely people will be to pursue strategies located at the top of the figure, while the weaker their concern for the other party's outcomes, the more likely they will be to pursue strategies located at the bottom of the figure.

Although we can theoretically identify an almost infinite number of points within the two-dimensional space based on the level of concern for pursuing one's own and the other's

FIGURE 1.2 | Conflict Diagnostic Model

Dimension	Viewpoint Continuum	
	Difficult to Resolve	Easy to Resolve
Issue in question	Matter of “principle”—values, ethics, or precedent a key part of the issue	Divisible issue—issue can be easily divided into small parts, pieces, units
Size of stakes—magnitude of what can be won or lost	Large—big consequences	Small—little, insignificant consequences
Interdependence of the parties—degree to which one’s outcomes determine other’s outcomes	Zero sum—what one wins, the other loses	Positive sum—both believe that <i>both</i> can do better than simply distributing current outcomes
Continuity of interaction—will they be working together in the future?	Single transaction—no past or future	Long-term relationship—expected interaction in the future
Structure of the parties—how cohesive, organized they are as a group	Disorganized—uncohesive, weak leadership	Organized—cohesive, strong leadership
Involvement of third parties—can others get involved to help resolve the dispute?	No neutral third party available	Trusted, powerful, prestigious third party available
Perceived progress of the conflict—balanced (equal gains and equal harm) or unbalanced (unequal gain, unequal harm)	Unbalanced—one party feels more harm and will want revenge and retribution whereas stronger party wants to maintain control	Balanced—both parties suffer equal harm and equal gain; both may be more willing to call it a “draw”

Source: Adapted from Greenhalgh, Leonard, “Managing Conflict,” *Sloan Management Review*, vol. 27, no. 6, 1986, 45–51.

FIGURE 1.3 | The Dual Concerns Model

Source: Pruitt, Dean G., Rubin, Jeffrey Z., and Kim, Sung H., *Social Conflict: Escalation, Stalemate, and Settlement*, 2nd ed., New York, NY: The McGraw-Hill Companies, 1994.

outcomes, five major strategies for conflict management have been commonly identified in the dual concerns model:

1. *Contending* (also called competing or dominating) is the strategy in the lower right-hand corner. Actors pursuing the contending strategy pursue their own outcomes strongly and show little concern for whether the other party obtains his or her desired outcomes. As Pruitt and Ruben (1986) state, “[P]arties who employ this strategy maintain their own aspirations and try to persuade the other party to yield” (p. 25). Threats, punishment, intimidation, and unilateral action are consistent with a contending approach.
2. *Yielding* (also called accommodating or obliging) is the strategy in the upper left-hand corner. Actors pursuing the yielding strategy show little interest or concern in whether they attain their own outcomes, but they are quite interested in whether the other party attains his or her outcomes. Yielding involves lowering one’s own aspirations to “let the other win” and gain what he or she wants. Yielding may seem like a strange strategy to some, but it has definite advantages in some situations.
3. *Inaction* (also called avoiding) is the strategy in the lower left-hand corner. Actors pursuing the inaction strategy show little interest in whether they attain their own outcomes, as well as little concern about whether the other party obtains his or her outcomes. Inaction is often synonymous with withdrawal or passivity; the party prefers to retreat, be silent, or do nothing.
4. *Problem solving* (also called collaborating or integrating) is the strategy in the upper right-hand corner. Actors pursuing the problem-solving strategy show high concern for attaining their own outcomes and high concern for whether the other party attains

his or her outcomes. In problem solving, the two parties actively pursue approaches to maximize their joint outcome from the conflict.

5. *Compromising* is the strategy located in the middle of Figure 1.3. As a conflict management strategy, it represents a moderate effort to pursue one's own outcomes and a moderate effort to help the other party achieve his or her outcomes. Pruitt and Rubin (1986) do not identify compromising as a viable strategy; they see it "as arising from one of two sources—either lazy problem solving involving a half-hearted attempt to satisfy the two parties' interests, or simple yielding by both parties" (p. 29). However, because many other scholars who use versions of this model (see endnote 13) believe that compromising represents a valid strategic approach to conflict, rather than as laziness or a cop-out, we have inserted it in Pruitt, Rubin, and Kim's framework in Figure 1.3.

Much of the early writing about conflict management strategies—particularly the work in the 1960s and 1970s—had a strong normative value bias against conflict and toward cooperation (Lewicki, Weiss, and Lewin, 1992). Although these models suggested the viability of all five strategic approaches to managing conflict, problem solving was identified as the distinctly preferred approach. Those writings stressed the virtues of problem solving, advocated using it, and described how it could be pursued in almost any conflict. However, more recent writing, although still strongly committed to problem solving, has been careful to stress that each conflict management strategy has its own distinct advantages and disadvantages and can be more or less appropriate to use, given the type of interdependence and conflict context (see Figure 1.4).

Overview of the Chapters in This Book

The book is organized into seven sections with 20 chapters, which can be viewed schematically in Figure 1.5. Section 1, *Negotiation Fundamentals*, contains five chapters, including this introductory chapter, and examines the basic processes of negotiation. In Section 2, *Negotiation Subprocesses*, four chapters examine the key subprocesses of negotiation that help to explain why negotiations unfold as they do. Section 3, *Negotiation Contexts*, contains four chapters that place negotiations in a broader social context of multiple parties playing many different roles. Section 4, *Individual Differences*, contains two chapters that address the many ways individuals differ in their approach to negotiation as a result of their gender and personality. Section 5, *Negotiation across Cultures*, contains a single chapter, addressing the interesting questions of how negotiation processes change as we move from a Western view to other national or cultural backgrounds. In the three chapters of Section 6, *Resolving Differences*, we explore ways that negotiators can move past impasse, deadlock, and mismatches in their negotiation styles—either on their own initiative or with the help of a third party. Finally, the book concludes with Section 7, *Concluding Remarks*, in which we offer 10 summary comments and observations about the wealth of material contained herein.

In the next two chapters (2 and 3), we describe the two fundamental strategies of negotiation: distributive and integrative. Chapter 2 describes and evaluates the strategies and tactics that characterize the competitive (win-lose) distributive bargaining process. This

FIGURE 1.4 | Styles of Handling Interpersonal Conflict and Situations Where They Are Appropriate or Inappropriate

Conflict Style	Situations Where Appropriate	Situations Where Inappropriate
Integrating	<ol style="list-style-type: none"> 1. Issues are complex. 2. Synthesis of ideas is needed to come up with better solutions. 3. Commitment is needed from other parties for successful implementation. 4. Time is available for problem solving. 5. One party alone cannot solve the problem. 6. Resources possessed by different parties are needed to solve their common problems. 	<ol style="list-style-type: none"> 1. Task or problem is simple. 2. Immediate decision is required. 3. Other parties are unconcerned about outcome. 4. Other parties do not have problem-solving skills.
Obliging	<ol style="list-style-type: none"> 1. You believe you may be wrong. 2. Issue is more important to the other party. 3. You are willing to give up something in exchange for something from the other party in the future. 4. You are dealing from a position of weakness. 5. Preserving relationship is important. 	<ol style="list-style-type: none"> 1. Issue is important to you. 2. You believe you are right. 3. The other party is wrong or unethical.
Dominating	<ol style="list-style-type: none"> 1. Issue is trivial. 2. Speedy decision is needed. 3. Unpopular course of action is implemented. 4. Necessary to overcome assertive subordinates. 5. Unfavorable decision by the other party may be costly to you. 6. Subordinates lack expertise to make technical decisions. 7. Issue is important to you. 	<ol style="list-style-type: none"> 1. Issue is complex. 2. Issue is not important to you. 3. Both parties are equally powerful. 4. Decision does not have to be made quickly. 5. Subordinates possess high degree of competence.
Avoiding	<ol style="list-style-type: none"> 1. Issue is trivial. 2. Potential dysfunctional effect of confronting the other party outweighs benefits of resolution. 3. Cooling off period is needed. 	<ol style="list-style-type: none"> 1. Issue is important to you. 2. It is your responsibility to make decision. 3. Parties are unwilling to defer; issue must be resolved. 4. Prompt attention is needed.
Compromising	<ol style="list-style-type: none"> 1. Goals of parties are mutually exclusive. 2. Parties are equally powerful. 3. Consensus cannot be reached. 4. Integrating or dominating style is not successful. 5. Temporary solution to a complex problem is needed. 	<ol style="list-style-type: none"> 1. One party is more powerful. 2. Problem is complex enough to need a problem-solving approach.

Source: Modified from Rahim, M. Afzalur, *Organizational Conflict Inventories: Professional Manual*. Palo Alto, CA: Consulting Psychologists Press, 1990.

FIGURE 1.5 | Schematic Overview of Chapters in This Book

<p>Section 1: Negotiation Fundamentals</p> <ol style="list-style-type: none"> 1. The Nature of Negotiation 2. Strategy and Tactics of Distributive Bargaining 3. Strategy and Tactics of Integrative Negotiation 4. Negotiation: Strategy and Planning 5. Ethics in Negotiation
<p>Section 2: Negotiation Subprocesses</p> <ol style="list-style-type: none"> 6. Perception, Cognition, and Emotion 7. Communication 8. Finding and Using Negotiation Power 9. Influence
<p>Section 3: Negotiation Contexts</p> <ol style="list-style-type: none"> 10. Relationships in Negotiation 11. Agents, Constituencies, Audiences 12. Coalitions 13. Multiple Parties, Groups, and Teams in Negotiation
<p>Section 4: Individual Differences</p> <ol style="list-style-type: none"> 14. Individual Differences I: Gender and Negotiation 15. Individual Differences II: Personality and Abilities
<p>Section 5: Negotiation across Cultures</p> <ol style="list-style-type: none"> 16. International and Cross-Cultural Negotiation
<p>Section 6: Resolving Differences</p> <ol style="list-style-type: none"> 17. Managing Negotiation Impasses 18. Managing Difficult Negotiations 19. Third-Party Approaches to Managing Difficult Negotiations
<p>Section 7: Concluding Comments</p> <ol style="list-style-type: none"> 20. Best Practices in Negotiations

chapter reviews the tactics most commonly associated with distributive bargaining and evaluates the consequences of using them. The chapter concludes with a section on how to close negotiations, an aspect that many negotiators neglect in their preparation process.

Chapter 3 describes and evaluates the basic strategies and tactics common to the cooperative (win-win) integrative bargaining process. Integrative negotiation is significantly different from distributive bargaining. Whereas distributive bargaining is often characterized by mistrust and suspicion and by strategies designed to beat the other party, integrative negotiation is characterized by trust and openness and by tactics designed to achieve the best possible solution for all parties involved. Integrative negotiation often resembles the process of problem solving.

The Negotiation Fundamentals section continues with Chapter 4, in which we discuss how negotiators should create strategies and plans to achieve their desired outcomes. This chapter first examines the broad nature and role of having a strategy. We present a general model of strategic choice and identify the key factors that affect how a strategy is designed. We then move to the more specific elements of effective planning for negotiation. Planning and preparation are the most important steps in negotiation, yet many negotiators neglect or even completely ignore them. Effective planning requires (1) a thorough understanding

of the negotiation process so the negotiator has a general idea of what will happen and how things will evolve; (2) a clear formulation of goals and aspirations; (3) research—gathering information and arguments to support and defend desired goals; and (4) knowledge of the other party, his or her goals, and the ability to use that knowledge to design a strategy to reach an effective resolution. The chapter includes a series of diagnostic questions negotiators may use in planning for any negotiation.

Finally, in Chapter 5, we explore the question of whether there are, or should be, accepted ethical standards for behavior in negotiations. It is our view that fundamental questions of ethical conduct arise in every negotiation. The effective negotiator must recognize when the questions are relevant and what factors must be considered to answer them. We will identify the major ethical dimensions raised in negotiations, describe how people tend to think about these ethical choices, and provide a framework for making informed ethical decisions. Along the way, we will highlight research that has yielded worthwhile findings in this area.

Section 2, Negotiation Subprocesses, has four chapters. Chapter 6 addresses how perception, cognition, and emotion shape the way we receive and process data about the substantive issues, other parties, and negotiation dynamics. Perception, cognition, and emotion are the basic building blocks of all social encounters, in that our social actions are guided by how we perceive and analyze the other party, the situation, and our own interests and positions. A working knowledge of how humans perceive and process information is important to understanding why people behave the way they do during negotiations. Moreover, we experience and express emotion when we interact with others, and negotiating is certainly no exception. The chapter explores the role of emotion and moods in shaping negotiation dynamics.

Reduced to its essence, negotiation is a form of interpersonal communication. Communication processes, both verbal and nonverbal, are critical to achieving negotiation goals and to resolving conflicts. Chapter 7 examines the process by which negotiators communicate their own interests, positions, and goals—and in turn make sense of those of the other party and of the negotiation as a whole. This chapter opens with a discussion of the basic mechanisms through which messages are encoded, sent, received, and decoded. It then considers in some depth *what* is communicated in a negotiation, followed by an exploration of *how* people communicate in negotiation; the chapter concludes with discussions of how to improve communication in negotiation.

Chapter 8 focuses on power in negotiation. By *power*, we mean the capabilities negotiators can assemble to give themselves an advantage or increase the probability of achieving their objectives. All negotiators want power; they want to know what they can do to put pressure on the other party, persuade the other to see things their way, get the other to give them what they want, gain advantage over the other, or change the other's mind. The chapter begins by defining the nature of power and discussing some of the dynamics of its use in negotiation. It focuses on the power sources that give negotiators the capacity to exert influence.

Chapter 9 examines the way negotiators actually exert influence—the actual strategies and messages that individuals deploy to bring about desired attitudinal or behavioral change. During negotiations, actors frequently need to convince the other party they have offered something of value, that their offer is reasonable, and that they cannot offer more. Negotiators may also want to alter the other party's beliefs about the importance of his own objectives

and convince him that his concessions are not as valuable as he first believed. Negotiators may portray themselves as likable people who should be treated decently. All these efforts are designed to use information, as well as the qualities of the sender and receiver of that information, to adjust the other party's positions, perceptions, and opinions.

The chapters in Section 3, Negotiation Contexts, examine ways the broader social environment shapes negotiation processes. One major way that context affects negotiation is that people are in relationships that have a past, present, and future. In Chapter 10, we focus on the ways these past and future relationships impact present negotiations. Our treatment of relationships will come in two major sections. First, we examine how a past, ongoing, or future relationship between negotiators affects the negotiation process. Second, we explore three major relationship components—reputation, trust, and justice—that are particularly critical to effective negotiations within a relationship.

In Chapter 11, we explore how negotiation changes when (1) we move beyond simple 1:1 negotiations and add other parties to the process and (2) negotiators act as agents in the process—that is, they are not necessarily presenting their own issues and interests but are also representing the views of others who may or may not be at the table. This situation is called an *agency relationship*. We examine the ways negotiations change when negotiators are representing the interests of others rather than arguing for their own interests. Within this larger context, individuals and groups attempt to exert both direct and indirect pressures on negotiators to advocate their interests. We examine the type of influence strategies negotiators use and the different types of influence attempts that occur as the number of parties increases. We conclude with a section on how constituencies can manage agents and how agents can manage constituencies.

In Chapter 12, our focus is on situations in which multiple (more than two) parties are negotiating with one another—in essence, how parties ally into *coalitions* to achieve these objectives. We present an overview of what a coalition is and describe the different forms that coalitions take. We then analyze how and why coalitions form and develop, the nature of coalition decision making, and the role of power and leverage in coalitions. The chapter concludes with some practical advice for building and maintaining coalitions.

Finally, in Chapter 13, we extend the analysis to two situations that involve multiple parties. In one situation, multiple parties are negotiating with one another and attempting to achieve a collective or group consensus. We discuss this kind of team or group decision making as a process of multiparty negotiation. In the second situation, multiple individuals are present on each “side” of the negotiation—in other words, the parties to a negotiation are teams against teams, rather than individuals.

The two chapters in Section 4, Individual Differences, examine the way individual differences shape the approaches people take in negotiation. Some people are better negotiators than others. What characteristics of individuals make a difference in negotiation? In Chapter 14, we focus exclusively on the individual difference that has received more attention from negotiation researchers than any other: gender differences. Our examination of gender differences, which some might prefer to call sex differences, will begin by distinguishing between the terms *sex* and *gender*. We then examine research on gender differences in negotiation. We look at both the rationale for why there should be gender differences and the empirical research evidence for them.

In Chapter 15, we examine a range of other individual difference factors, including personality traits and abilities. We begin with a brief review of early research on individual differences. We then focus on more recent research on individual differences and negotiation, segmenting our discussion into two major categories: (1) dimensions of *personality* that appear to have an influence on negotiation and (2) the role of native *abilities* in negotiation, including cognitive ability and emotional intelligence. The chapter concludes with a discussion of the behavioral approach to studying individual differences in negotiations, which explores how superior negotiators behave differently than average negotiators.

Section 5, Negotiation across Cultures, contains only a single chapter, but it is an important one: International and Cross-Cultural Negotiation. People today travel more frequently and farther, and business is more international in scope and extent than ever before. For many people and organizations, international negotiation has become the norm rather than an exotic activity that engages only a few. Negotiation significantly increases in complexity as parties move across national and cultural boundaries. This chapter discusses some of the factors that make international negotiation different, including both the environmental context (macro-political factors) and the immediate context (microstrategic factors). We then turn to a discussion of the most frequently studied aspect of international negotiation: the effect of *culture*, be it national, regional, or organizational. Next we examine the influence of culture on negotiations, discussing this from managerial and research perspectives. The chapter concludes with a discussion of culturally responsive strategies available to the international negotiator.

In section 6, Resolving Differences, we examine the ways that parties can deal with failures to complete negotiation successfully. Negotiations break down and stall for many reasons. In Chapter 17, we address situations in which negotiations become especially difficult, often to the point of impasse, stalemate, or breakdown. Parties can become angry or entrenched in their positions. Perceptions become distorted, and judgments are biased. The parties stop communicating effectively and instead accuse and blame each other. The chapter examines the nature of those negotiations that are difficult to resolve. We examine the nature of impasses and what makes negotiations intractable. We then explore the fundamental mistakes that negotiators make that cause negotiation impasses, and we discuss strategies that negotiators can use to resolve impasses and get negotiations back on track.

In Chapter 18, we turn to situations in which parties are using *different* models to guide their negotiation, either because they have diagnosed the situation differently or they possess different levels of negotiation sophistication, or simply from habit. We direct our discussion and advice to negotiators who wish to be collaborative but find they must deal with others who are reluctant to do so—who wish, intend, or are actively trying to be distributive. We call them “difficult” people. There are several challenges to negotiators who want to convert a distributive bargainer toward a more collaborative approach. We begin by discussing ways to manage the social contract and the shadow negotiation. Next, we discuss how to respond to the other party’s hard distributive tactics, which is followed by a discussion of the options available to negotiators who are faced with another party who is more powerful. We then discuss possible tactics to use with generally difficult negotiators, examine how to respond to ultimatums, and conclude the chapter with a discussion of how to manage difficult conversations.

Finally, in Chapter 19, we discuss the many ways that third parties can help negotiators resolve their differences. There is a long history of third-party involvement in helping parties resolve disputes or reaching a decision for them when they cannot. Third parties tend to become involved when negotiators have tried all other options and are not making progress, when mistrust and suspicion are high, or when the parties cannot take actions toward defusing conflict without those actions being misinterpreted and mistrusted by others. In this chapter, we describe the typical roles that third parties play and how they can contribute to resolving conflict. This is followed by an examination of the types of third-party interventions, with special attention paid to three formal third-party roles: arbitration, mediation, and process consultation. We then discuss the role played by more informal third parties and conclude with an examination of the institutionalization of third-party processes through the establishment and maintenance of alternative dispute resolution (ADR) systems.

Section 7 contains our concluding comments. In this final chapter (20), we reflect on negotiation at a broad level. Negotiation is an integral part of daily life, and opportunities to negotiate surround us. While some people may look like born negotiators, negotiation is fundamentally a skill involving analysis and communication that everyone can learn. In this final chapter, we look back at the broad perspective we have provided and provide 10 “best practices” for negotiators who wish to continue to improve their negotiation skills.

Chapter Summary

In this chapter, we have set the groundwork for a thorough and detailed examination of the negotiation process. We began with examples—from the news of events around the world and from our everyday experience. We used these examples to introduce the variety of negotiations that occur daily and to discuss how we will present material in this book. We then turned to the extended example of a day in the life of Joe and Sue Carter and showed how negotiations permeate daily experience. We also used this example to help define the key parameters of a negotiation situation.

Our definition and these examples led us to explore four key elements of the negotiation process: managing interdependence, engaging in mutual adjustment, creating or claiming value, and managing conflict. Each of these elements is foundational to understanding how negotiation works. Managing interdependence is about the parties understanding the ways

they are dependent on each other for attaining their goals and objectives. Mutual adjustment introduces the ways parties begin to set goals for themselves in a negotiation and adjust to goals stated by the other party in order to emerge with an agreement that is satisfactory to both. Claiming and creating value are the processes by which parties handle negotiation opportunities to share or “win” a scarce resource or to enhance the resource so both sides can gain. Finally, managing conflict helps negotiators understand how conflict is functional or dysfunctional. It involves some basic strategies to maximize the benefits of conflict and limit its costs. These four processes are central to any negotiation, and they serve as the foundation for our expanded treatment of this subject.

In the remainder of this chapter, we provided an overview of our broader approach by introducing the overall organization and chapters in the book.

Endnotes

- ¹ E.g., Hochberg and Kressel, 1996; Oliver, Balakrishnan, and Barry, 1994; Olekalns, Smith, and Walsh, 1996; Weiss, 1997.
- ² See Bazerman, Tenbrunsel, and Wade-Benzoni (1998) on the challenges of negotiating with yourself.
- ³ But as we will extensively note in Chapter 2, at this point, the student is only considering his own BATNA. He may not know that the employer believes the student absolutely fits the job description perfectly, hasn't found another candidate with the same qualifications, and might be willing to pay a lot more just to make sure the student doesn't say "no."
- ⁴ Goffman, 1969; Pruitt and Rubin, 1986; Ritov, 1996.
- ⁵ Alexander, Schul, and Babakus, 1991; Donohue and Roberto, 1996; Eyuboglu and Buja, 1993; Pinkley and Northcraft, 1994.
- ⁶ Gray, 1994; Kolb, 1985; Kolb and Putnam, 1997.
- ⁷ Fisher, Ury, and Patton, 1991; Follett, 1940; Nash, 1950; Sebenius, 1992; Sen, 1970; Walton and McKersie, 1965.
- ⁸ We are not suggesting that Max should do this; rather, because the long-term relationship is important in this situation, Max should ensure that both parties' needs are met (see Chapter 3 for an expanded discussion of this point).
- ⁹ Kimmel, Pruitt, Magenau, Konar-Goldband, and Carnevale, 1980; Putnam and Jones, 1982; Weingart, Thompson, Bazerman, and Carroll, 1990.
- ¹⁰ Raiffa, 1982; Selekman, Fuller, Kennedy, and Baitzel, 1964.
- ¹¹ Bazerman, Magliozzi, and Neale, 1985; Neale and Bazerman, 1985; Neale and Northcraft, 1991; Pinkley, 1992; Thompson, 1990b.
- ¹² Folger, Poole, and Stutman, 1993; Hocker and Wilmot, 1985.
- ¹³ As mentioned earlier, however, the goals may not actually be in opposition, and the parties need not compete. Perception is more determinant than reality.
- ¹⁴ Filley, 1975; Rahim, 1983, 1992; Thomas, 1992; Thomas and Kilmann, 1974.



Strategy and Tactics of Distributive Bargaining

Objectives

1. Understand the basic elements of distributive bargaining, including the strategy and tactics of distributive bargaining.
 2. Consider the strategic impact of positions taken during a negotiation and the role of concessions.
 3. Appreciate the role of commitment in distributive bargaining.
 4. Identify hardball tactics and learn how to counter them.
-

CHAPTER OUTLINE

The Distributive Bargaining Situation

The Role of Alternatives to a Negotiated Agreement

Settlement Point

Bargaining Mix

Discovering the Other Party's Resistance Point

Influencing the Other Party's Resistance Point

Tactical Tasks

Assess the Other Party's Target, Resistance Point, and Costs of Terminating Negotiations

Manage the Other Party's Impressions of Your Target, Resistance Point, and Cost of Terminating Negotiations

Modify the Other Party's Perceptions of His or Her Target, Resistance Point, and Cost of Terminating Negotiations

Manipulate the Actual Costs of Delaying or Terminating Negotiations

Positions Taken during Negotiation

Opening Offers

Opening Stance

Initial Concessions

Role of Concessions

Pattern of Concession Making

Final Offers

Commitment*Tactical Considerations in Using Commitments**Establishing a Commitment**Preventing the Other Party from Committing Prematurely**Finding Ways to Abandon a Committed Position***Closing the Deal***Provide Alternatives**Assume the Close**Split the Difference**Exploding Offers**Sweeteners***Assessing the Quality of the Agreement****Hardball Tactics***Dealing with Typical Hardball Tactics**Typical Hardball Tactics***Distributive Bargaining Skills Applicable to Integrative Negotiations****Chapter Summary**

Eighteen months ago, Jackson decided to move closer to where he works. Following this decision to move, he put his condo on the market and started to look for a new one—but with no results. Fourteen months later, Jackson finally received an offer to buy his condo and, after a brief negotiation, settled on the selling price. Because he had not yet found a condo to buy, he postponed closing the sale for six months to give himself additional time to look. The buyer, Wei, was not happy about having to wait that long because of the inconvenience and the difficulty of getting a bank to guarantee an interest rate for a loan so far in advance. Jackson adjusted the price so Wei would accept this postponement, but it was clear that she would be much happier if he could move the closing date earlier.

There were relatively few condos on the market in the area where Jackson wanted to live, and none of them was satisfactory. He jokingly said that unless something new came on the market, he would be sleeping in a tent on the town common when the leaves turned in the fall. Two months later, a condo came on the market that met his requirements. The seller, Sofia, set the asking price at \$145,000, which was \$10,000 above what Jackson hoped to pay but \$5,000 below the most he would be willing to pay. Jackson knew that the more he paid for the condo, the less he would have to make some very desirable alterations, buy draperies and some new furniture, and hire a moving company.

This illustration provides the basic elements of a *distributive bargaining situation*. It is also called competitive or win-lose bargaining. In distributive bargaining, the goals of one party are usually in fundamental and direct conflict with the goals of the other party. Resources are fixed and limited, and both parties want to maximize their share. As a result, each party will use strategies and tactics to maximize his or her share of the outcomes. One important strategy is to guard information carefully—negotiators give information to the other party only when it provides a strategic advantage. Meanwhile, it is highly desirable to get information from the other party to improve negotiation power. Distributive bargaining is basically a competition over who is going to get the most of a limited resource, which is

often money. Whether or not one or both parties achieve their objectives will depend on the strategies and tactics they employ (Walton and McKersie, 1965).

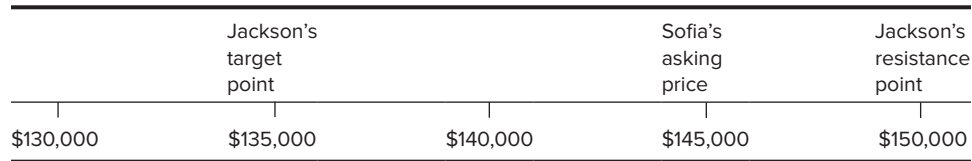
There are three reasons every negotiator should understand distributive bargaining. First, negotiators face some interdependent situations that are distributive, and to do well in those situations, they need to understand how they work. Second, because many people use distributive bargaining strategies and tactics almost exclusively, all negotiators need to understand how to counter their effects. Third, every negotiation situation has the potential to require distributive bargaining skills when at the “claiming-value” stage (Lax and Sebenius, 1986). Integrative negotiation focuses on ways to create value but also includes a claiming stage, where the value created is distributed. (Integrative negotiation is discussed extensively in Chapter 3.) Understanding distributive strategies and tactics is important and useful, but negotiators need to recognize that these tactics can also be counterproductive and costly and may not work. Often they cause the negotiating parties to focus so much on their differences that they ignore what they have in common (Thompson and Hrebec, 1996). These negative effects notwithstanding, distributive bargaining strategies and tactics are quite useful when negotiators want to maximize the value obtained in a single deal, when the relationship with the other party is not important, and when they are at the claiming-value stage of negotiations.

Some of the tactics discussed in this chapter will also generate ethical concerns. The topic of ethics and negotiation is discussed in detail in Chapter 5. Do not assume that the other party shares your ethical values when negotiating. While you may not believe that it is ethical to use some of the tactics discussed in this chapter, other negotiators will be quite comfortable using them. Alternatively, you may be comfortable using some tactics that make other negotiators uneasy. Some of the tactics discussed are commonly accepted as ethical when bargaining distributively (portraying your best alternative deal as more positive than it really is, for instance), whereas other tactics are generally considered unacceptable (see the discussion of typical hardball tactics later in this chapter).

The discussion of strategies and tactics in this chapter is intended to help negotiators understand the dynamics of distributive bargaining and thereby obtain a better deal. A thorough understanding of these concepts will also allow negotiators who are not comfortable with distributive bargaining to manage distributive situations proactively. Finally, an understanding of these strategies and tactics will help negotiators at the claiming-value stage of any negotiation.

The Distributive Bargaining Situation

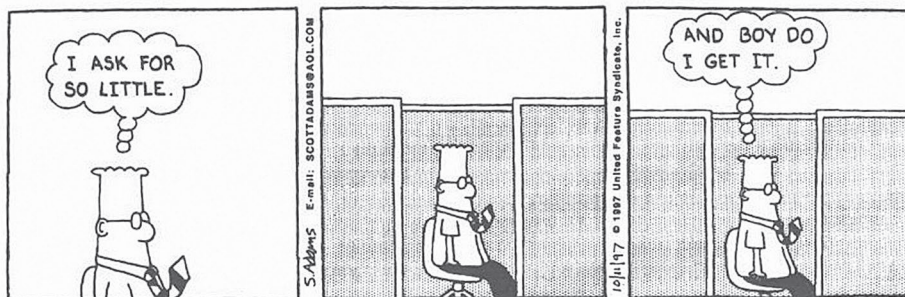
To describe how the distributive bargaining process works, we return to our opening example of Jackson’s condo purchase. Several prices were mentioned: (1) Sofia’s asking price, (2) the price Jackson would like to pay for a condo, and (3) the price above which Jackson would not buy Sofia’s condo. These prices represent key points in the analysis of any distributive bargaining situation. Jackson’s preferred price is the *target point*, the point at which a negotiator would like to conclude negotiations—his optimal goal. The target is also sometimes referred to as a negotiator’s *aspiration*. The price beyond which Jackson will not go is the *resistance point*, a negotiator’s bottom line—the most he will pay as a buyer (for a seller, it’s the smallest amount she will settle for). It is also sometimes referred to as a *reservation price*. Finally, the *asking price* is the initial price set by the seller; Jackson might decide to counter Sofia’s asking price with his *initial offer*—the first number he will quote to

FIGURE 2.1 | The Buyer's View of the Condo Negotiation

the seller. Using the condo purchase as an example, we can treat the range of possible prices as a continuum (see Figure 2.1).

How does Jackson decide on his initial offer? There are many ways to answer this question. Fundamentally, however, to make a good initial offer Jackson must understand something about the process of negotiation. In Chapter 1, we discussed how people expect give-and-take when they negotiate, and Jackson needs to factor this into his initial offer. If Jackson opened the negotiation at his target point (\$135,000) and then had to make a concession, this first concession would have him moving away from his target point to a price closer to his resistance point. If he really wants to achieve his target, he should make an initial offer that is lower than his target point to create some room for making concessions. At the same time, the starting point cannot be too far from the target point. If Jackson makes the first offer too low (e.g., \$100,000), Sofia might break off negotiations, believing him to be unreasonable or foolish. Although judgments about how to determine first offers can often be quite complex and can have a dramatic influence on the course of negotiation, let us stay with the simple case for the moment and assume that Jackson decides to offer \$133,000 as a reasonable first offer—less than his target point and well below his resistance point. In the meantime, remember that although this illustration concerns only price, all other issues or agenda items for the negotiation have starting, target, and resistance points.

Parties to a negotiation should establish their starting, target, and resistance points before beginning negotiation. Starting points are often in the opening statements each party makes (e.g., the seller's listing price and the buyer's first offer). The target point is usually learned or inferred as negotiations get under way. People typically give up the margin between their starting points and target points as they make concessions. The resistance



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point, the point beyond which a person will not go and would rather break off negotiations, is not known to the other party and should be kept secret (Raiffa, 1982). One party may not learn the other’s resistance point even after the end of a successful negotiation, and frequently may underestimate how much the other party would have paid or accepted (Larrick and Wu, 2007). After an unsuccessful negotiation, one party may infer that the other’s resistance point was near the last offer the other was willing to consider before the negotiation ended.

Negotiators’ starting and resistance points are usually arranged in reverse order, with the resistance point being a high price for the buyer and a low price for the seller. Continuing the illustration, Jackson is willing to pay up to \$150,000 for the condo Sofia listed at \$145,000. Jackson can speculate that Sofia may be willing to accept something less than \$145,000 and might well regard \$140,000 as a desirable figure. What Jackson does not know (but would dearly like to) is the lowest figure that Sofia would accept. Is it \$140,000? \$135,000? Jackson assumes it is \$130,000. Sofia, for her part, initially knows nothing about Jackson’s position but soon learns his starting point when he offers \$133,000. Sofia may suspect that Jackson’s target point is not too far away (in fact, it is \$135,000, but Sofia doesn’t know this) but has no idea of his resistance point (\$150,000). This information—what Jackson knows or infers about Sofia’s positions—is represented in Figure 2.2.

The spread between the resistance points, called the *bargaining range*, *settlement range*, or *zone of potential agreement*, is particularly important. In this area the actual bargaining takes place, because anything outside these points will be summarily rejected by one of the two negotiators. When the buyer’s resistance point is above the seller’s—he is minimally willing to pay more than she is minimally willing to sell for, as is true in the condo example—there is a *positive bargaining range*. When the reverse is true—the seller’s resistance point is above the buyer’s, and the buyer won’t pay more than the seller will minimally accept—there is a *negative bargaining range*. In the condo example, if Sofia would minimally accept \$145,000 and Jackson would maximally pay \$140,000, then a negative bargaining range would exist. Negotiations that begin with a negative bargaining range are likely to stalemate. They can be resolved only if one or both parties are persuaded to change their resistance points or if someone else forces a solution upon them that one or both parties dislike. However, because negotiators don’t begin their deliberations by talking about their resistance points (they’re discussing initial offers and demands instead), it is often difficult to know whether a positive settlement range exists until the negotiators get deep into the process. Both parties may realize that there is no overlap in their resistance points only after protracted negotiations have been exhausted; at that point, they will have to decide whether to

FIGURE 2.2 | The Buyer’s View of the Condo Negotiation (Extended)

Sofia’s resistance point (inferred)	Jackson’s initial offer (public)	Jackson’s target point (private)	Sofia’s target point (inferred)	Sofia’s asking price (public)	Jackson’s resistance point (private)
\$130,000	\$133,000	\$135,000	\$140,000	\$145,000	\$150,000

end negotiations or reevaluate their resistance points, a process described in more detail later on.

Target points, resistance points, and initial offers all play an important role in distributive bargaining. Target points influence both negotiator outcomes and negotiator satisfaction with their outcomes (Galinsky, Mussweiler, and Medvec, 2002), opening offers play an important role in influencing negotiation outcomes (discussed later), resistance points play a very important role as a warning for the possible presence of hardball tactics (discussed later), and a positive bargaining range increases the likelihood of settlements (Krause, Terpend, and Petersen, 2006).

The Role of Alternatives to a Negotiated Agreement

In addition to opening bids, target points, and resistance points, negotiators need to consider what they will do if they do not reach agreement with the other party. What is their best alternative to a negotiated agreement (BATNA)? What is their worst alternative to a negotiated agreement (WATNA)?

In some negotiations, the parties have only two fundamental choices: (1) reach a deal with the other party or (2) reach no settlement at all. In other negotiations, however, one or both parties have the possibility of an alternative deal with another party. Thus, in the case of Jackson and Sofia, another condo may come on the market in the neighborhood where Jackson wishes to buy. Similarly, if Sofia waits long enough (or drops the price of the condo far enough), she will presumably find another interested buyer. If Jackson picks a different condo to buy and negotiates the best price that he can with the owner, that price represents his alternative. For the sake of argument, let's assume that Jackson's BATNA is a different condo that costs \$142,000 and that Sofia's BATNA is an alternative buyer who will pay \$134,000.

If Jackson's BATNA is \$142,000, then (taking no other factors into account) he should reject any price Sofia asks above that amount. But Jackson's BATNA may not be as desirable for reasons other than price—perhaps he likes the neighborhood less, the condo is 10 minutes farther away from where he works, or he likes the way Sofia has upgraded her condo. BATNAs are negotiators' *best* alternatives to reaching an agreement and are frequently less attractive than the preferred agreement. Negotiators who have a strong BATNA (Fisher, Ury, and Patton, 1991)—that is, a very positive alternative to a negotiated agreement—will have more power throughout the negotiation and accordingly should be able to achieve more of their goals (the power of BATNAs is discussed further in Chapter 8). In our example, Jackson may need to decide whether he prefers his BATNA or paying Sofia more than this target point but less than his resistance point (see Figure 2.3).

FIGURE 2.3 | The Buyer's View of the Condo Negotiation (Extended with Alternatives)

Sofia's resistance point (inferred)	Jackson's initial offer (public)	Sofia's alternative buyer (private)	Jackson's target point (private)	Sofia's target point (inferred)	Jackson's alternative condo (private)	Sofia's asking price (public)	Jackson's resistance point (private)
\$130,000	\$133,000	\$134,000	\$135,000	\$140,000	\$142,000	\$145,000	\$150,000

Alternatives are important because they give negotiators the power to walk away from any negotiation when the emerging deal is not very good. The number of realistic alternatives that negotiators have will vary considerably from one situation to another. When there are many attractive alternatives, negotiators can set their goals higher and make fewer concessions. Negotiators with no attractive alternative, such as when dealing with a sole supplier, have much less bargaining power. Good distributive bargainers identify their realistic alternatives before starting discussions with the other party so that they can properly decide how firm to be in the negotiation (Fisher and Ertel, 1995). Good bargainers also try to improve their alternatives while the negotiation is under way. If Jackson's negotiations with Sofia extend over a period of time, he should keep his eye on the market for other alternatives. He may also continue to negotiate with the owner of the other condo for a better deal. Both courses of action involve efforts by Jackson to maintain and expand his bargaining power by improving the quality of his alternatives. Negotiators are also aware of their worst alternative (Jackson jokingly mentioned sleeping in the town common as his WATNA), and this may become more salient as negotiations proceed. We discuss power and leverage in bargaining in detail in Chapter 8.

Strong BATNAs can also influence how a negotiation unfolds. Negotiators with stronger BATNAs are more likely to make the first offer in a negotiation and appear to negotiate better outcomes (Magee, Galinsky, and Gruenfeld, 2007). The positive benefits of a good BATNA appear particularly strong when the bargaining range is small because negotiations with smaller bargaining ranges are more competitive and less likely to yield agreements (Kim and Fragale, 2005).

Settlement Point

The fundamental process of distributive bargaining is to reach a settlement within a positive bargaining range. The objective of both parties is to obtain as much of the bargaining range as possible—that is, to reach an agreement as close to the other party's resistance point as possible.

Both parties in distributive bargaining know that they might have to settle for less than what they would prefer (their target point), but they hope that the agreement will be better than their own resistance point. For agreement to occur, both parties must believe that the settlement, although perhaps less desirable than they would prefer, is the best that they can get. This belief is important, both for reaching agreement and for ensuring support for the agreement after the negotiation concludes. Negotiators who do not think they got the best agreement possible, or who believe that they lost something in the deal, may try to get out of the agreement later or find other ways to recoup their losses. If Jackson thinks he got the short end of the deal, he could make life miserable and expensive for Sofia by making extraneous claims later—claiming that the condo had hidden damages, that the fixtures that were supposed to come with the condo were defective, and so on.

Another factor that will affect satisfaction with the agreement is whether the parties will see each other again. For instance, if Sofia is moving out of the region, then Jackson may be unable to contact her later for any adjustments and should therefore ensure that he evaluates the current deal very carefully (good advice in any situation, but especially the case here). Researchers have shown that negotiators blame the other

party for negative negotiation outcomes, and this reduces their desire to negotiate again in the future (Reb, 2010). When parties expect future negotiations with the other party, they set lower target points and are less likely to bargain distributively (Patton and Balakrishnan, 2010).

Bargaining Mix

In the condo-purchase illustration, as in almost all negotiations, agreement is necessary on several issues: the price, the closing date of the sale, renovations to the condo, and the price of items that could remain in the condo (such as drapes and appliances). The package of issues for negotiation is the *bargaining mix*. Each item in the mix has its own starting, target, and resistance points. Some items are of obvious importance to both parties; others are important only to one party. Negotiators need to understand what is important to them and to the other party, and they need to take these priorities into account during the planning process. See Chapter 4 for a detailed discussion of planning.

For example, in the condo negotiation, a secondary issue important to both parties is the closing date of the sale—the date when the ownership will actually be transferred. The date of sale is part of the bargaining mix. Jackson learned when Sofia's new condo was going to be completed and anticipated that she would want to transfer ownership of her old condo to Jackson shortly after that point. Jackson asked for a closing date very close to when Sofia would probably want to close; thus, the deal looked very attractive to her. As it turned out, Jackson's closing date on his old condo was close to this date as well, thus making the deal attractive for both Jackson and Sofia. If Jackson and Sofia had wanted different closing dates, then that would have been a more contentious issue in the bargaining mix (although if Jackson could have moved his closing date earlier, he might have been able to strike a better deal with Wei, the buyer of his condo). As the bargaining mix gets larger, there is more opportunity for trade-offs across issues where negotiator preferences are not identical on each issue. When this occurs, integrative negotiation strategies and tactics may be appropriate; they are discussed in Chapter 3.

Discovering the Other Party's Resistance Point

Information is the life force of negotiation. The more you can learn about the other party's target, resistance point, motives, feelings of confidence, and so on, the more able you will be to strike a favorable agreement (see Box 2.1). At the same time, you do not want the other party to have certain information about you. Your resistance point, some of your targets, and confidential information about a weak strategic position or an emotional vulnerability are best concealed (Stein, 1996). Alternatively, you may want the other party to have certain information—some of it factual and correct, some of it contrived to lead the other party to believe things that are favorable to you. Each side wants to obtain some information and to conceal other information. Each side also knows that the other party wants to obtain and conceal information. As a result of this, communication can become complex. Information is often conveyed in a code that evolves during negotiation. People answer questions with other questions or with incomplete statements to influence the other's perceptions; however, they must establish some points effectively and convincingly.

When shopping for a used piano, Orvel Ray answered a newspaper ad. The piano was a beautiful upright in a massive walnut cabinet. The seller was asking \$1,000, and it would have been a bargain at that price, but Orvel had received a \$700 tax refund and had set this windfall as the limit that he could afford to invest. He searched for a negotiating advantage.

He was able to deduce several facts from the surroundings. The piano was in a furnished basement, which also contained a set of drums and an upright acoustic bass. Obviously, the seller was a serious musician, who probably played jazz. There had to be a compelling reason for selling such a beautiful instrument.

Orvel asked the first, obvious question, “Are you buying a new piano?”

The seller hesitated. “Well, I don’t know yet. See, we’re moving to North Carolina, and it would be very expensive to ship this piano clear across the country.”

“Did they say how much extra it would cost?”

Orvel queried.

“They said an extra \$300 or so.”

“When do you have to decide?”

“The packers are coming this afternoon.”

Now Orvel knew where the seller was vulnerable. He could ship the piano cross-country or sell it for \$700 and still break even. Or he could hold out for his asking price and take his chances. “Here’s what I can do: I can give you \$700 in cash, right now,” Orvel said as he took seven \$100 bills out of his pocket and spread them on the keyboard. “And I can have a truck and three of my friends here to move it out of your way by noon today.”

The seller hesitated, then picked up the money. “Well, I suppose that would work. I can always buy a new piano when we get settled.”

Orvel left before the seller could reconsider. By the time the group returned with the truck, the seller had received three other offers at his asking price, but because he had accepted the cash, he had to tell them that the piano had already been sold.

If the seller had not volunteered the information about the packers coming that afternoon, Orvel might not have been able to negotiate the price.

Source: Adapted from Levinson, Conrad, Smith, Mark S. A., and Wilson, Orvel Ray, *Guerrilla Negotiating: Unconventional Weapons and Tactics To Get What You Want*. New York, NY: John Wiley & Sons, Inc., 1999, 15–16.

Influencing the Other Party’s Resistance Point

Central to planning the strategy and tactics for distributive bargaining is locating the other party’s resistance point and the relationship of that resistance point to your own. The resistance point is established by the value expected from a particular outcome, which in turn is the product of the worth and costs of an outcome. Jackson sets his resistance point based on the amount of money he can afford to pay (in total or in monthly mortgage payments), the estimated market value or worth of the condo, and other factors in his bargaining mix (e.g., closing date). A resistance point will also be influenced by the cost an individual attaches to delay or difficulty in negotiation (an intangible) or in having the negotiations aborted. If Jackson, who had set his resistance point at \$150,000, were faced with the choice of paying \$151,000 or living on the town common for a month, he might well reevaluate his resistance point. Resistance points should not be changed without considerable thought, however. They play an important role in setting negotiators’ limits, and unless there is an objective reason to change them they should not be changed.

A significant factor in shaping the other person’s understanding of what is possible—and therefore the value he or she places on particular outcomes—is the other’s understanding of

your own situation. Therefore, when influencing the other's viewpoint, you must also deal with the other party's understanding of your value for a particular outcome, the costs you attach to delay or difficulty in negotiation, and your cost of having the negotiations aborted.

There are four major ways to weaken the other party's resistance point:¹

1. *Reduce the other party's estimate of your cost of delay or impasse.* If the other party sees that you need an agreement quickly and cannot defer it, he or she can seize this advantage and press for a better outcome. Expectations will rise and the other party will set a more demanding resistance point. The more you can convince the other party that your costs of delaying or ending negotiations are low (that you are in no hurry and can wait forever), the more modest the other's resistance point will be. For instance, Sofia could act as if she were not in a great rush to sell her condo to signal her price is firm.
2. *Increase the other party's estimate of his or her own cost of delay or impasse.* The more a person needs an agreement, the more modest he or she will be in setting a resistance point. Therefore, the more you can do to convince the other party that delaying or ending negotiations will be costly, the more likely he or she will be to establish a modest resistance point. Jackson could mention that the real estate market was soft with many condos and few buyers available.
3. *Reduce the other party's perception of the value of an issue.* The resistance point may soften as the person reduces how valuable he or she considers that issue. If you can convince the other party that a current negotiating position will not have the desired outcome or that the present position is not as attractive as the other believes, then he or she will adjust his or her resistance point. For instance, Jackson could suggest that while the fixtures in the condo are nice, they are not exactly to his taste.
4. *Increase the other party's perception that you value an issue.* The more you can convince the other that you value a particular issue the more pressure you put on the other party to set a more modest resistance point with regard to that issue. Knowing that a position is important to the other party, however, you will expect the other to resist giving up on that issue; thus, there may be less possibility of a favorable settlement in that area. As a result, you may need to lower your expectations to a more modest resistance point. For instance, Jackson could insist he loves the appliances and wants them included in the deal without raising his offer. You need to take care when trying to influence the other party's resistance point. For instance, feigning disinterest to signal a higher cost to the other party may insult him or her. Jackson may irritate Sofia to the point of not wanting to sell him the condo if she feels he doesn't "appreciate it." In addition, the more attractive the other party's BATNA, the more likely he or she will be to set a high resistance point. If negotiations are unsuccessful, the other party can move to his or her BATNA. In the earlier example, both Jackson and Sofia have satisfactory alternatives. Sofia can portray her alternatives as more positive by mentioning that several people have asked to see the condo.

Tactical Tasks

Within the fundamental strategies of distributive bargaining, there are four important tactical tasks concerned with targets, resistance points, and the costs of terminating negotiations

for a negotiator in a distributive bargaining situation to consider: (1) Assess the other party's target, resistance point, and cost of terminating negotiations; (2) manage the other party's impression of the negotiator's target, resistance point, and cost of terminating negotiations, (3) modify the other party's perception of his or her own target, resistance point, and cost of terminating negotiations, and (4) manipulate the actual costs of delaying or terminating negotiations. Each of these tasks is now discussed in more detail.

Assess the Other Party's Target, Resistance Point, and Costs of Terminating Negotiations

An important first step for a negotiator is to obtain information about the other party's target and resistance points. The purpose is to identify what the other party *really* wants to achieve, as well as how much he or she is willing to pay. The negotiator can pursue two general routes to achieve this task: obtain information indirectly about the background factors behind an issue (*indirect assessment*) or obtain information directly from the other party about his or her target and resistance points (*direct assessment*). (See Box 2.2 for some advice on gathering information for negotiation.)

Indirect Assessment An individual sets a resistance point based on many potential factors. For example, how do you decide how much rent or mortgage payment you can afford each month? How do you decide what a condo or used car is really worth? There are lots of ways to go about doing this. Indirect assessment means determining what information an individual likely used to set target and resistance points and how he or she interpreted this information. For example, in labor negotiations, management may infer whether or not a union is willing to strike by how hard the union bargains or by the size of its strike fund. The union decides whether or not the company can afford a strike based on the size of inventories, market conditions for the company's product, and the percentage of workers who are members of the union. In a real estate negotiation, the listing price, how long a piece of property has been on the market, how many other potential buyers actually exist, how soon a buyer needs the property for business or living, and the financial health of the seller will be important factors (see Cardella and Seiler, 2016). An automobile buyer might view the number of new cars in inventory on the dealer's lot, refer to newspaper articles about automobile sales, read about a particular car's popularity in consumer buying guides (i.e., the more popular the car, the less the dealer may be open to bargaining on price), or consult reference guides to find out what a dealer pays wholesale for different cars (see Bennett, 2013).

A variety of information sources can be used to assess the other party's resistance point. One can make observations; consult readily available documents, online discussion groups, and publications widely available on the Internet; and speak to knowledgeable experts. It is important to note, however, that these are indirect indicators. One person may interpret a given set of data very differently than another person. Having a large inventory of automobiles may make a dealer willing to reduce the price of a car. However, the dealer may expect the market to change soon, may have just started a big promotional campaign of which the buyer is unaware, or may see no real need to reduce prices and instead intends to wait for a market upturn. Indirect measures provide valuable information that *may* reflect a reality the other person will eventually have to face. It is important to remember,

Gathering information before you go to the negotiating table is one of the most critical factors for success in negotiation. Many expert negotiators stress that effective information gathering is absolutely essential to being prepared and that the “lead time” between knowing that a negotiation will take place and actually beginning the negotiation should be filled with information collection activities. Negotiators who wait until the last minute risk undercutting themselves because they haven’t done enough “homework.”

Some of the most important information should be gathered on the *substantive issues* under negotiation. For instance, if you are planning to buy a new car, you should find information about the makes and models that interest you: list prices and selling prices, ratings of the automobiles’ quality, how well they have been selling, etc. Sources for this kind of information include

- Websites that evaluate brands and models of new cars and provide up-to-date information on manufacturer pricing and dealer incentives.
- Magazines that test and rate automobiles (found in most book stores and libraries).
- Online forums that evaluate the reputation of car dealerships.
- Friends who may have owned this make and model of car.

A second critical topic for information search is to find out as much as you can about the people with whom you’ll be interacting and the company or organization that they represent. Knowing the other party—even if you have never met him or her before—can help you shape your strategy. Master negotiator Herb Cohen suggests the following questions to help you negotiate with such individuals:

- Why are they negotiating with me?
- What are their time constraints and deadlines?
- By whom and how will their decisions be made?
- How do they react to conflict?
- What is their negotiating style?
- What are the limits to their authority?
- To whom do they report?
- Do they have a budget or quota?
- How are they compensated?
- What is their negotiating experience and background?
- Do they have a realistic alternative to making this deal?
- What incentives do they have to make this deal?
- What are their underlying interests and concerns?
- What is their track record for honesty and integrity?
- What are their expectations with respect to the outcome?

Author John Patrick Dolan recommends that once face-to-face interaction is under way, you should listen more than you talk. Asking open-ended questions—which usually begin with *what, why, where, when, or how*—can encourage the other party to volunteer potentially valuable information. The more you know about the other party’s agenda, the better you will be able to use that information to enhance your ability to achieve your desired outcome.

Sources: Adapted from Cohen, Herb, *Negotiate This!* New York, NY: Warner Books, 2003; and Dolan, John Patrick, *Negotiate Like the Pros*. New York, NY: Putnam, 1992.

however, that the same piece of information may mean different things to different people and therefore may not tell you exactly what you think it does.

Direct Assessment In bargaining, the other party does not usually reveal accurate and precise information about his or her targets, resistance points, and expectations. Sometimes, however, the other party will provide accurate information. When pushed to the absolute limit and in need of a quick settlement, the other party may explain the facts quite clearly. If company executives believe that a wage settlement above a certain point will drive the company out of business, they may choose to state that absolute limit very clearly and go to considerable lengths to explain how it was determined. Similarly, a condo buyer may tell the seller her absolute maximum price and support it with an explanation of income and other expenses. In these instances, the party revealing the information believes that the proposed agreement is within the settlement range—and that the other party will accept the offered information as true rather than see it as a bargaining ploy. An industrial salesperson may tell the purchaser about product quality and service, alternative customers who want to buy the product, and the time required to manufacture special orders.

Most of the time, however, the other party is not so forthcoming, and the methods of getting direct information are more complex. In international espionage, government agencies may cultivate sources, monitor email, and break codes. In labor negotiations, companies have been known to recruit informers or bug union meeting rooms, and unions have had their members collect papers from executives' wastebaskets. In real estate negotiations, a seller may entertain a prospective buyer with abundant alcoholic beverages to loosen the buyer's tongue with the hope that he will reveal information (see Schweitzer and Kerr, 2000). Additional approaches include provoking the other party into an angry outburst and putting the other party under pressure designed to cause him or her to make a slip and reveal valuable information. Negotiators will also simulate exasperation and angrily stalk out of negotiations in the hope that the other, in an effort to avoid a deadlock, will reveal what he or she really wants.

Manage the Other Party's Impressions of Your Target, Resistance Point, and Cost of Terminating Negotiations

An important tactical task for negotiators is to control the information sent to the other party about your target and resistance points while guiding him or her to form a preferred impression of them. Negotiators need to screen information about their own positions and to represent them as they would like the other to believe. Generally speaking, screening activities are more important at the beginning of negotiation, and direct action is more useful later on. This sequence also allows time to concentrate on gathering information from the other party, which will be useful in evaluating resistance points, and on determining the best way to provide information to the other party about one's own position.

Screening Activities The simplest way to screen a position is to say and do as little as possible. Silence is golden when answering questions; words should be invested in asking the other negotiator questions. Reticence reduces the likelihood of making verbal slips or presenting any clues that the other party could use to draw conclusions. A look of disappointment or boredom, fidgeting and restlessness, and probing with interest all can give

clues about the importance of the points under discussion (see Fassina and Whyte, 2014). Concealment is the most general screening activity.

Another approach, available when group negotiations are conducted through a representative, is *calculated incompetence*. With this approach, constituents do not give the negotiating agent all the necessary information, making it impossible for him or her to leak information. Instead, the negotiator is sent with the task of simply gathering facts and bringing them back to the group. This strategy can make negotiations complex and tedious, and it often causes the other party to protest vigorously at the negotiator's inability to divulge important data or to make agreements. Lawyers, real estate agents, and investigators frequently perform this role. Representatives may also be limited, or limit themselves, in their authority to make decisions. For example, a man buying a car may claim that he must consult his wife before making a final decision.

When negotiation is carried out by a team—as is common in diplomacy, labor–management relations, and many business negotiations—channeling all communication through a team spokesperson reduces the chance of inadvertently revealing information. Team negotiations are discussed more extensively in Chapter 13. In addition to reducing the number of people who can actively reveal information, this allows members of the negotiating team to observe and listen carefully to what the other party is saying so they can detect clues and pieces of information about their position. Still another screening activity is to present a great many items for negotiation, only a few of which are truly important to the negotiator. In this way, the other party has to gather information about so many different items that it becomes difficult to detect which items are really important. This tactic, called the snow job or kitchen sink, may be considered a hard-ball tactic (discussed later in this chapter) if carried to an extreme (Karrass, 1974).

Direct Action to Alter Impressions Negotiators can take many actions to present facts that will directly enhance their position or make it appear stronger to the other party. One of the most obvious methods is *selective presentation*, in which negotiators reveal only the facts necessary to support their case. Negotiators can also use selective presentation to lead the other party to form the desired impression of their resistance point or to create new possibilities for agreement that are more favorable than those that currently exist. Another approach is to explain or interpret known facts to present a logical argument that shows the costs or risks to oneself if the other party's proposals are implemented. An alternative is to say, "If you were in my shoes, here is the way these facts would look in light of the proposal you have presented."

Negotiators should justify their positions and desired outcomes in order to influence the other party's impressions. Power and influence tactics are discussed in more detail in Chapters 8 and 9. Negotiators can use industry standards, benchmarks, appeals to fairness, and arguments for the good of the company to draw a compelling picture for the other party to agree to what they want. These arguments are most convincing when the facts have been gathered from a neutral source because then the other party will not see them as biased by your preferred outcome. However, even with facts that you provide, selectivity can be helpful in managing the other party's impression of your preferences and priorities. It is not necessary for the other to agree that this is the way things would look if he or she were you. Nor must the other agree that the facts lead only to the conclusion you have presented. As long as the other party understands how you see things, then his or her thinking is likely to be influenced.

Displaying *emotional reaction* to facts, proposals, and possible outcomes is another form of direct action negotiators can take to provide information about what is important to them. Disappointment or enthusiasm usually suggests that an issue is important, whereas boredom or indifference suggests it is trivial. A loud, angry outburst or an eager response suggests the topic is very important and may give it a prominence that will shape what is discussed. Recent research by Neil Fassina and Glen Whyte (2014) demonstrates that strategic flinching (defined as “displays of shock, disgust, or disbelief”) can significantly improve the value claimed in a distributive negotiation, although with significant costs to the perception of the relationship by the other. We discuss emotions in more detail in Chapter 6.

The length of time and amount of detail used in presenting a point or position can also convey importance. Carefully checking through the details the other side has presented about an item, or insisting on clarification and verification, can convey the impression of importance. Casually accepting the other party’s arguments as true can convey the impression of disinterest in the topic being discussed.

Taking direct action to alter another’s impression raises several potential hazards. It is one thing to select certain facts to present and to emphasize or de-emphasize their importance accurately, but it is a different matter to fabricate and lie. The former is expected and understood in distributive bargaining; the latter, even in hardball negotiations, is resented and often angrily attacked if discovered. Between the two extremes, however, what is said and done as skillful puffery by one may be perceived as dishonest distortion by the other. Ethical considerations are explored in detail in Chapter 5. Other problems can arise when trivial items are introduced as distractions or minor issues are magnified in importance. The purpose is to conceal the truly important and to direct the other’s attention away from the significant, but there is a danger: The other person may become aware of this maneuver and, with great fanfare, concede on the minor points, thereby gaining the right to demand equally generous concessions on the central points. In this way, the other party can defeat the maneuverer at his or her own game.

Modify the Other Party’s Perceptions of His or Her Target, Resistance Point, and Cost of Terminating Negotiations

A negotiator can alter the other party’s impressions of his or her own objectives by making outcomes appear less attractive or by making the cost of obtaining them appear higher. The negotiator may also try to make demands and positions appear more attractive or less unattractive to the other party.

There are several approaches to modifying the other party’s perceptions. One approach is to interpret for the other party what the outcomes of his or her proposal will really be. A negotiator can explain logically how an undesirable outcome would result if the other party really did get what he or she requested. This may mean highlighting something that has been overlooked. For example, in union-management negotiations, management may demonstrate that a union request for a six-hour workday would, on the one hand, not increase the number of employees because it would not be worthwhile to hire people for two hours a day to make up for the hours taken from the standard eight-hour day. On the other hand, if the company were to keep production at the present level, it would be necessary to use the present employees on overtime, thereby increasing the total labor cost and, subsequently, the price of the product. This rise in cost would reduce demand for the product and, ultimately, the number of hours worked or the number of workers.



"Drop dead. Well that's a good start to our negotiations."

CartoonStock.com

Source: ©Theresa McCracken/Cartoonstock

Another approach to modifying the other's perceptions is to conceal information. An industrial seller may not reveal to a purchaser that certain technological changes are going to reduce significantly the cost of producing the products. A seller of real estate may not tell a prospective buyer that in three years a proposed highway will isolate the property being sold from key areas of the city. Concealment strategies may carry with them the ethical hazards mentioned earlier, and negotiators must ensure they negotiate in good faith (Quagliato, 2008).

Manipulate the Actual Costs of Delaying or Terminating Negotiations

Negotiators have deadlines. A contract will expire. Agreement has to be reached before an important meeting occurs. Someone has to catch a plane. Extending negotiations beyond a deadline can be costly, particularly to the person who has the deadline, because that person has to either extend the deadline or go home empty-handed. At the same time, research and practical experience suggest that a large majority of agreements in distributive bargaining are reached when the deadline is near.² In addition, time pressure in negotiation appears to

reduce negotiator demands (de Dreu, 2003), and when a negotiator represents a constituency, time pressure appears to reduce the likelihood of reaching an agreement (Mosterd and Rutte, 2000). The effects of representing a constituency are discussed in more detail in Chapter 11. Manipulating a deadline or failing to agree by a particular deadline can be a powerful tool in the hands of the person who does not face deadline pressure. In some ways, the ultimate weapon in negotiation is to threaten to terminate negotiations, denying both parties the possibility of a settlement. One side then will usually feel this pressure more acutely than the other, and so the threat is a potent weapon. There are three ways to manipulate the costs of delay in negotiation: (1) plan disruptive action, (2) form an alliance with outsiders, and (3) manipulate the scheduling of negotiations.

Disruptive Action One way to encourage settlement is to increase the costs of not reaching a negotiated agreement through disruptive action. In one instance, a group of unionized food-service workers negotiating with a restaurant rounded up supporters, had them enter the restaurant just prior to lunch, and had each person order a cup of coffee and drink it leisurely. When regular customers came to lunch, they found every seat occupied (Jacobs, 1951). In recent NFL contract negotiations, players took to social media to vent their frustrations about management with the league's fans. By sharing their opinions publicly through Twitter, the players hoped to influence the negotiation process and a settlement. Public picketing of a business, boycotting of a product or company, and locking of negotiators in a room until they reach agreement are all forms of disruptive action that increase the costs to negotiators for not settling and thereby bring them back to the bargaining table. Such tactics can work, but they may also produce anger and escalate the conflict.

Alliance with Outsiders Another way to increase the costs of delay or terminate negotiations is to involve other parties who can somehow influence the outcome in the process. In many business transactions, a private party may suggest that if negotiations with a merchant are unsuccessful, he or she will go to the Better Business Bureau and protest the merchant's actions. Individuals who are dissatisfied with the practices and policies of businesses or government agencies form task forces, political action groups, and protest organizations to bring greater collective pressure on the target. For example, individual utility consumers often enhance their negotiation with public service providers on consumer rates and services by citing compliance with public utility commissions' guidelines to substantiate their requests.

Schedule Manipulation The negotiation scheduling process can often put one party at a considerable disadvantage, and the negotiation schedule can be used to increase time pressure on negotiators. Businesspeople going overseas to negotiate with customers or suppliers often find that negotiations are scheduled to begin immediately after their arrival, when they are still suffering from the fatigue of travel and jet lag. Alternatively, a host party can use delay tactics to squeeze negotiations into the last remaining minutes of a session in order to extract concessions from the visiting party (Cohen, 1980). Automobile dealers likely negotiate differently with a customer half an hour before quitting time on Saturday than at the beginning of the workday on Monday. Industrial buyers have a much more difficult negotiation when they have a short lead time because their plants may have to sit idle if they cannot secure a new contract for raw materials in time.

The opportunities to increase or alter the timing of negotiation vary widely across negotiation domains. In some industries, it is possible to stockpile raw materials at relatively low cost or to buy in large bulk lots; in other industries, however, it is essential that materials arrive at regular intervals because they have a short shelf life (especially when there are just-in-time inventory procedures). There are far fewer opportunities for an individual to create costly delays when negotiating a home purchase than when negotiating a bulk order of raw materials. Nonetheless, the tactic of increasing costs by manipulating deadlines and time pressures is an option that can both enhance your own position and protect you from the other party's actions (Camerer and Loewenstein, 1993; Stuhlmacher, Gillespie, and Champagne, 1998).

Positions Taken during Negotiation

Effective distributive bargainers need to understand the process of taking positions during bargaining, including the importance of the opening offer and the opening stance, and the role of making concessions throughout the negotiation process (see Tutzauer, 1992). At the beginning of negotiations, each party takes a position. Typically, one party will then change his or her position in response to information from the other party or in response to the other party's behavior. The other party's position will also typically change during bargaining. Changes in position are usually accompanied by new information concerning the other's intentions, the value of outcomes, and likely zones for settlement. Negotiation is iterative. It provides an opportunity for both sides to communicate information about their positions that may lead to changes in those positions.

Michael Prietula and Laurie Weingart (2011) suggest that negotiators need to be sensitive to two factors when creating offers: (1) *value* characteristics, which are how much the issues and options of different issues are *worth* to a negotiator, and (2) *content* characteristics, which involve the way the negotiation is *constructed* (number of issues, possible options, etc.). Negotiators need to be aware that parties may differ in not only the value they place on different issues but also how they construct the negotiation space itself. Prietula and Weingart suggest that early offers can be almost random within the two negotiators' offer space, and later offers are more comprehensive and refine the area of negotiation.

Opening Offers

When negotiations begin, the negotiator is faced with a perplexing problem. What should the opening offer be? Will the offer be seen as too low or too high by the other negotiator and be contemptuously rejected? An offer seen as modest by the other party could perhaps have been higher, either to leave more room to maneuver or to achieve a higher eventual settlement. Should the opening offer be somewhat closer to the resistance point, suggesting a more cooperative stance? These questions become less perplexing as the negotiator learns more about the other party's limits and planned strategy. While knowledge about the other party helps negotiators set their opening offers, it does not tell them exactly what to do.

Research by Adam Galinsky and Thomas Mussweiler (2001) suggests that making the first offer in a negotiation is advantageous to the negotiator making the offer. It appears that first offers can anchor a negotiation, especially when information about alternative negotiation outcomes is not considered (see Galinsky, Ku, and Mussweiler, 2009). A meta-analysis

by Dan Orr and Chris Guthrie (2006) confirms that higher initial offers have a strong effect on negotiation outcomes across a wide variety of distributive negotiation situations. Research by Michael Cotter and James Henley (2008) suggests that the effect of first offers as anchors may disappear as negotiators gain experience. Their intriguing study paired negotiators with different other parties on 10 rounds of different buyer-seller negotiations. Cotter and Henley found that first offers acted as anchors on only the *first* negotiation; on average, those who counteroffered achieved better outcomes across the subsequent nine negotiations. Negotiators can dampen the “first-offer effect” by the other negotiator, however, by concentrating on their own target and focusing on the other negotiator’s resistance point. In general, negotiators with better BATNAs are more likely to make the first offer (Magee et al., 2007). Negotiators need to be cautious when they know the other party’s BATNA, however, because there is a tendency to make a more conservative first offer when the other party’s BATNA is known (Buelens and Van Poucke, 2004).

The fundamental question is whether the opening offer should be exaggerated or modest. Studies indicate that negotiators who make exaggerated opening offers get higher settlements than do those who make low or modest opening offers.³ There are at least two reasons that an exaggerated opening offer is advantageous.⁴ First, it gives the negotiator room for movement and therefore allows him or her time to learn about the other party’s priorities. Second, an exaggerated opening offer acts as a meta-message and may create, in the other party’s mind, the impression that (1) there is a long way to go before a reasonable settlement will be achieved, (2) more concessions than originally intended may have to be made to bridge the difference between the two opening positions, and (3) the other may have incorrectly estimated his or her own resistance point (Putnam and Jones, 1982; Yukl, 1974). Two disadvantages of an exaggerated opening offer are that (1) it may be summarily rejected by the other party and halt negotiations prematurely and (2) it communicates an attitude of toughness that may be harmful to long-term relationships. The more exaggerated the offer, the greater is the likelihood that it will be summarily rejected by the other side. Therefore, negotiators who make exaggerated opening offers should also have viable alternatives they can employ if the opposing negotiator refuses to deal with them.

Opening Stance

A second decision negotiators should make at the outset of distributive bargaining concerns the stance, or attitude, to adopt during the negotiation. Will you be competitive (fighting to get the best on every point) or moderate (willing to make concessions and compromises)? Some negotiators take a belligerent stance, attacking the positions, offers, and even character of the other party. In response, the other party may mirror the initial stance, meeting belligerence with belligerence. Even if the other party does not directly mimic a belligerent stance, he or she is unlikely to respond in a warm and open manner. Some negotiators adopt a position of moderation and understanding, seeming to say, “Let’s be reasonable people who can solve this problem to our mutual satisfaction.” Even if the attitude is not mirrored, the other’s response is likely to be constrained by such a moderate opening stance.

It is important for negotiators to think carefully about the message that they wish to signal with their opening stance and subsequent concessions because there is a tendency for

In 1997, Mississippi was one of 40 states that initiated legal action against tobacco companies to recover money they had spent on health care problems associated with smoking. In July of that year, Mississippi announced that it had reached a settlement with the four largest tobacco companies, guaranteeing that the state would receive \$3.6 billion over 25 years and \$136 million per year thereafter.

The settlement was a personal battle for Mississippi attorney general Michael Moore, who single-handedly began an effort in 1994 to recoup his state's losses from tobacco-related illness. Over the next three years, he convinced 39 other states and Puerto Rico to join Mississippi in the suit.

Their efforts led to a national-level settlement that banned billboard advertising and forced tobacco companies to include stronger warning labels on cigarettes.

Moore parlayed his efforts into the first successful settlement with the tobacco companies, guaranteeing payment even before federal action was taken. By acting first, he ensured that Mississippi would receive adequate compensation for its losses.

Source: Adapted from Geyelin, Milo, "Mississippi Becomes First State to Settle Suit against Big Tobacco Companies," *The Wall Street Journal*, July 7, 1997, B, 8:4.

negotiators to respond in kind to distributive tactics in negotiation (Fleck, Volkema, and Pereira, 2016; Weingart, Prietula, Hyder, and Genovese, 1999). That is, negotiators tend to match distributive tactics from the other party with their own distributive tactics, especially when these tactics are considered appropriate competitive tactics (Fleck et al., 2016).

To communicate effectively, a negotiator should try to send a consistent message through both the opening offer and the stance (Eyuboglu and Buja, 1993). A reasonable bargaining position is usually coupled with a friendly stance, and an exaggerated bargaining position is usually coupled with a tougher, more competitive stance. When the messages sent by the opening offer and stance are in conflict, the other party will find them confusing to interpret and answer. Timing also plays a part, as is shown in Box 2.3. Ethical considerations are explored in detail in Chapter 5.

Initial Concessions

An opening offer is usually met with a counteroffer, and these two offers define the initial bargaining range. Sometimes the other party will not counteroffer but will simply state that the first offer (or set of demands) is unacceptable and ask the opener to come back with a more reasonable set of proposals. In any event, after the first round of offers, the next question is, What movement or concessions are to be made? Negotiators can choose to make none, to hold firm and insist on the original position, or to make some concessions. Note that it is not an option to escalate one's opening offer—that is, to set an offer further away from the other party's target point than one's first offer. This would be uniformly met with disapproval from the other negotiator. If concessions are to be made, the next question is, How large should they be? Note that the first concession conveys a message, frequently a symbolic one, to the other party about how you will proceed.

Opening offers, opening stances, and initial concessions are elements at the beginning of a negotiation that parties can use to communicate how they intend to negotiate. An exaggerated opening offer, a determined opening stance, and a very small initial concession signal a position of firmness; a moderate opening offer; a reasonable, cooperative opening

stance; and a reasonable initial concession communicate a basic stance of flexibility. By taking a firm position, negotiators attempt to capture most of the bargaining range for themselves so that they maximize their final outcome or preserve maximum maneuvering room for later in the negotiation. Firmness can also create a climate in which the other party may decide that concessions are so meager that he or she might as well capitulate and settle quickly rather than drag things out. A meta-analysis by Hüffmeier and his colleagues has shown that negotiators who take a hard line during negotiation (defined as more extreme opening offers and fewer concessions) achieve better economic outcomes in their negotiations, but these are achieved at a cost of being perceived more negatively by the other party (Hüffmeier, Freund, Zerres, Backhaus, and Hertel, 2014). Paradoxically, firmness may actually shorten negotiations (see Ghosh, 1996). There is also a possibility, however, that firmness will be reciprocated by the other. One or both parties may become either intransigent or disgusted and withdraw completely.

There are several good reasons for adopting a flexible position (Olekalns, Smith, and Walsh, 1996). First, when taking different stances throughout a negotiation, one can learn about the other party's targets and perceived possibilities by observing how he or she responds to different proposals. Negotiators may want to establish a cooperative rather than a combative relationship, hoping to get a better agreement. In addition, flexibility keeps the negotiations proceeding; the more flexible one seems, the more the other party will believe that a settlement is possible.

Role of Concessions

Concessions are central to negotiation (Thuderoz, 2017). Without them, in fact, negotiations would not exist. If one side is not prepared to make concessions, the other side must capitulate or the negotiations will deadlock. People enter negotiations expecting concessions. Negotiators are less satisfied when negotiations conclude with the acceptance of their first offer, likely because they feel they could have done better (Galinsky, Seiden, Kim, and Medvec, 2002). Immediate concessions are perceived less valuable than gradual, delayed concessions, which appear to increase the perceived value of the concession (Kwon and Weingart, 2004). Good distributive bargainers will not begin negotiations with an opening offer too close to their own resistance point, but rather will ensure that there is enough room in the bargaining range to make some concessions. Research suggests that people will generally accept the first or second offer that is better than their target point (see Rapoport, Erev, and Zwick, 1995), so negotiators should try to identify the other party's target point accurately and avoid conceding too quickly to that point. (See Box 2.4 for guidelines on how to make concessions.) Recent research also suggests that more straightforward negotiators and those with greater concern for the other party make more concessions during negotiation (DeRue, Conlon, Moon, and Willaby, 2009).

Negotiators also generally resent a take-it-or-leave-it approach; an offer that may have been accepted had it emerged as a result of concession making may be rejected when it is thrown on the table and presented as a *fait accompli*. This latter approach, called Boulwarism,⁵ has been illustrated many times in labor relations. In the past, some management leaders objectively analyzed what they could afford to give in their upcoming contract talks and made their initial offer at the point they intended for the agreement (i.e., they set the same

Donald Hendon, Matthew Roy, and Zafar Ahmed (2003) provide the following 12 guidelines for making concessions in negotiation:

1. Give yourself enough room to make concessions.
2. Try to get the other party to start revealing his or her needs and objectives first.
3. Be the first to concede on a minor issue but not the first to concede on a major issue.
4. Make unimportant concessions and portray them as more valuable than they are.
5. Make the other party work hard for every concession you make.
6. Use trade-offs to obtain something for every concession you make.
7. Generally, concede slowly and give a little with each concession.
8. Do not reveal your deadline to the other party.
9. Occasionally say “no” to the other negotiator.
10. Be careful trying to take back concessions even in “tentative” negotiations.
11. Keep a record of concessions made in the negotiation to try to identify a pattern.
12. Do not concede “too often, too soon, or too much.”

Source: Hendon, Donald W., Roy, Matthew H., and Ahmed, Zafar U., “Negotiation Concession Patterns: A Multi-Country, Multi-Period Study,” *American Business Review*, vol. 21, 2003, 75–83.

opening offer, target point, and resistance point). They then insisted there were no concessions to be made because the initial offer was fair and reasonable based on their own analysis. Unions bitterly fought these positions and continued to resent them years after the companies abandoned this bargaining strategy.

There are ample data to show that parties feel better about a settlement when the negotiation involved a progression of concessions than when it didn't.⁶ Ruben and Brown (1975) suggest that bargainers want to believe they are capable of shaping the other's behavior, of causing the other to choose as he or she does. Because concession making indicates an acknowledgment of the other party and a movement toward the other's position, it implies recognition of that position and its legitimacy. The intangible factors of status and recognition may be as important as the tangible issues themselves. Concession making also exposes the concession maker to some risk. If the other party does not reciprocate, the concession maker may appear to be weak. Thus, not reciprocating a concession may send a powerful message about firmness and leaves the concession maker open to feeling that his or her esteem has been damaged or reputation diminished.

A reciprocal concession cannot be haphazard. If one party has made a major concession on a significant point, it is expected that the return offer will be on the same item or one of similar weight and somewhat comparable magnitude. To make an additional concession when none has been received (or when the other party's concession was inadequate) can imply weakness and can squander valuable maneuvering room. After receiving an inadequate concession, negotiators may explicitly state what they expect before offering further concessions: “That is not sufficient; you will have to concede X before I consider offering any further concessions.”

To encourage further concessions from the other side, negotiators sometimes link their concessions to a prior concession made by the other. They may say, “Because you have

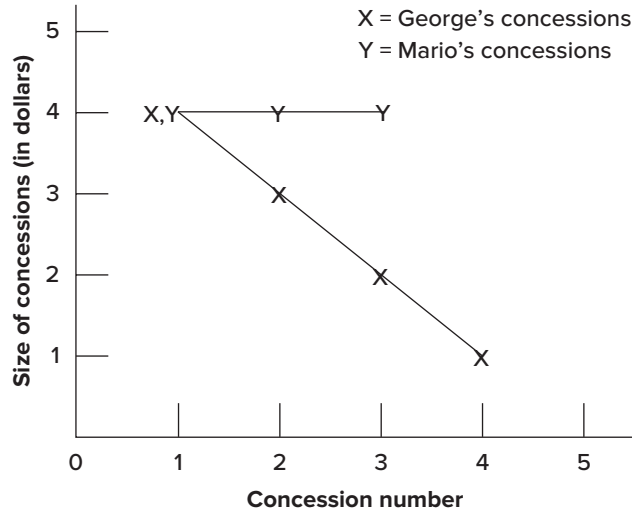
reduced your demand on X, I am willing to concede on Y.” A powerful form of concession making involves wrapping a concession in a package—for example, “If you will move on A and B, I will move on C and D.” Packaging concessions can lead to better outcomes for negotiators than making concessions singly on individual issues.⁷ A particularly effective package is to concede more on lower-priority items to gain more on higher-priority items. This is an integrative negotiation tactic known as logrolling and is discussed in Chapter 3.

Pattern of Concession Making

The pattern of concessions a negotiator makes contains valuable information, but it is not always easy to interpret. When successive concessions get smaller, the obvious message is that the concession maker’s position is getting firmer and that the resistance point is being approached. This generalization needs to be tempered, however, by noting that a concession late in negotiations may also indicate that there is little room left to move. When the opening offer is exaggerated, the negotiator has considerable room available for packaging new offers, making it relatively easy to give fairly substantial concessions. When the offer or counteroffer has moved closer to a negotiator’s target point, giving a concession the same size as the initial one may take a negotiator past the resistance point. Suppose a negotiator makes a first offer \$100 below the other’s target price; an initial concession of \$10 would reduce the maneuvering room by 10 percent. When negotiations get to within \$10 of the other’s target price, a concession of \$1 gives up 10 percent of the remaining maneuvering room. A negotiator cannot always communicate such mechanical ratios in giving or interpreting concessions, but this example illustrates how the receiver might construe the meaning of concession size, depending on where it occurs in the negotiating process.

The pattern of concession making is also important. Consider the pattern of concessions made by two negotiators, George and Mario, shown in Figure 2.4. Assume that the negotiators are discussing the unit price of a shipment of computer parts and that each is dealing with a different client. Mario makes three concessions, each worth \$4 per unit, for a total of \$12. In contrast, George makes four concessions, worth \$4, \$3, \$2, and \$1 per unit, for a total of \$10. Both Mario and George tell their counterparts that they have conceded about all that they can. George is more likely to be believed when he makes this assertion because he has signaled through the pattern of his concession making that there is not much left to concede. When Mario claims to have little left to concede, his counterpart is less likely to believe him because the pattern of Mario’s concessions (three concessions worth the same amount) suggests that there is plenty left to concede, even though Mario has actually conceded more than George (see Yukl, 1974). Note that we have not considered the words spoken by Mario and George as these concessions were made. It is also important to justify concessions to the other party, especially those involving price reductions (Yama, 2004). Behaviors and words are interpreted by the other party when we negotiate; it is important to signal to the other party with both our actions and our words that the concessions are almost over.

In multi-issue negotiations, skilled negotiators will also suggest different forms of a potential settlement that are worth about the same to them. They recognize that not all issues are worth the same amount to both parties. For example, a negotiator in a purchasing agreement may be interested solely in the total revenue of a package and not care whether it

FIGURE 2.4 | Pattern of Concession Making for Two Negotiators

is paid in full within one month without interest or over six months with a financing fee at current interest rates. The length of the repayment period may, however, be critical to the other party, who has a cash flow problem; that party may be willing to pay the financing fee for the right to spread the payments over six months. In fact, different combinations of principal, interest rate, and payback period may have the same value for one party but quite a different value for the other. Finally, recent research in auditor–client negotiations suggests that concession patterns differ by the role of the auditor versus client in audit negotiations (Bennett, Hatfield, and Stefaniak, 2015; Sun, Tan, and Zhang, 2015), suggesting that negotiation context plays an important role in interpreting concessions.

Final Offers

Eventually, a negotiator wants to convey the message that there is no further room for movement—that the present offer is the final one. A good negotiator will say, “This is all I can do” or “This is as far as I can go.” Sometimes, however, it is clear that a simple statement will not suffice; an alternative is to use concessions to convey the point. A negotiator might simply let the absence of any further concessions convey the message in spite of urging from the other party. The other party may not recognize at first that the last offer was the final one and might volunteer a further concession to get the other to respond. Finding that no further concession occurs, the other party may feel betrayed and perceive that the pattern of concession–counterconcession was violated. The resulting bitterness may further complicate negotiations.

One way negotiators may convey the message that an offer is the last one is to make the last concession more substantial. This implies that the negotiator is throwing in the remainder of the negotiating range. The final offer has to be large enough to be dramatic

yet not so large that it creates the suspicion that the negotiator has been holding back and that there is more available on other issues in the bargaining mix (Walton and McKersie, 1965). A concession may also be personalized to the other party (“I went to my boss and got a special deal just for you”), which signals that this is the last concession the negotiator will make.

Commitment

A key concept in creating a bargaining position is that of commitment (Ellingsen and Miettinen, 2014). One definition of commitment is the taking of a bargaining position with some explicit or implicit pledge regarding the future course of action (Walton and McKersie, 1965, p. 82). An example is a sports agent who says to the general manager of a professional sports team, “If we do not get the salary we want, my player will sit out next year.” This act identifies the negotiator’s bargaining position and pledges future action if that position is not reached. The purpose of a commitment is to remove ambiguity about the negotiator’s intended course of action. By making a commitment, a negotiator signals his or her intention to take this course of action, make this decision, or pursue this objective—the negotiator says, “If you pursue your goals as well, we are likely to come into direct conflict; either one of us will win or neither of us will achieve our goals.” Commitments also reduce the other party’s options; they are designed to constrain the other party to a reduced portfolio of choices.

A commitment is often interpreted by the other party as a threat—if the other doesn’t comply or give in, some set of negative consequences will occur. Some commitments can be threats, but others are simply statements of intended action that leave the responsibility for avoiding mutual disaster in the hands of the other party. A nation that publicly states that it is going to invade another country and that war can be averted only if no other nation tries to stop the action is making a bold and dramatic commitment. Commitments can also involve future promises, such as “If we get this salary increase, we’ll agree to have all other points arbitrated as you request.”

Because of their nature, commitments are statements that usually require a follow-through in action. A negotiator who states consequences (e.g., the player will sit out next year), and subsequently fails to get what he or she wanted in the negotiation, is not going to be believed in the future unless he or she acts on the consequences (e.g., the player does not report to training camp). In addition, a person would likely suffer a loss to self-image after not following through on a publicly made commitment. Once a negotiator makes a commitment, therefore, there is strong motivation to hold to it. Because the other party probably will understand this, a commitment, once accepted, will often have a powerful effect on what the other party believes is possible (Pruitt, 1981).

Tactical Considerations in Using Commitments

Like many tools, commitments are two-edged. They may be used to gain the advantages described earlier, but they may also fix a negotiator to a particular position or point. Commitments exchange flexibility for certainty of action, but they create difficulties if one wants to move to a new position. For example, suppose that after committing yourself to a course

of action, you find additional information indicating that a different position is desirable, such as information showing that your earlier estimate of the other party's resistance point was wrong and that there is actually a negative bargaining range. It may be desirable or even necessary to shift positions after making a commitment. For these reasons, when making commitments, one should also make contingency plans for a graceful exit, should it be needed. For the original commitment to be effective, the contingency plans must be secret. For example, the player's agent might have planned to retire shortly after the expected completion of negotiations. By advancing retirement, the agent can thereby cancel the commitment and leave a new negotiator unencumbered. The purchaser of a condo may be able to back away from a commitment to buy by discovering hitherto unnoticed cracks in the plaster in the living room or by being unable to obtain financing from the bank. (In Box 2.5, see examples of how to avoid premature commitments in salary negotiations.)

Commitments may be useful to you as a negotiator, but you will find it advantageous to prevent the other party from becoming committed. Further, if the other party should take a committed position, it is to your advantage to keep open one or more ways for him or her to get out of the commitment. The following sections examine these tactical issues in more detail.

Establishing a Commitment

Given that strong, passionate statements—some of which are pure bluff—are made during negotiation, how does a negotiator establish that a statement is to be understood as a commitment? A commitment statement has three properties: a high degree of *finality*, a high degree of *specificity*, and a clear statement of *consequences* (Walton and McKersie, 1965). A buyer could say, "We need a volume discount, or there will be trouble." This statement is far less powerful than "We must have a 10 percent volume discount in the next contract, or we will sign with an alternative supplier next month." The latter statement communicates finality (how and when the volume discount must be granted), specificity (how much of a volume discount is expected), and a clear statement of consequences (exactly what will happen if the discount is not given). It is far stronger than the first statement and much more difficult to get released from. Several ways to create a commitment are discussed next.

Public Pronouncement A commitment statement increases in potency when more people know about it. The sports agent's statement about sitting out the season would have a different impact if made during a television sportscast than if made only at the bargaining table. Some parties in negotiations have called press conferences or placed ads in newspapers or other publications stating what they want and what will or will not happen if they don't get it. In each of these situations, the wider the audience, the less likely the commitment will be changed. The effect of the broader social context on negotiations is discussed in Chapters 10 and 11.

Linking with an Outside Base Another way to strengthen a commitment is to link with one or more allies. (Negotiation coalitions are discussed in Chapter 12.) Employees who are

Myron Liebschutz, writing in *The Wall Street Journal*, offers these tips for success when job applicants must negotiate a salary package with a prospective employer:

- Delay discussion of compensation until after you have been offered the job.
 - After the employer presents the offer and quotes the salary range, remain silent for about 30 seconds. By remaining quiet, you invite the other person to mention a higher figure or talk about flexibility. Then negotiations can begin.
 - Don't comment on the salary offer immediately. Instead, clarify some other aspect of the job's responsibilities, and reaffirm where and how you believe you can benefit the organization.
 - Then say that the offer is a bit on the conservative side, although the position is still very attractive. Say you would like to think it over and talk again the next day.
 - Don't discuss benefits before salary. Get agreement on salary first; then negotiate the fringe benefits.
- Be aware of overnegotiating. Asking for too much, even if you get it, may cause you to be viewed with resentment and can hinder you in future salary reviews.
 - Whatever the offer, do not accept it on the spot. Express interest, but ask for a day to think it over. The job won't go away, and the employer may be able to come up with a better offer, given some additional time to get approval.
 - If the company cannot meet your annual salary requirements, look for other options such as a one-time, up-front bonus; extended vacation; or specific monetary rewards for performance goals. Typically, there is little room for negotiation when you are applying for a low-level job, when the company is highly bureaucratic, or when the labor supply exceeds demand. There are more opportunities to negotiate when you are applying for a new or high-level, high-profile position and when you possess multiple or unique skills.

Source: Adapted from Liebschutz, Myron, "Negotiating the Best Deal Requires a Poker Strategy," *The Wall Street Journal*, June 8, 1997, B1.

dissatisfied with management can form a committee to express their concerns. Industry associations may coalesce to set standards for a product. A variation of this process occurs when negotiators create conditions that make it more difficult for them to break a commitment they have made. For example, by encouraging dedicated colonists to settle on the West Bank near Jerusalem, the Israeli government made it more difficult for Israel to concede this land to the Palestinians, a point the Israelis initially wanted to reinforce.

Increase the Prominence of Demands Many things can be done to increase the prominence of commitment statements. If most offers and concessions have been made orally, then writing out a statement may draw attention to the commitment. If prior statements have been written, then using a different size typeface or different colored paper will draw attention to the new one. Repetition is one of the most powerful vehicles for making a statement prominent. Using different communication channels to convey a commitment makes the point strongly—for example, telling the other party of a commitment, then handing over a written statement, then reading aloud the statement, then circulating the commitment to others.

Reinforce the Threat or Promise When making a threat, there is the danger of going too far—stating a point so strongly that you look weak or foolish rather than threatening. Statements like “If I don’t get a concession on this point, I’ll see that you don’t stay in business another day!” are more likely to be greeted with annoyance or dismissal than with concern or compliance. Long, detailed statements that are highly exaggerated undermine credibility. In contrast, simple, direct statements of demands, conditions, and consequences are more effective.

Several things can be done to reinforce the implicit or explicit threat in a commitment. One is to review similar circumstances and their consequences; another is to make obvious preparations to carry out the threat. Facing the prospect of a strike, companies build up their inventories and move cots and food into their factories; unions build strike funds and give advice to their members about how to get by with less income, should there be a strike. Another route is to create and carry out minor threats in advance, thereby leading the other party to believe that major threats will be fulfilled. For example, a negotiator could say, “If the progress of these negotiations does not speed up, I am not going to return to the negotiation table after lunch,” and then do just that.

Finally, research on threats in negotiation suggests that negotiators who make threats are perceived as more powerful than negotiators who do not (see de Dreu, 1995; Shapiro and Bies, 1994). This perception of greater power does not appear to translate into higher negotiation outcomes for threat users, however. In fact, threat users are also perceived as less cooperative, and their outcomes in integrative situations seem to be lower than those of negotiators who do not use threats (Shapiro and Bies, 1994). Integrative negotiations are discussed in greater detail in Chapter 3.

Preventing the Other Party from Committing Prematurely

All the advantages of a committed position work against a negotiator when the other party becomes committed, so it is important to try to prevent the other negotiator from becoming committed. People often take committed positions when they become angry or feel pushed to the limit; these commitments are often unplanned and can work to the disadvantage of both parties. Consequently, negotiators should pay careful attention to the other party’s level of irritation, anger, and impatience.

Good, sound, deliberate commitments take time to establish, for the reasons already discussed. One way to prevent the other party from establishing a committed position is to deny him or her the necessary time. In a real estate deal with an option about to run out, a seller may use up the time by being unavailable or requiring extensive checking of deeds and boundaries, thereby denying time to a potential buyer to make an offer by the deadline and ultimately allowing another buyer who would pay more to enter into negotiation. Another approach to keep the other party from taking a committed position is to ignore or downplay a threat by not acknowledging the other’s commitment, or even by making a joke about it. A negotiator might lightheartedly say, “You don’t really mean that,” or “I know you can’t be serious about really going through with that,” or simply move negotiations along as though the commitment statement was not heard or understood. If the negotiator can pretend not to hear the other party’s statement or not to consider it significant, the statement can be ignored at a later point without incurring the consequences that would have ensued, had it

been taken seriously. Although the other negotiator can still carry out the threat, the belief that it must be carried out may be reduced.

There are times, however, when it is to a negotiator's advantage for the other party to become committed. When the other party takes a position on an issue relatively early in a negotiation, it may be very much to a negotiator's advantage to solidify that position so it will not be changed as the negotiation on other issues progresses. A negotiator may handle this situation in one of two ways: by identifying the significance of a commitment when it is made or by taking notes and keeping track of the other's statements. An employee might be very upset about the way a particular problem was handled but might also say that she will never get upset enough about it to resign. The manager might focus on this point at the time it is made or refer to it later if the employee has not calmed down. Both actions are designed to keep the employee from making a rash decision out of anger and may allow a cooling-off period before resuming discussions.

Finding Ways to Abandon a Committed Position

Frequently, negotiators want to get the other party out of a committed position, and many times that party will also want a way out. How can this be done? We suggest four avenues for escaping commitments.

Plan a Way Out One method has already been noted: When establishing a commitment, a negotiator should simultaneously plan a private way out. The negotiator may also reword a commitment to indicate that the conditions under which it applied have changed. Sometimes information provided by the other party during negotiations can permit a negotiator to say, "Given what I've learned from you during this discussion, I see I am going to have to rethink my earlier position." The same could be done for the other party. A negotiator, wanting to make it possible for the other to abandon a committed position and yet not lose credibility, might say, "Given what I've told you about the situation [or given this new information], I believe you will see that your earlier position no longer holds." Needless to say, the last thing a negotiator wants to do is to embarrass the other party or make judgmental statements about the shift in position; rather, the other party should be given every opportunity to retreat with dignity and without losing face.

Let It Die Silently A second way to abandon a commitment is to let the matter die silently. After a lapse of time, a negotiator can make a new proposal in the area of the commitment without mentioning the earlier one. A variation on this process is to make a tentative step in a direction previously excluded by the other's commitment. For example, an employee who has said that he would never accept a certain job assignment may be asked to consider the benefits to his career of a "temporary" placement in that job. In bureaucratic institutions, changes can be introduced as "innovative experiments" to see if they work before they are formally adopted. If the other party, in response to either of these variations, indicates through silence or verbal comment a willingness to let things move in that direction, the negotiation should simply be allowed to progress.

Restate the Commitment A third route is to restate the commitment in more general terms. The party that wants to abandon a commitment will make a new proposal, changing some of the details to be more in line with his or her current needs, while ostensibly still living with the general principles of the earlier wording. For example, the purchasing agent who demanded a 10 percent volume discount may rephrase this statement later to say simply that a significant volume discount is needed. The other party can then explore what level this “significant” discount could be.

Minimize the Damage Finally, if the other party backs off from a committed position, it is important to help him or her save face, which means helping minimize any possible damage to the other party’s self-esteem or to constituent relationships. One strategy to use in this instance is to make a public attribution about the other party’s move to some noble or higher outside cause. Diplomats can withdraw from a committed position because of their deep concern for peace and humankind. A buyer or seller can back off from a point during a real estate transaction to support the economic well-being of the community. Managers can leave a committed position for the good of the company.

A committed position is a powerful tool in negotiation; it is also a rigid tool and must therefore be used with care. As with any other tool, we must be as alert to ways of denying it to the other party as we are to ways we can use it for ourselves. Unfortunately, many commitments are made impulsively out of anger or a desire to stop making concessions, rather than as a result of clearly thought-out tactical planning. In either case, the essential effect of a committed position is to remove an issue from further discussion—to make it no longer negotiable except at serious risk to one or both parties. The committed position has to be believable, and it must appear inevitable—if X happens, Y is inevitable. Convincing the other party that fate is sealed on the matter at hand is a demanding task and requires preparation, time, and skill. Consequently, getting out of a committed position is not easy, but the process is made simpler by planning a means of escape at the time the commitment is being established. Many of the steps a negotiator can use to get out of a commitment can also be used to help the other party get out of a committed position or, even better, to keep him or her from establishing one in the first place.

Closing the Deal

After negotiating for a period of time, and learning about the other party’s needs, positions, and perhaps resistance point, the next challenge for a negotiator is to close the agreement. Negotiators can call on several tactics when closing a deal (see Cellich, 1997; Girard, 1989); choosing the best tactic for a given negotiation is as much a matter of art as science.

Provide Alternatives

Rather than making a single final offer, negotiators can provide two or three alternative packages for the other party that are more or less equivalent in value. People like to have choices, and providing a counterpart with alternative packages can be a very effective technique for closing a negotiation. This technique can also be used when a task force cannot

decide on which recommendation to make to upper management. If, in fact, there are two distinct, defensible possible solutions, then the task force can forward both with a description of the costs and benefits of each.

Assume the Close

Salespeople use an assume-the-close technique frequently. After having a general discussion about the needs and positions of the buyer, often the seller will take out a large order form and start to complete it. The seller usually begins by asking for the buyer's name and address before moving on to more serious points (e.g., price, model). When using this technique, negotiators do not ask the other party if she would like to make a purchase. Rather, they may say something like "Shall I get the paperwork started?" and act as if the decision to purchase something has already been made (see Girard, 1989).

Split the Difference

Splitting the difference is perhaps the most popular closing tactic. The negotiator using this tactic will typically give a brief summary of the negotiation ("We've both spent a lot of time, made many concessions, etc.") and then suggest that, because things are so close, "Why don't we just split the difference?" While this can be an effective closing tactic, it does presume that the parties started with fair opening offers. A negotiator who uses an exaggerated opening offer and then suggests a split-the-difference close is using a hardball tactic (discussed later).

Exploding Offers

An exploding offer contains an extremely tight deadline in order to pressure the other party to agree quickly and is an extreme version of manipulating negotiating schedules. For example, a person who has interviewed for a job may be offered a very attractive salary and benefits package, but also be told that the offer will expire in 24 hours. The purpose of the exploding offer is to convince the other party to accept the settlement and to stop considering alternatives. This is particularly effective in situations where the party receiving the exploding offer is still in the process of developing alternatives that may or may not turn out to be viable (such as the job candidate who is still interviewing with other firms). People can feel quite uncomfortable about receiving exploding offers, however, because they feel as if they're under unfair pressure. Exploding offers appear to work best for organizations that have the resources to make an exceptionally attractive offer early in a negotiation in order to prevent the other party from continuing to search for a potentially superior offer.

Sweeteners

Another closing tactic is to save a special concession for the close. The other negotiator is told, "I'll give you X if you agree to the deal." For instance, when selling a condo, the owner could agree to include the previously excluded curtains, appliances, or light fixtures to close the deal. To use this tactic effectively, however, negotiators need to include the sweetener in their negotiation plans, or they may concede too much during the close.

Assessing the Quality of the Agreement

How do negotiators know whether or not they have reached a good deal? There are two categories of outcomes that are important: (1) objective outcomes and (2) subjective value.

Objective outcomes include assessment of the agreement against the negotiator's target and resistance points. Did the negotiator achieve his or her target? How close to the target was achieved? Was the agreement below the resistance point? If not, was the resistance point exceeded on purpose or by accident? These are all very rational ways to assess an agreement. Another way to assess agreements would be against what the other party "would have paid." Unfortunately, this information is not available in actual negotiations and, even if obtained, should be treated with suspicion because it could be influenced by self-serving motivations or for strategic reasons.

Subjective value is a cluster of psychological variables that negotiators use to evaluate negotiation outcomes. Jared Curhan, Hillary Elfenbein, and Heng Xu (2006) identified four aspects of subjective value in negotiation: (1) feelings about the outcome (outcome satisfaction, distributive fairness); (2) feelings about the self (Did you lose face? Was your behavior principled?); (3) feelings about the process (Did the other party listen? Was the process fair?); and (4) feelings about the relationship (What impression did the other negotiator make on you? Do you trust the other negotiator?).

There is no perfect way to assess the quality of agreements, but negotiators should try. Both objective outcomes and subjective value appear important, with subjective value having an important influence on future negotiations (Curhan, Elfenbein, and Eisenkraft, 2010; Curhan, Elfenbein, and Xu, 2006).

Hardball Tactics

We now turn to a discussion of hardball tactics in negotiation. Many popular books of negotiation discuss using hardball negotiation tactics to beat the other party.⁸ Such tactics are designed to pressure negotiators to do things they would not otherwise do, and their presence usually disguises the user's adherence to a decidedly distributive bargaining approach. It is not clear exactly how often or how well these tactics work, but recent research by Fleck, Volkema, and Pereira (2016) suggests that they may have no effect on negotiation outcomes. They also can backfire, and there is evidence that very adversarial negotiators are not effective negotiators (Schneider, 2002). Many people find hardball tactics offensive and are motivated for revenge when such tactics are used against them. Many negotiators consider these tactics out-of-bounds for any negotiation situation. (Negotiation ethics are discussed in Chapter 5.) We do not recommend the use of any of the following techniques. In fact, it has been our experience that these tactics do more harm than good in negotiations. They are much more difficult to enact than they are to read, and each tactic involves risk for the person using it, including harm to reputation, lost deals, negative publicity, and consequences of the other party's revenge. It is important that negotiators understand hardball tactics and how they work, however, so they can recognize if hardball tactics are used against them.

Dealing with Typical Hardball Tactics

The negotiator dealing with a party who uses hardball tactics has several choices about how to respond. A good strategic response to these tactics requires that the negotiator identify the tactic quickly and understand what it is and how it works. Most of the tactics are designed either to enhance the appearance of the bargaining position of the person using the tactic or to detract from the appearance of the options available to the other party. There is no recipe for how to respond to these tactics. No one response will work in all situations. How best to respond to a tactic depends on your goals and the broader context of the negotiation (With whom are you negotiating? What are your alternatives?). We now discuss four main options that negotiators have for responding to typical hardball tactics.⁹

Discuss Them Fisher, Ury, and Patton suggest that a good way to deal with hardball tactics is to discuss them—that is, label the tactic and indicate to the other party that you know what she is doing (Fisher, Ury, and Patton, 1991; Ury, 1991; Weeks, 2001). Then offer to negotiate the negotiation process itself, such as behavioral expectations of the parties, before continuing on to the substance of the talks. Propose a shift to less aggressive methods of negotiating. Explicitly acknowledge that the other party is a tough negotiator but that you can be tough too. Then suggest that you both change to more productive methods that can allow you both to gain. Fisher, Ury, and Patton suggest that negotiators separate the people from the problem and then be hard on the problem, soft on the people. It doesn't hurt to remind the other negotiator of this from time to time during the negotiation.

Ignore Them Although ignoring a hardball tactic may appear to be a weak response, it can, in fact, be very powerful. It takes a lot of energy to use some of the hardball tactics described here, and while the other side is using energy to play these games, you can be using your energy to work on satisfying your needs. *Not responding to a threat is often the best way of dealing with it.* Pretend you didn't hear it. Change the subject and get the other party involved in a new topic. Call a break and, upon returning, switch topics. All these options can deflate the effects of a threat and allow you to press on with your agenda while the other party is trying to decide what trick to use next.

Respond in Kind It is always possible to respond to a hardball tactic with one of your own. Although this response can result in chaos, produce hard feelings, and be counterproductive, it is not an option that should be dismissed. Once the smoke clears, both parties will realize that they are skilled in the use of hardball tactics and may recognize that it is time to try something different. Responding in kind may be most useful when dealing with another party who is testing your resolve or as a response to exaggerated positions taken in negotiations. A participant in a negotiation seminar told one of the authors the following story about bargaining for a carpet in a northern African country:

I knew that the value of the carpet was about \$2,000 because I had been looking at carpets throughout my trip. I found the carpet that I wanted and made sure not to appear too interested. I discussed some other carpets with the vendor before moving on to the carpet that I really wanted. When I asked him the price of this carpet, he replied \$9,000. I replied that I would give him *negative* \$5,000. We bargained for a while and I bought the carpet for \$2,000.

The purchaser in this negotiation clearly responded to a hardball tactic with one of his own. When asked if he felt comfortable with his opening bid, he responded:

Sure. Why not? The seller knew the value of the carpet was about \$2,000. If anything, he seemed to respect me when I bargained this way. If I had opened with a positive number I would have ended up having to pay more than the carpet was worth. And I really wanted the carpet.

Co-Opt the Other Party Another way to deal with negotiators who are known to use aggressive hardball tactics is to try to befriend them before they use the tactics on you. This approach is built on the theory that it is much more difficult to attack a friend than an enemy. If you can stress what you have in common with the other party and find another element upon which to place the blame (e.g., the system, foreign competition), you may then be able to sidetrack the other party and thereby prevent the use of any hardball tactics.

Typical Hardball Tactics

We now discuss some of the more frequently described hardball tactics and their weaknesses (see Table 2.1).

Good Cop/Bad Cop The good cop/bad cop tactic is named after a police interrogation technique in which two officers (one kind, the other tough) take turns questioning a suspect; it can be seen in episodes of popular police series such as *Mindhunter* and *CSI*. The use of this tactic in negotiations typically goes as follows: The first interrogator (bad cop) presents a tough opening position punctuated with threats, obnoxious behavior, and intransigence. The interrogator then leaves the room to make an important telephone call or to cool off—frequently at the partner’s suggestion. While out of the room, the other interrogator (good cop) tries to reach a quick agreement before the bad cop

TABLE 2.1 | Typical Hardball Tactics

Good cop/bad cop	Alternating between negotiators who use tough and more lenient negotiation approaches
Lowball/highball	Using extreme offers to change the anchor of potential negotiation settlements
Bogey	Pretending a low-priority item is important in order to trade it for a concession on another item
Nibble	Asking for a proportionally small concession on a new item to close the deal
Chicken	Using a large bluff plus a threat to force the other party to concede
Intimidation	Using emotional ploys such as anger and fear to force concessions
Aggressive behavior	Using relentless requests for more concessions and better deals with an aggressive tone
Snow job	Overwhelming the other party with so much information that he or she cannot make sense of it

returns and makes life difficult for everyone. A more subtle form of this tactic is to assign the bad cop the role of speaking only when the negotiations are headed in a direction that the team does not want; as long as things are going well, the good cop does the talking. Although the good cop/bad cop tactic can be somewhat transparent, it often leads to concessions and negotiated agreements (Brodt and Tuchinsky, 2000; Hilty and Carnevale, 1993).

This tactic has many weaknesses. As mentioned earlier, it is relatively transparent, especially with repeated use. It can be countered by openly stating what the negotiators are doing. A humorously delivered statement like “You two aren’t playing the old good cop/bad cop game with me, are you?” will go a long way to deflating this tactic even if both of the other parties deny it self-righteously. The good cop/bad cop tactic is also much more difficult to enact than it is to read; it typically alienates the targeted party and frequently requires negotiators to direct much more energy toward making the tactic work smoothly than toward accomplishing the negotiation goals. Negotiators using this tactic can become so involved with their game playing and acting that they fail to concentrate on obtaining their negotiation goals.

Lowball/Highball Negotiators using the lowball/highball tactic start with a ridiculously low (or high) opening offer that they know they will never achieve. The theory is that the extreme offer will cause the other party to reevaluate his own opening offer and move closer to or beyond his resistance point. For example, one of the authors of this book was in a labor-management negotiation where the union’s first offer was to request a 45 percent salary increase over three years. Given that recent settlements in neighboring universities had been 3 to 4 percent, this qualified as a highball offer!

The risk of using this tactic is that the other party will think negotiating is a waste of time and will stop the process. Even if the other party continues to negotiate after receiving a lowball (or highball) offer, however, it takes a very skilled negotiator to be able to justify the extreme opening offer and to finesse the negotiation back to a point where the other side will be willing to make a major concession toward the outrageous bid.

The best way to deal with a lowball/highball tactic is not to make a counteroffer but to ask for a more reasonable opening offer from the other party (the union in the preceding example responded to this request by tabling an offer for a 6 percent increase, above the industry average but not qualifying as a highball offer). The reason that requesting a reasonable opening offer is important is that this tactic works in the split second between hearing the other party’s opening offer and the delivery of your first offer. If you give in to the natural tendency to change your opening offer because it would be embarrassing to start negotiations so far apart, or because the other party’s extreme opening makes you rethink where the bargaining zone may lie, then you have fallen victim to this tactic. When this happens, you have been “anchored” by the other party’s extreme first offer.

Good preparation for the negotiation is a critical defense against this tactic (see Chapter 4). Proper planning will help you know the general range for the value of the item under discussion and allow you to respond verbally with one of several different strategies: (1) insisting that the other party start with a reasonable opening offer and refusing to negotiate further until he or she does; (2) stating your understanding of the general market value of the item being discussed, supporting it with facts and figures, and, by doing so,

demonstrating to the other party that you won't be tricked; (3) threatening to leave the negotiation, either briefly or for good, to demonstrate dissatisfaction with the other party for using this tactic; and (4) responding with an extreme counteroffer to send a clear message you won't be anchored by an extreme offer from the other party.

Bogey Negotiators using the bogey tactic pretend that an issue of little or no importance to them is quite important. Later in the negotiation, this issue can then be traded for major concessions on issues that are actually important to them. This tactic is most effective when negotiators identify an issue that is quite important to the other side but of little value to themselves. For example, a seller may have a product in the warehouse ready for delivery. When negotiating with a purchasing agent, however, the seller may ask for large concessions to process a rush order for the client. The seller can reduce the size of the concession demanded for the rush order in exchange for concessions on other issues, such as the price or the size of the order. Another example of a bogey is to argue as if you want a particular work assignment or project (when, in fact, you don't prefer it) and then, in exchange for large concessions from the other party, accept the assignment you actually prefer (but had pretended not to).

This tactic is fundamentally deceptive, and as such it can be a difficult tactic to enact. Typically, the other party will negotiate in good faith and take you seriously when you are trying to make a case for the issue that you want to bogey. This can lead to the very unusual situation of both negotiators arguing against their true wishes—the other party asks for large concessions on other issues to give you the bogey issue (which you really don't want), and you spend time evaluating offers and making arguments for an issue you know you do not want. It can also be very difficult to change gracefully and accept an offer in completely the opposite direction. If this maneuver cannot be done, however, then you may end up accepting a suboptimal deal—the bogey may be something you do not really want, and perhaps the other party doesn't, either.

Research by O'Connor and Carnevale (1997) suggests that bogeys occur more often by omission than commission. They suggest that negotiators who wish to use the bogey should “get the other person to state his or her preferences on all the issues first and look for common value” (p. 513). This presumes that the other person will state her preferences accurately, which is not always true—negotiators may deliberately misstate their true preferences to try to set up a bogey. O'Connor and Carnevale do suggest that the tactic may be harmful to relationships, however, if the other party reacts strongly to being misled. We explore ethical issues involved in the use of this and other deceptive tactics in Chapter 5.

Although the bogey is a difficult tactic to defend against, being well prepared for the negotiation will make you less susceptible to it. When the other party takes a position completely counter to what you expected, you may suspect that a bogey tactic is being used. Probing with questions about why the other party wants a particular outcome may help you reduce the effectiveness of a bogey. Finally, you should be very cautious about sudden reversals in positions taken by the other party, especially late in a negotiation. This may be a sign that the bogey tactic has been in use. Again, questioning the other party carefully about why the reverse position is suddenly acceptable and not conceding too much after the other party completely reverses a position may significantly reduce the effectiveness of the bogey.

The Nibble Negotiators using the nibble tactic ask for a proportionally small concession (e.g., 1 to 2 percent of the total profit of the deal) on an item that hasn't been discussed previously in order to close the deal. Herb Cohen (1980) describes the nibble as follows: After trying many different suits in a clothing store, tell the clerk that you will take a given suit if a tie is included for free. The tie is the nibble. Cohen claims that he usually gets the tie. In a business context, the tactic occurs like this: After a considerable amount of time has been spent in negotiation, when an agreement is close, one party asks to include a clause that hasn't been discussed previously and that will cost the other party a proportionally small amount. This amount is too small to lose the deal over but large enough to upset the other party. This is the major weakness with the nibble tactic—many people feel that the party using the nibble did not bargain in good faith (as part of a fair negotiation process, all items to be discussed during the negotiation should be placed on the agenda early). Even if the party claims to be very embarrassed about forgetting this item until now, the party who has been nibbled will not feel good about the process and will be motivated to seek revenge in future negotiations.

According to Landon (1997), there are two good ways to combat the nibble. First, respond to each nibble with the question “What else do you want?” This should continue until the other party indicates that all issues are in the open; then both parties can discuss all the issues simultaneously. Second, have your own nibbles prepared to offer in exchange. When the other party suggests a nibble on one issue, you can respond with your own nibble on another.

Chicken The chicken tactic is named after the 1950s challenge, portrayed in the James Dean movie *Rebel without a Cause*, of two people driving cars at each other or toward a cliff until one person swerves to avoid disaster. The person who swerves is labeled a chicken, and the other person is treated like a hero. Negotiators who use this tactic combine a large bluff with a threatened action to force the other party to “chicken out” and give them what they want. In labor-management negotiations, management may tell the union representatives that if they do not agree to the current contract offer, the company will close the factory and go out of business (or move to another state or country). Clearly this is a high-stakes gamble. On the one hand, management must be willing to follow through on the threat—if the union calls their bluff and they do not follow through, they will not be believed in the future. On the other hand, how can the union take the risk and call the bluff? If management is telling the truth, the company may actually close the factory and move elsewhere.

The weakness of the chicken tactic is that it turns negotiation into a serious game in which one or both parties find it difficult to distinguish reality from postured negotiation positions. Will the other party really follow through on his or her threats? We frequently cannot know for sure because the circumstances must be grave in order for this tactic to be believable; but it is precisely when circumstances are grave that a negotiator may be most tempted to use this tactic. Compare, for instance, the responses of Presidents Bill Clinton and George W. Bush to Iraq's defiance of the United Nations weapons inspection program. It appears that Iraq felt it could “stare down” President Bush because it had successfully avoided outright conflict during President Clinton's term. The subsequent war in Iraq demonstrated the error of this assessment.

The chicken tactic is very difficult for a negotiator to defend against. To the extent that the commitment can be downplayed, reworded, or ignored, however, it can lose its power. Perhaps the riskiest response is to introduce one's own chicken tactic. At that point, neither party may be willing to back down in order not to lose face. Preparation and a thorough understanding of the situations of both parties are absolutely essential for trying to identify where reality ends and the chicken tactic begins. Use of external experts to verify information or to help reframe the situation is another option.

Intimidation Many tactics can be gathered under the general label of intimidation. What they have in common is that they all attempt to force the other party to agree by means of an emotional ploy, usually anger or fear. For example, the other party may deliberately use *anger* to indicate the seriousness of a position. One of the authors of this book had the following experience:

Once while I was negotiating with a car salesman he lost his temper, destroyed his written notes, told me to sit down and listen to him, and went on to explain in a loud voice that this was the best deal in the city and if I did not accept it that evening I should not bother returning to that dealership and wasting his time. I didn't buy the car and I haven't been back, nor have any of the students in my negotiation classes, to whom I relate this story every year! I suspect that the salesman was trying to intimidate me into agreeing to the deal and realized that if I went elsewhere his deal would not look as good. What he didn't realize was that I had asked the accountant at the dealership for further information about the deal and had found that he had lied about the value of a trade-in; he really lost his cool when I exposed the lie.

Another form of intimidation includes increasing the appearance of *legitimacy*. When legitimacy is high, set policies or procedures are in place for resolving disputes. Negotiators who do not have such policies or procedures available may try to invent them and then impose them on the other negotiator while making the process appear legitimate. For example, policies that are written in manuals or preprinted official forms and agreements are less likely to be questioned than those that are delivered verbally (Cohen, 1980); long and detailed loan contracts that banks use for consumer loans are seldom read completely (Hendon and Hendon, 1990). The greater the appearance of legitimacy, the less likely the other party will be to question the process being followed or the contract terms being proposed.

Finally, *guilt* can also be used as a form of intimidation. Negotiators can question the other party's integrity or the other's lack of trust in them. The purpose of this tactic is to place the other party on the defensive so that they are dealing with the issues of guilt or trust rather than discussing the substance of the negotiation.

To deal with intimidation tactics, negotiators have several options. Intimidation tactics are designed to make the intimidator feel more powerful than the other party and to lead people to make concessions for emotional rather than objective reasons (e.g., a new fact). When making any concession, it is important for negotiators to understand why they are doing so. If one starts to feel threatened, assumes that the other party is more powerful (when objectively he or she is not), or simply accepts the legitimacy of the other negotiator's "company policy," then it is likely that intimidation is having an effect on the negotiations.

If the other negotiator is intimidating, then discussing the negotiation process with him or her is a good option. You can explain that your policy is to bargain in a fair and respectful manner and that you expect to be treated the same way in return. Another good option is to ignore the other party's attempts to intimidate you, because intimidation can influence you only if you let it. While this may sound simplistic, think for a moment about why some people you know are intimidated by authority figures and others are not—the reason often lies in the perceiver, not the authority figure.

Another effective strategy for dealing with intimidation is to use a team to negotiate with the other party. Teams have at least two advantages over individuals in acting against intimidation. First, people are not always intimidated by the same things; while you may be intimidated by one particular negotiator, it is quite possible that other members on your team won't be. In an ongoing negotiation in China when he was younger, one of the authors of this book found that his Chinese counterparts were frequently changing their team members so that older and older members appeared in each subsequent negotiation session. He decided to bring a senior colleague of his own to subsequent meetings in order not to be intimidated by the age and experience of the counterparts on the other negotiating team. The second advantage of using a team is that the team members can discuss the tactics of the other negotiators and provide mutual support if the intimidation starts to become increasingly uncomfortable.

Aggressive Behavior Similar to intimidation tactics, aggressive behavior tactics include various ways of being aggressive to push your position or attack the other person's position. Aggressive tactics include pushing relentlessly for further concessions ("You can do better than that"), asking for the best offer early in negotiations ("Let's not waste any time. What is the most that you will pay?"), and asking the other party to explain and justify his or her proposals item by item or line by line ("What is your cost breakdown for each item?"). The negotiator using these techniques is signaling a hard-nosed, intransigent position and trying to force the other side to make many concessions to reach an agreement.

When faced with another party's aggressive behavior tactics, an excellent response is to halt the negotiations in order to discuss the negotiation process itself. Negotiators can explain that they will reach a decision based on needs and interests, not aggressive behavior. Again, having a team to counter aggressive tactics from the other party can be helpful for the same reasons discussed under intimidation tactics. Good preparation and an understanding of both one's own and the other party's needs and interests together make responding to aggressive tactics easier because negotiators can highlight the merits to both parties of reaching an agreement.

Snow Job The snow job tactic occurs when negotiators overwhelm the other party with so much information that he or she has trouble determining which facts are real or important and which are included merely as distractions. Governments use this tactic frequently when releasing information publicly. Rather than answering a question briefly, they release thousands of pages of documents from hearings and transcripts that may or may not contain the information that the other party is seeking. Another example of the snow job is the use of highly technical language to hide a simple answer to a question asked by a nonexpert. Any group of professionals—such as engineers, lawyers, or computer network administrators—can use this tactic to overwhelm ("snow") the other party with information and technical

language so that the nonexperts cannot make sense of the answer. Frequently, in order not to be embarrassed by asking “obvious” questions, the recipient of the snow job will simply nod his or her head and passively agree with the other party’s analysis or statements. Ironically, the snow job may backfire because providing nondiagnostic information in a negotiation interferes with the ability of negotiators to concentrate on what is important in order to reach agreements (Wiltermuth and Neale, 2011).

Negotiators trying to counter a snow job tactic can choose one of several alternative responses. First, they should not be afraid to ask questions until they receive an answer they understand. Second, if the matter under discussion is, in fact, highly technical, then negotiators may suggest that technical experts get together to discuss the technical issues. Finally, negotiators should listen carefully to the other party and identify consistent and inconsistent information. Probing for further information after identifying a piece of inconsistent information can work to undermine the effectiveness of the snow job. For example, if one piece of incorrect or inconsistent information is discovered in the complete snow job package, the negotiator can question the accuracy of the whole presentation (e.g., “Because point X was incorrect, how can I be sure that the rest is accurate?”). Again, strong preparation is very important for defending effectively against the snow job tactic.

Distributive Bargaining Skills Applicable to Integrative Negotiations

This chapter has provided an overview of distributive bargaining situations and discussed the classic strategies and tactics that are used in distributive bargaining. Negotiators in a distributive bargaining situation need to execute these strategies and tactics well in order to increase their chances of obtaining a positive agreement. For instance, negotiators need to set clear target and resistance points, understand and work to improve their BATNA, start with a strategic opening offer, make appropriate concessions, and manage the commitment process. Many of these skills are also applicable to the latter stages of integrative negotiation when negotiators need to *claim value*—that is, to decide how to divide their joint gains. Negotiators need to be careful, however, not to seriously change the tone of those negotiations by adopting an overtly aggressive stance at this stage. Integrative negotiation is discussed in detail in the next chapter.

Chapter Summary

In this chapter, we examined the basic structure of competitive, or distributive, bargaining situations and some of the strategies and tactics used in distributive bargaining. Distributive bargaining begins with setting opening, target, and resistance points. One soon learns the other party’s starting points and his or her target points directly or through inference. Usually, one won’t know the other party’s resistance points (the points beyond which he or she

will not go) until late in negotiation—they are often carefully concealed. All points are important, but the resistance points are the most critical. The spread between the parties’ resistance points defines the bargaining range. If positive, it defines the area of negotiation within which a settlement is likely to occur, with each party working to obtain as much of the bargaining range as possible. If negative, successful negotiation may be impossible.

It is rare that a negotiation includes only one item; more typically, a set of items, referred to as a bargaining mix, is negotiated. Each item in a bargaining mix can have opening, target, and resistance points. The bargaining mix may provide opportunities for bundling issues together, trading off across issues, or displaying mutually concessionary behavior.

Under the structure of distributive bargaining, a negotiator has many options to achieve a successful resolution, most of which fall within two broad efforts: to influence the other party's belief about what is possible and to learn as much as possible about the other party's position, particularly about his or her resistance points. The negotiator's basic goal is to reach a final settlement as close to the other party's resistance point as possible. To achieve this goal, negotiators work to gather information about the other party and its positions; to convince members of the other party to change their minds about their ability to achieve their own goals; and to justify their own objectives

as desirable, necessary, or even inevitable. Commitment is a powerful, but rigid, tactic that negotiators may use to gain leverage in distributive bargaining. Concessions play a central role in moving both parties toward a settlement.

Distributive bargaining is basically a conflict situation, wherein parties seek their own advantage—sometimes through concealing information, attempting to mislead, or using manipulative actions, such as hardball tactics. All these tactics can easily escalate interaction from calm discussion to bitter hostility. To be successful, both parties to the negotiation must feel at the end that the outcome was the best they could achieve and that it is worth accepting and supporting. Effective distributive bargaining is a process that requires careful planning, strong execution, and constant monitoring of the other party's reactions. Finally, distributive bargaining skills are important when at the value-claiming stage of any negotiation. This is discussed in more detail in the next chapter, on integrative negotiation.

Endnotes

¹ Refer to Walton and McKersie (1965, pp. 59–82) for a more extensive treatment of this subject.

² See Fuchs and Skrzypacz, 2013; Lim and Murnighan (1994); Roth, Murnighan, and Schoumaker (1988); and Walton and McKersie (1965).

³ See Cohen (2003); Maaravi, Pazy, and Ganzach (2014); Pruitt and Syna (1985); Ritov (1996); Van Poucke and Buelens (2002); and Weingart, Thompson, Bazerman, and Carroll (1990).

⁴ See Pruitt (1981) and Tutzauer (1991) for further discussion of these points.

⁵ The term *Boulwarism* is named after the chief labor negotiator for the General Electric Company in the 1950s. Rather than let the union present its contract demands first, the company placed a single, “fair” offer on the table and refused to negotiate further. The National Labor

Relations Board eventually ruled against GE by stating that this practice was unfair because management did not engage in “good faith bargaining.” See Northrup (1964) and Selekman, Selekman, and Fuller (1958) for further discussion of this point.

⁶ See Baranowski and Summers (1972); Crumbaugh and Evans (1967); Deutsch (1958); and Gruder and Duslak (1973).

⁷ See Froman and Cohen (1970); Neale and Bazerman (1991); and Pruitt (1981).

⁸ For instance, see Aaronson (1989); Brooks and Odiorne (1984); Cohen (1980); Levinson, Smith, and Wilson (1999); and Schatzski (1981).

⁹ See Fisher, Ury, and Patton (1991); Ury (1991); and Adler, Rosen, and Silverstein (1996) for an extended discussion of these points.



Strategy and Tactics of Integrative Negotiation

Objectives

1. Understand the basic elements of integrative negotiation.
 2. Explore the strategy and tactics of integrative negotiation.
 3. Consider the key factors that facilitate successful integrative negotiation.
 4. Gain an understanding of why successful integrative negotiations are often difficult to achieve.
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CHAPTER OUTLINE

An Overview of the Integrative Negotiation Process

Creating a Free Flow of Information

Attempting to Understand the Other Negotiator's Real Needs and Objectives

Emphasizing Things in Common between the Parties and Minimizing the Differences

Searching for Solutions That Meet the Needs and Objectives of Both Sides

Key Steps in the Integrative Negotiation Process

Step 1: Identify and Define the Problem

Step 2: Surface Interests and Needs

Step 3: Generate Alternative Solutions

Step 4: Evaluate and Select Alternatives

Assessing the Quality of the Agreement

Factors That Facilitate Successful Integrative Negotiation

Some Common Objective or Goal

Faith in One's Problem-Solving Ability

A Belief in the Validity of One's Own Position and the Other's Perspective

The Motivation and Commitment to Work Together

Trust

Clear and Accurate Communication

An Understanding of the Dynamics of Integrative Negotiation

Why Integrative Negotiation Is Difficult to Achieve

The History of the Relationship between the Parties

A Belief That an Issue Can Only Be Resolved Distributively

The Mixed-Motive Nature of Most Negotiating Situations
Short Time Perspectives

Distributive Bargaining versus Integrative Negotiation
Chapter Summary

The fundamental structure of integrative negotiation allows both sides to achieve their objectives.¹ The goals of the parties in integrative negotiation are not mutually exclusive. If one side achieves its goals, the other is not precluded from achieving its goals as well. One party's gain is not at the other party's expense. Although the situation may initially appear to the parties to be win-lose, discussion and mutual exploration will often suggest alternatives where both parties can gain. A description of the efforts and tactics that negotiators use to discover these alternatives is the major part of this chapter. Important characteristics of integrative negotiators are listed in Box 3.1.

Even well-intentioned negotiators can make the following three mistakes: failing to negotiate when they should, negotiating when they should not, or negotiating when they should but choosing an inappropriate strategy. As suggested by the dual concerns model described in Chapter 1, being committed to the other party's interests as well as to one's own makes problem solving the strategy of choice. In many negotiations, there does not need to be winners and losers—all parties can gain. Rather than assume that negotiations are win-lose situations, negotiators can look for win-win solutions—and often they will find them. Integrative negotiation—variously known as cooperative, collaborative, win-win, mutual-gains, interest-based, or problem-solving—is the focus of this chapter.

An Overview of the Integrative Negotiation Process

Past experience, biased perceptions, and the truly distributive aspects of bargaining can work against integrative agreements because negotiators must work hard to overcome inhibiting factors and search assertively for common ground. Those wishing to achieve integrative results find that they must manage both the *context* and the *process* of the negotiation in order to gain the cooperation and commitment of all parties. Key contextual factors include creating a free flow of information, attempting to understand the other negotiator's real needs and objectives, emphasizing things that parties have in common, and searching for solutions that meet the goals and objectives of both parties. Managing integrative negotiations involves creating a process to identify and define the problem, surface interests and needs, generate alternative solutions, and evaluate and select alternatives.

Creating a Free Flow of Information

Effective information exchange promotes the development of good integrative solutions (Butler, 1999; Pruitt, 1981; Thompson, 1991). Research shows that the failure to reach integrative agreements is often linked to the failure to exchange enough information to allow the parties to identify integrative options (Butler, 1999; Kemp and Smith, 1994). For the necessary exchange to occur, negotiators must be willing to reveal their true objectives and to listen to each other carefully. In short, negotiators must create conditions for a free

There is not a universal set of personal characteristics and skills that make a negotiator “effective” in all situations. Author Chris Laubach has noted that the following characteristics are critical for a successful integrative negotiator in a health care setting:

- **Great listening skills.** These skills are required to make sure one truly understands the other’s key concerns and perspectives, and not get locked down in one’s own preferences. “Listening” involves more than just paying attention to the other’s words—body language, emotionality, and context are also important.
- **Personal character and integrity.** The strongest way to build trust with the other is to demonstrate that a negotiator will tell the truth and keep his word.

- **Personal maturity.** Negotiators need to be able to defend their preferences as well as their reputation, while also recognizing the importance and validity of the other’s perspective.
- **“Abundance mentality.”** Laubach uses this term to describe what this book has otherwise referred to as a “win-win” or creating value mentality. The successful negotiator must go into the negotiation believing that there are strong opportunities for both parties to gain, as well as to strengthen their working relationship, rather than believing that any negotiation is “if you gain, I lose.”

Source: Adapted from Laubach, Chris, “Negotiating a Gain-Gain Agreement,” *Healthcare Executive*, January/February 1997, 14.

and open discussion of all related issues and concerns. In contrast, a willingness to share information is not a characteristic of distributive bargaining situations, in which the parties may distrust one another, conceal and manipulate information, and attempt to learn about the other purely for their own competitive advantage.

Creating a free flow of information includes having both parties know and share their alternatives. Pinkley (1995) discovered that negotiators who are aware of each other’s alternatives to a negotiated agreement were more likely to soften their resistance points, improve negotiating trade-offs, and increase the size of the resource pie compared with situations in which one or both negotiators were not aware of the alternatives. Pinkley concluded that “it is the negotiator with the alternative who is responsible for expanding the pie, but both members of the dyad determine its distribution” (p. 409). Negotiators who did not reveal the availability of a good alternative received some benefits to themselves, but those who shared information about their alternatives received additional benefits.

Attempting to Understand the Other Negotiator’s Real Needs and Objectives

Negotiators differ in their values and preferences, as well as their thoughts and behaviors (Barki and Hartwick, 2004). What one side needs and wants may or may not be the same as what the other party needs and wants. One must understand the other’s needs before helping to satisfy them. When negotiators are aware of the possibility that the other’s priorities are not the same as their own, this can stimulate the parties to exchange more

information, understand the nature of the negotiation better, and achieve higher joint gains (Kemp and Smith, 1994). Similarly, integrative agreements are facilitated when parties exchange information about their priorities for particular issues, but not necessarily about their positions on those issues (Olekalns, Smith, and Walsh, 1996). Throughout the process of sharing information about preferences and priorities, negotiators must make a true effort to understand what the other side really wants to achieve. This is in contrast to distributive bargaining, where negotiators either make no effort to understand the other side's needs and objectives or do so only to challenge, undermine, or even deny the other party the opportunity to have those needs and objectives met. The communicative aspects of information flow and understanding, while critical to integrative negotiation, also require that Kelley's (1966) dilemmas of trust and honesty be managed (see Chapter 1). In addition, negotiators may differ in their ability to differentiate needs and interests from positions, such as when one party knows and applies a truly integrative process, while the other party is unskilled or naïve about negotiations. In such situations, the more experienced party may need to assist the less experienced party in discovering his or her underlying needs and interests.

Emphasizing Things in Common between the Parties and Minimizing the Differences

To sustain a free flow of information and the effort to understand the other's needs and objectives, negotiators may need a different outlook or frame of reference (see Chapter 6 for a discussion of framing). Individual goals may need to be redefined as best achieved through collaborative efforts directed toward a collective goal. Sometimes the collective goal is clear and obvious. For example, politicians in the same party may recognize that their petty squabbles must be put aside to ensure the party's victory at the polls. Managers who are quarreling over cutbacks in their individual departmental budgets may need to recognize that unless all departments sustain appropriate budget cuts, they will be unable to change an unprofitable firm into a profitable one. At other times, the collective goal is neither so clear nor so easy to keep in sight. For example, one of the authors worked as a consultant to a company that was closing a major manufacturing plant while simultaneously opening several other plants in different parts of the country. The company was perfectly willing to transfer employees to new plants and let them take their seniority up to the time of their move with them; the union agreed to this arrangement. However, conflict developed over the transfer issue. Some employees were able to transfer immediately, whereas others—those who were needed to close and dismantle the old plant—could not. Because workers acquired seniority in the new plants based on the date they arrived, those who stayed to close the old plant would have comparatively less seniority once they arrived at the new plants. The union wanted everyone to go at the same time to avoid this inequity. This was unworkable for management. In the argument that resulted, both parties lost sight of the larger goal—to transfer all willing employees to the new plants with their seniority intact. Only by constantly stressing this larger goal were the parties able to maintain a focus on things in common that eventually led to a solution; management allowed the workers to select their new jobs in advance and transferred their seniority to those jobs when the choice was made, not when the physical move actually occurred.

Searching for Solutions That Meet the Needs and Objectives of Both Sides

The success of integrative negotiation depends on the search for solutions that meet the needs and objectives of both sides. In this process, negotiators must be firm but flexible—firm about their primary interests and needs but flexible about how these needs and interests are met (Fisher, Ury, and Patton, 2011; Pruitt and Rubin, 1986). When the parties are used to taking a combative, competitive orientation toward each other, they are generally concerned only with their own objectives. In such a competitive interaction, a low level of concern for the other’s objectives may cause two forms of behavior. First, negotiators may work to ensure that what the other obtains does not take away from one’s own accomplishments. Second, negotiators may attempt to block the other from obtaining his or her objectives because of a strong desire to win or to defeat the opponent. In contrast, successful integrative negotiation requires both negotiators not only to define and pursue their own goals but also to be mindful of the other’s goals and to search for solutions that satisfy both sides. Outcomes are measured by the degree to which they meet both negotiators’ goals. They are not measured by determining whether one party is doing better than the other. If the objective of one party is simply to get more than the other, successful integrative negotiation is very difficult; if both strive to get more than the other, integrative negotiation may be impossible.

In summary, integrative negotiation requires a process fundamentally different than distributive bargaining. Negotiators must attempt to probe below the surface of the other party’s position to discover his or her underlying needs. They must create a free and open flow of information and use their desire to satisfy both sides as a guide to structure their dialogue. If negotiators do not have this perspective—if they approach the problem and their “opponent” in win-lose terms—integrative negotiation cannot occur.

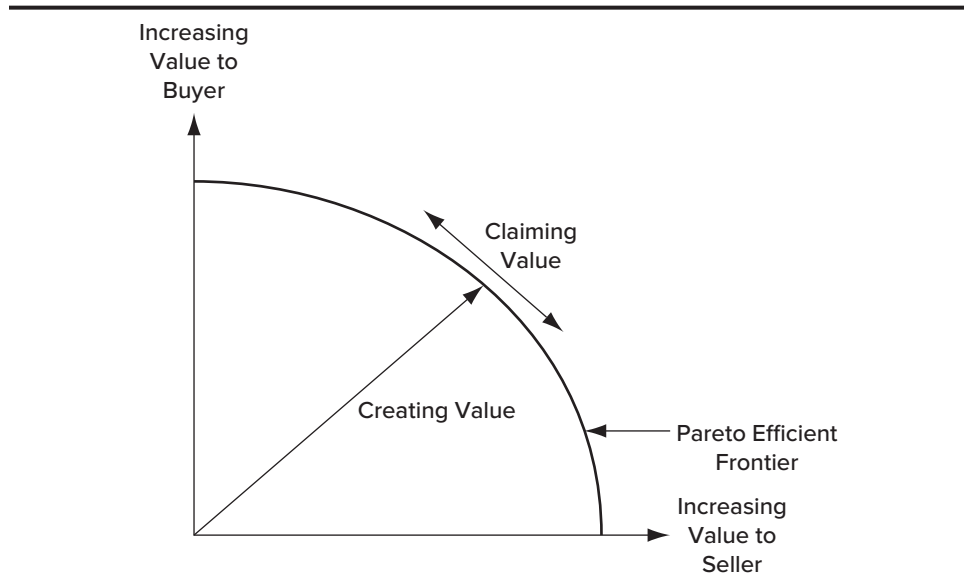
Key Steps in the Integrative Negotiation Process

There are four major steps in the integrative negotiation process: (1) identify and define the problem, (2) surface interests and needs, (3) generate alternative solutions to the problem, and (4) evaluate those alternatives and select among them (see Table 3.1). The first three steps of the integrative negotiation process are important for *creating value*. To work together to create value, negotiators need to understand the problem, identify the interests and needs of both parties, and generate alternative solutions. The fourth step of the integrative negotiation process, the evaluation and selection of alternatives, involves *claiming value*. Claiming value involves many of the distributive bargaining skills discussed in Chapter 2.

The relationship between creating and claiming value is shown graphically in Figure 3.1. The goal of creating value is to push the potential negotiation solutions toward the upper right-hand side of Figure 3.1. When this is done to the fullest extent possible, the line is

TABLE 3.1 | Key Steps in the Integrative Negotiation Process



FIGURE 3.1 | Creating and Claiming Value and the Pareto Efficient Frontier

called the *Pareto efficient frontier*, and it contains a point where “there is no agreement that would make any party better off without decreasing the outcomes to any other party” (Neale and Bazerman, 1991, p. 23). One way to conceptualize integrative negotiation is that it is the process of identifying Pareto efficient solutions.

The graph shows that there are several possible solutions in a negotiation, in this case between a buyer and a seller. The first three steps to integrative negotiation aim to ensure that negotiators do not agree to solutions that are below the Pareto efficient frontier because these solutions are suboptimal for both negotiators. The fourth step, choosing a solution or claiming value, uses some of the same skills as distributive bargaining. The transition from creating to claiming value in an integrative negotiation must be managed carefully and is discussed in more detail later in this chapter.

It is important that processes to create value precede those to claim value for two reasons: (1) The creating-value process is more effective when it is done collaboratively and without a focus on who gets what and (2) because claiming value involves distributive bargaining processes, it may derail the focus on creating value and may even harm the relationship unless it is introduced effectively.

Step 1: Identify and Define the Problem

The problem identification step is often the most difficult one, and it is even more challenging when several parties are involved. Consider the following example: A large electronics plant experienced serious difficulty with a product as it moved from the subassembly department to the final assembly department. Various pins and fittings that held part of the product in place were getting bent and distorted. When this happened, the unit would be laid

aside as a reject. At the end of the month, the rejects would be returned to the subassembly department to be reworked, often arriving just when workers were under pressure to meet end-of-the-month schedules and were also low on parts. As a result, the reworking effort had to be done in a rush and on overtime. The extra cost of overtime did not fit into the standard cost allocation system. The manager of the subassembly department did not want the costs allocated to his department. The manager of the final assembly department insisted that she should not pay the additional cost; she argued that the subassembly department should bear the cost because its poor work caused the problem. The subassembly department manager countered that the parts were in good condition when they left his area and that it was the poor workmanship in the final assembly area that created the damage. The immediate costs were relatively small. What really concerned both managers was setting a long-term precedent for handling rejects and for paying the costs.

Eventually, an integrative solution was reached. During any given month, the subassembly department had some short slack-time periods. The managers arranged for the final assembly department to return damaged products in small batches during those slack periods. It also became clear that many people in the final assembly department did not fully understand the parts they were handling, which may have contributed to some of the damage. These workers were temporarily transferred to the subassembly department during assembly department slack periods to learn more about subassembly and to process some of the rush orders in that department.

This example captures several key aspects of the problem definition process (see Filley, 1975, and Shea, 1983, for fuller treatments of these points). The problem definition process is critical for integrative negotiation because it sets broad parameters regarding what the negotiation is about and provides an initial framework for approaching the discussion. It is important that this framework is comprehensive enough to capture the complexities inherent in the situation while not making the situation appear more complex than it actually is.

Define the Problem in a Way That Is Mutually Acceptable to Both Sides Ideally, parties should enter the integrative negotiation process with few preconceptions about the solution and with open minds about each other's needs. As a problem is defined jointly, it should accurately reflect both parties' needs and priorities. Unfortunately, this often does not occur. An understandable and widely held concern about integrative negotiation is that during the problem definition process, the other party will manipulate information to state the problem to his or her own advantage. For positive problem solving to occur, both parties must be committed to stating the problem in neutral terms. The problem statement must be acceptable to both sides and not worded so that it lays blame or favors the preferences or priorities of one side over the other. The parties may be required to revise the problem statement several times until they agree on its wording. It is critical to note that problem definition is, and should be, separate from any effort to generate or choose alternatives. Problems must be defined clearly at this stage.

State the Problem with an Eye toward Practicality and Comprehensiveness The major focus of an integrative agreement is to solve the core problem(s). Anything that distracts from this focus should be removed or streamlined to ensure that this objective is

achieved. As a result, one might argue that problem statements should be as clear as possible. Yet if the problem is complex and multifaceted, and the statement of the problem does not reflect that complexity, then efforts at problem solving will be incomplete. In fact, if the problem is complex, the parties may not even be able to agree on a statement of the problem. The objective should be to state the problem as succinctly as possible while ensuring that the most important dimensions and elements are included in the definition. If there are several issues in an integrative negotiation, the parties may want to clearly identify how the issues are linked. Then they can decide whether to approach them as distinct issues that may be packaged together later or instead to treat them together as a single, larger problem.

State the Problem as a Goal and Identify the Obstacles to Attaining This Goal The parties should define the problem as a specific goal to be attained rather than as a solution process. That is, they should concentrate on what they want to achieve rather than how they are going to achieve it. They should then proceed to specify what obstacles must be overcome for the goal to be attained. In the previous example involving production defects in an electronics plant, the goal might have been “to minimize the number of rejects.” A clearer and more explicit definition would be “to cut the number of rejects in half.” After defining the goal, the parties should specify what they need to know about how the product is made, how defects occur, what must be done to repair the defects, and so on. One key issue is whether the obstacles specified can be changed or corrected by negotiating parties. If the parties cannot address the obstacles effectively, given limited time or other resources, the obstacles then become boundary markers for the overall negotiation. A clear understanding of which obstacles are addressable and which are not can be just as critical to realistic integrative negotiation as an explicit awareness of what is negotiable and what is not.

Depersonalize the Problem When parties are engaged in conflict, they tend to become evaluative and judgmental. They view their own actions, strategies, and preferences in a positive light and the other party’s actions, strategies, and preferences in a negative light. Such evaluative judgments can interfere with clear and dispassionate thinking. (See Chapters 17 and 18 for a discussion of depersonalizing the issues.) Telling the other party that “your point of view is wrong and mine is right” inhibits integrative negotiating because it combines attacking the problem with attacking the other negotiator. In contrast, depersonalizing the definition of the problem—stating, for example, “We have different viewpoints on this problem”—allows both sides to approach the issue as a problem external to the individuals rather than as a problem that belongs to one party only. Another way to say this is “I respect that you have constraints and a way of looking at this problem that may be different than mine. I ask that you recognize that I do as well.”

Separate the Problem Definition from the Search for Solutions Finally, it is important not to jump to solutions until the problem is fully defined. In distributive bargaining, negotiators are encouraged to state the problem in terms of their preferred solution and to make concessions based on this statement. In contrast, parties engaged in integrative negotiation should avoid stating solutions that favor one side until they have fully defined the problem and examined as many alternative solutions as possible.

Instead of premature solutions, negotiators should develop standards by which potential solutions will be judged for how well they fit. These standards can be created by asking interested parties questions such as the following:

- How will we know the problem has been solved?
- How will we know that our goal has been attained?
- How would a neutral third party know that our dispute has been settled?
- Is there any legitimate interest or position that remains unaddressed by our outcome?
- Is there any party with a legitimate interest or position that has been disenfranchised by our outcome?

Developing standards in this way and using them as measures for evaluating alternatives will help negotiators avoid a single-minded, tunnel-vision approach. With standards that both parties accept, it becomes easier to differentiate a particular favorite alternative from one that may be less favorable individually but that will accomplish a collaborative, integrative resolution.

Step 2: Surface Interests and Needs

Many writers on negotiation—most particularly, Roger Fisher, William Ury, and Bruce Patton in their popular book *Getting to Yes* (1991, revised 2011)—have stressed that a key to achieving an integrative agreement is the ability of the parties to understand and satisfy each other's *interests* (Sebenius, 2013). Identifying interests is a critical step in the integrative negotiation process. Interests are the underlying concerns, needs, desires, or fears that motivate a negotiator to take a particular position. Fisher, Ury, and Patton explain that while negotiators may have difficulty satisfying each other's specific positions, an understanding of the underlying interests may permit them to invent solutions that meet each other's interests. In this section, we will first define interests more completely and then discuss how understanding them is critical to effective integrative negotiation.

This example reveals the essence of the difference between interests and positions:

Consider the story of two men quarreling in a library. One wants the window open and the other wants it closed. They bicker back and forth about how much to leave it open: a crack, halfway, three-quarters of the way. No solution satisfied them both. Enter the librarian. She asks one why he wants the window open. "To get some fresh air." She asks the other why he wants it closed. "To avoid the draft." After thinking a minute, she opens wide a window in the next room, bringing in fresh air without a draft. (Fisher, Ury, and Patton, 1991, p. 40; originally told by Follett, 1940)

This is a classic example of negotiating over positions and failing to understand underlying interests. The positions are "window open" and "window closed." If they continue to pursue positional bargaining, the set of possible outcomes can include only a victory for the one who wants the window open, a victory for the one who wants it shut, or some compromise in which neither gets what he wants. Note that a compromise here is more a form of lose-lose than win-win for these bargainers because one party believes he won't get enough fresh air with the window partially open and the other believes that any opening will cause a draft. The librarian's questions transform the dispute by focusing on *why* each man wants the window open or closed: to get fresh air, to avoid a draft. Understanding these interests

enables the librarian to invent a solution that meets the interests of both sides—a solution that was not at all apparent when the two men were arguing over their positions.

In this description, the key word is *why*—why they want what they want. When two parties begin negotiation, they usually expose their position or demands. In distributive bargaining, negotiators trade positions back and forth, attempting to achieve a settlement as close to their targets as possible. However, in integrative negotiation, both negotiators need to pursue the other's thinking and logic to determine the factors that motivated them to arrive at their goals. The presumption is that if both parties understand the motivating factors for the other, they may recognize possible compatibilities in interests that permit them to invent new options that both will endorse. Consider the following dialogue between a company recruiter and a job applicant over starting salary:

RECRUITER: What were you thinking about as a starting salary?

APPLICANT: I would like \$40,000.

RECRUITER: We can only offer \$35,000.

APPLICANT: That's not acceptable.

Thus far, the parties have only exposed their positions. They are \$5,000 apart. Moreover, the applicant may be afraid to bargain positionally with the recruiter, whereas the recruiter may be afraid that the applicant—whom she very much wants to hire—will walk out. Now let us extend their dialogue to help them focus on interests.

RECRUITER: \$40,000 is a problem for our company. Can you tell me why you decided you wanted \$40,000?

APPLICANT: Well, I have lots of education loans to pay off, and I will need to pay for a few more courses to finish my degree. I can't really afford to pay these bills and live comfortably for less than \$40,000.

RECRUITER: Our company has a program to help new employees refinance their education loans. In addition, we have a program to provide tuition assistance for new courses if the courses you need to take are related to your job. Would these programs help you with your problem?

APPLICANT: Yes!

Bringing the applicant's interests—paying off education loans and future education costs—to the surface allows the recruiter to offer a financial package that meets the needs of both the company and the applicant. Similarly, the applicant might have asked why the company could pay only \$35,000 and discovered that it was company policy not to offer more than this to any applicant with the same qualifications. However, the question might also have revealed that the company can pay performance bonuses and would be willing to review the salary after six months. Thus, the applicant may well make \$40,000 by the end of the first year and so have her financial goal met.

Types of Interests Lax and Sebenius (1986) have suggested that several types of interests may be at stake in a negotiation and that each type may be intrinsic (the parties value it in and of itself) or instrumental (the parties value it because it helps them derive other outcomes in the future).

Substantive interests are related to focal issues that are under negotiation—economic and financial issues, such as price or rate, or the substance of a negotiation, such as the division of resources (like the tangible issues discussed in Chapter 1). These interests may be intrinsic or instrumental or both; we may want something because it is intrinsically satisfying to us and/or we may want something because it helps us achieve a long-range goal. Thus, the job applicant may want \$40,000 both because the salary affirms her intrinsic sense of personal worth in the marketplace and because it instrumentally contributes toward paying off her education loans.

Process interests are related to *how* the negotiation unfolds. One party may pursue distributive bargaining because he enjoys the competitive game of wits that comes from nose-to-nose, hard-line bargaining. Another party may enjoy integrative negotiating because she believes she has not been consulted in the past and wants to have some say in how a key problem is resolved. In the latter case, the negotiator may find the issues under discussion less important than the opportunity to voice her opinions. Process interests can also be both intrinsic and instrumental. Having a voice may be intrinsically important to a group—it allows them to affirm their legitimacy and worth and highlights the key role they play in the organization; it can also be instrumentally important, in that if they are successful in gaining voice in this negotiation, they may be able to demonstrate that they should be invited back to negotiate other related issues in the future.

Relationship interests speak to the value of the ongoing relationship between the parties and the future of that relationship. Intrinsic relationship interests exist when the parties value the relationship both for its existence and for the pleasure or fulfillment that sustaining it creates. Instrumental relationship interests exist when the parties derive substantive benefits from the relationship and do not wish to endanger future benefits by souring it.

Finally, Lax and Sebenius (1986) point out that the parties may have *interests in principle*. Certain principles—concerning what is fair, what is right, what is acceptable, what is ethical, or what has been done in the past and should be done in the future—may be deeply held by the parties and serve as the dominant guides to their action. These principles often involve intangible factors (see Chapter 1). Interests in principles can also be intrinsic (valued because of their inherent worth) or instrumental (valued because they can be applied to a variety of future situations and scenarios).

Bringing interests in principles to the surface will lead negotiators to discuss explicitly the principles at stake and invent solutions consistent with them. For example, suppose three students who are also good friends collaborate on an essay, enter it in a competition, and win a prize of \$300. The issue is how to split the prize money. One obvious way to split the prize is for each to take \$100. But two of the students contributed equally, and together they did 90 percent of the work, so if they split it based on what they each contributed, the two hardworking students would get \$135 each and the third student would get \$30. The students may also decide, however, that it is not worth fighting over the workload, that they don't want to alienate their third friend, or that the difference in money is trivial—and so simply decide to split the prize into \$100 shares after all. Only by discussing the interests at stake—principles about what is fair in this situation and about their relationship—can they arrive at a solution that divides the prize, minimizes animosity, and maintains their relationship.

Some Observations on Interests We have several observations about interests and types of interests in negotiation:

1. *There is almost always more than one type of interest underlying a negotiation.* Parties will often have more than substantive interests about the issues (Clyman and Tripp, 2000). They can also care deeply about the process, the relationship, or the principles at stake. Note that interests in principles effectively cut across substantive, process, and relationship interests as well, so the categories are not exclusive.
2. *Parties can have different types of interests at stake.* One party may care deeply about the specific issues under discussion, while the other cares about how the issues are resolved—questions of principle or process. Bringing these different interests to the surface may enable the parties to see that they care about very different things and that there is a need to invent solutions that address the interests of both negotiators.
3. *Interests often stem from deeply rooted human needs or values.* Several authors have suggested that frameworks for understanding basic human needs and values are helpful for understanding interests (Holaday, 2002; Nierenberg, 1976). According to these frameworks, needs are hierarchical, and satisfaction of the basic, or lower-order, needs will be more important in negotiation than that of higher-order needs. For example, Nierenberg (1976) proposed a need theory of negotiation based on Maslow's well-known hierarchy of needs. In this hierarchy, basic physiological and safety (security) needs will take precedence over higher-order needs such as recognition, respect, affirmation, and self-actualization. Similarly, Burton (1984) has suggested that the intensity of many international disputes reflects deep underlying needs for security, protection of ethnic and national identity, and other such fundamental needs.
4. *Interests can change.* Like positions on issues, interests can change over time. What was important to the parties last week—or even 20 minutes ago—may not be important now. Interaction between the parties can put some interests to rest, but it may raise others. Negotiators must constantly be attentive to changes in their own interests and the interests of the other side. When one party begins speaking about things in a different way—when the language or emphasis changes—the other party should look for a change in interests.
5. *Surfacing interests.* There are numerous ways to surface interests. Sometimes people are not even sure about their own interests. Negotiators should not only ask themselves “What do I want from this negotiation?” but also “Why do I want that?” “Why is that important to me?” “What will achieving that help me do?” and “What will happen if I don't achieve my objective?” Listening to your own inner voices—fears, aspirations, hopes, desires—is important in order to bring your own interests to the surface.

The same dialogue is essential in clarifying the other party's interests. Asking probing questions and paying careful attention to the other party's language, emotions, and nonverbal behavior are essential keys to the process (see Chapters 6 and 7). In both cases, once these interests are understood, it may be possible to

invent a variety of ways to address them. The result is more likely to be a mutually satisfactory solution.

6. *Surfacing interests is not always easy or to one's best advantage.* Critics of the "interests approach" to negotiation have identified the difficulty of defining interests and taking them into consideration. Provis (1996) suggests that it is often difficult to define interests and that trying to focus on interests alone oversimplifies or conceals the real dynamics of a conflict. In some cases, parties do not pursue their own best objective interests but instead focus on one or more subjective interest(s), which may mislead the other party (Provis, 1996). Thus, a car buyer may prefer a fast, flashy car (his subjective interest), even though his objective interest is to buy a safe, efficient one.

Step 3: Generate Alternative Solutions

The search for alternatives is the creative phase of integrative negotiation. Once the parties have agreed on a common definition of the problem and understood each other's interests, they can proceed to generate alternative solutions. The objective is to create a variety of options or possible solutions to the problem; evaluating and selecting from among those options will be their task in the final phase.

Several techniques have been suggested to help negotiators generate alternative solutions. These techniques fall into two general categories. The first requires the negotiators to redefine, recast, or reframe the problem (or problem set) to create win-win alternatives out of what earlier appeared to be a win-lose problem (see Box 3.2). The second takes the problem as given and creates a long list of options from which the parties can choose. In integrative negotiation over a complex problem, both types of techniques may be used and even intertwined.

Inventing Options: Generating Alternative Solutions by Redefining the Problem or Problem Set The techniques in this category call for the parties to define their underlying needs and to develop alternatives to meet them. We present eight methods for generating alternative solutions by redefining the problem or problem set. Each method refocuses the issues under discussion and requires progressively more information about the other side's true needs. Solutions move from simpler, distributive agreements to more complex and comprehensive, integrative ones, and there are several paths to finding joint gain (Carnevale, 2006; Olekalns, 2002).²

Each approach will be illustrated by the example of Samantha and Emma, two partners in a successful enterprise called Advanced Management Consulting, which employs eight other nonpartner consultants. The partners are deciding where to locate their new office; half their clients are downtown and half are in the suburbs. There are two possible locations that they are considering leasing. Samantha prefers the downtown location. It has less floor space but is a more prestigious address. While its offices are smaller, its location is equidistant from where both partners live. Emma prefers the location in the suburbs. It has more floor space and larger offices, and it is newer. It is also located closer to Emma's house, but farther from Samantha's.

Most people see negotiation as a game in which the gains of one come at the expense of another. Winning means getting 6 pieces from a 10-piece pie. But negotiation has the potential to be a win–win process by which both parties cooperate to create a bigger, better-tasting pie. The basic principle of win–win negotiating is that there is always a bigger, better deal. Only after searching for and finding that deal do they worry about how to share it. These avenues might be explored in a typical purchasing contract negotiation:

Taxes. It's safe to assume that the parties to a negotiation have different tax needs.

Accountants might be able to point out some unseen opportunities (particularly in foreign transactions).

Payment terms. Some sellers need quick payment; others might prefer a deferred payment (for tax or other reasons). There are many win–win variations.

Specifications. A better deal may be possible if changes can be made to balance the buyer's end-use requirements against the seller's specific production capabilities.

Transportation. Transportation costs can often be reduced at no expense to either party. Perhaps the buyer's empty trucks will pass the seller's facility. Or

maybe the seller has access to low bulk rates.

Delivery date or performance specifications.

The reality is this: A buyer's delivery requirements never represent the seller's optimum production economics.

Quantity. One of the best win–win strategies I know is to close a price gap by changing quantity.

Processes. In my experience, the surest path to finding a better way to do anything is to study the detailed production and paperwork processes.

Risk and contract type. All business involves risk. Incentives might be used to balance the seller's risk with potential for earning greater profit.

Like successful entrepreneurs everywhere, win–win negotiators find hidden opportunities in what each could do for the other. Win–win raises the stakes in a negotiation. It raises the level and content of the relationship between the bargainers. It also reduces the tensions inherent in bargaining. There are few phrases that more quickly capture the attention of the other party than “Let's find a better deal for both of us.”

Source: Karrass, Chester L., *The Art of Win–Win Negotiations*. New York, NY: Harper Business, May 6, 1999, 28.

Logroll Successful logrolling requires the parties to find more than one issue in conflict and to have different priorities for those issues (Tajima and Fraser, 2001). The parties then agree to trade off among these issues so that one party achieves a highly preferred outcome on the first issue and the other person achieves a highly preferred outcome on the second issue. If the parties do, in fact, have different preferences on different issues and each party gets his or her most preferred outcome on a high-priority issue, then each should receive more and the joint outcomes should be higher (Moran and Ritov, 2002). For instance, Advanced Management Consulting could lease the downtown location and give Emma the bigger office. Samantha would get her preferred location, which is more important to her, and Emma would receive better working space, which is more important to her.

Logrolling is frequently done by trial and error—as part of the process of experimenting with various packages of offers that will satisfy everyone involved. The parties must first

establish which issues are at stake and then decide their individual priorities on these issues. If there are already at least two issues on the table, then any combination of two or more issues may be suitable for logrolling. Research suggests that negotiators reach better agreements as the number of issues being negotiated increases (Naquin, 2002). Negotiator satisfaction may be less when more issues are negotiated, however, because negotiators believe that they could have done better on one or more issues. (Negotiator cognition and satisfaction are discussed in more detail in Chapter 6.) If it appears initially that only one issue is at stake, the parties may need to engage in “unbundling” or “unlinking,” which is the process of separating a single issue into two or more issues so that the logrolling may begin (Lax and Sebenius, 1986; Pruitt, 1981). Additional issues of concern may also be generated through the brainstorming processes described later.

Expand the Pie Many negotiations begin with a shortage of resources and it is not possible for both sides to satisfy their interests or obtain their objectives under the current conditions. A simple solution is to add resources—expand the pie—in such a way that both sides can achieve their objectives. For instance, Advanced Management Consulting could lease offices both downtown and in the suburbs to serve both sets of its clients. A projected expansion of the business could pay for both leases. In expanding the pie, one party requires no information about the other party except her interests; it is a simple way to solve resource shortage problems. In addition, the approach assumes that simply enlarging the resources will solve the problem. Thus, leasing both locations would be a very satisfactory solution if Samantha and Emma like both locations and want to expand their business. However, expanding the pie would not be a satisfactory solution if their disagreement is based on other grounds—if, for example, they have different visions about the future of the firm—or if the whole firm has to gather for meetings frequently. In addition, to the extent that the negotiation increases the costs of a person or an organization not directly involved in the negotiation (e.g., the employees in this example), the solution may be integrative for the negotiators but problematic for other stakeholders (Gillespie and Bazerman, 1997).

Modifying the Resource Pie While expanding the resource pie may be attractive, it does not always work because the environment may not be plentiful enough. For instance, Advanced Management Consulting may not have enough demand for its services to have two offices. A related approach is to modify the resource pie. For instance, Advanced Management Consulting could start a new service and offer information technology or analytics consulting in addition to its traditional business consulting. In this case, the resource pie is modified in a way to support opening offices both downtown and in the suburbs.

Find a Bridge Solution When the parties are able to invent new options that meet all their respective needs, they have created a bridge solution. For instance, Advanced Management Consulting could decide to expand the number of partners in the firm and lease a larger space downtown, with new office furniture for everyone and a prestigious street address.

Successful bridging requires a fundamental reformulation of the problem so that the parties are not discussing positions but, rather, disclosing sufficient information to

discover their underlying interests and needs and then inventing options that will satisfy those needs (Butler, 1996). Bridging solutions do not always remedy all concerns. Emma may not enjoy the commute and Samantha may not be convinced about growing the firm, but both have agreed that working together is important to them, and they have worked to invent a solution that meets their most important needs. If negotiators fundamentally commit themselves to a win-win negotiation, bridging solutions are likely to be highly satisfactory to both sides.

Nonspecific Compensation Another way to generate alternatives is to allow one person to obtain his objectives and compensate the other person for accommodating his interests. The compensation may be unrelated to the substantive negotiation, but the party who receives it nevertheless views it as adequate for agreeing to the other party's preferences. Such compensation is nonspecific because it is not directly related to the substantive issues being discussed. For instance, Advanced Management Consulting could decide to lease in the suburbs and give Samantha all new office furniture. In this case, Emma gets her preferred location, while Samantha receives new office furniture as nonspecific compensation for agreeing to the new office location.

For nonspecific compensation to work, the person doing the compensating needs to know what is valuable to the other person and how seriously she is inconvenienced (i.e., how much compensation is needed to make her feel satisfied). Emma might need to test several different offers (types and amounts of compensation) to find out how much it will take to satisfy Samantha. This discovery process can turn into a distributive bargaining situation, as Samantha may choose to set very high demands as the price for locating in the suburbs, while Emma tries to minimize the compensation she will pay.

Cut the Costs for Compliance Through cost cutting, one party achieves her objectives and the other's costs are minimized if she agrees to go along. For instance, Advanced Management Consulting could decide to lease in the suburbs and provide Samantha with a travel subsidy, a new company car, and a reserved parking space. In this case, Emma gets her preferred location, while Samantha's costs for agreeing to the new office location are reduced.

Unlike nonspecific compensation, where the compensated party simply receives something for agreeing, cost cutting is designed to minimize the other party's costs for agreeing to a specific solution. The technique is more sophisticated than logrolling or nonspecific compensation because it requires a more intimate knowledge of the other party's real needs and preferences (the party's interests, what really matters to him, how his needs can be specifically met).

Superordination Superordination solutions occur when "the differences in interest that gave rise to the conflict are superseded or replaced by other interests" (Carnevale, 2006, p. 426). For instance, after extensive discussion about the office location, Samantha may discover that she would prefer to follow her dream of becoming an artist and become a silent partner in the business. At this point, the office location negotiation stops and Emma chooses how she would like to proceed in the new business model.

Compromise A compromise solution that would not further the interests of either Samantha or Emma would be to stay in their current location and to maintain the status quo. Compromises are not considered to be a good integrative strategy except for circumstances where parties are very entrenched and it is unlikely that a more comprehensive agreement is possible.

Summary The successful pursuit of these eight strategies requires a meaningful exchange of information between the parties. The parties must either volunteer information or ask each other questions that will generate sufficient information to reveal win-win options. We present a series of refocusing questions that may reveal these possibilities in Table 3.2 (Pruitt and Carnevale, 1993; Pruitt and Rubin, 1986).

TABLE 3.2 | Refocusing Questions to Reveal Win–Win Options

Logrolling

1. What issues are of higher and lower priority to me?
2. What issues are of higher and lower priority to the other negotiator?
3. Are there any issues of high priority to me that are of low priority for the other negotiator, and vice versa?
4. Can I “unbundle” an issue—that is, make one larger issue into two or more smaller ones that can then be logrolled?
5. What are things that would be inexpensive for me to give and valuable for the other negotiator to get that might be used in logrolling?

Expanding or Modifying the Pie

1. How can both parties get what they want?
2. Is there a resource shortage?
3. How can resources be expanded to meet the demands of both sides?

Nonspecific Compensation

1. What are the other negotiator’s goals and values?
2. What could I do that would make the other negotiator happy and simultaneously allow me to get my way on the key issue?
3. What are things that would be inexpensive for me to give and valuable for the other negotiator to get that might be used as nonspecific compensation?

Cost Cutting

1. What risks and costs does my proposal create for the other negotiator?
2. What can I do to minimize the other negotiator’s risks and costs so that he or she would be more willing to agree?

Bridging and Superordination

1. What are the other negotiator’s real underlying interests and needs?
 2. What are my own real underlying interests and needs?
 3. What are the higher and lower priorities for each of us in our underlying interests and needs?
 4. Can we invent a solution that meets the relative priorities, underlying interests, and needs of both negotiators?
-

Generating Alternative Solutions to the Problem as Given In addition to the techniques mentioned earlier, there are several other approaches to generating alternative solutions. These approaches can be used by the negotiators themselves or by a number of other parties (constituencies, audiences, bystanders, etc.). Several of these approaches are commonly used in small groups. Groups are frequently better problem solvers than individuals, particularly because groups provide more perspectives and can invent a greater variety of ways to solve a problem. Even so, groups should also adopt procedures for defining the problem, defining interests, and generating options to prevent the group process from degenerating into a win-lose competition or a debating event.

Brainstorming In brainstorming, small groups of people work to generate as many possible solutions to the problem as they can. Someone records the solutions, without comment, as they are identified. Participants are urged to be spontaneous, even impractical, and not to censor anyone's ideas (including their own). Moreover, participants are required not to discuss or evaluate any solution when it is proposed so they do not stop the free flow of new ideas. The success of brainstorming depends on the amount of intellectual stimulation that occurs as different ideas are generated. The following rules should be observed:

1. *Avoid judging or evaluating solutions.* Creative solutions often come from ideas that initially seem wild and impractical, and criticism inhibits creative thinking. It is important to avoid judging solutions early, therefore, and no idea should be evaluated or eliminated until the group is finished generating options.
2. *Separate the people from the problem.* Group discussion and brainstorming processes are often constrained because the parties take ownership of preferred solutions and alternatives (Filley, 1975; Fisher, Ury, and Patton, 2011; Walton and McKersie, 1965). Highly competitive negotiators are less likely to see the merits of a suggested alternative that comes from the other party or appears to favor that party's position. It is often not possible to attack the problem without attacking the person who owns it. For effective problem solving to occur, therefore, negotiators must concentrate on depersonalizing the problem and treating all possible solutions as equally viable, regardless of who initiated them. For example, collectively listing suggestions on a whiteboard or flip chart will help parties depersonalize any particular idea and will allow participants to choose the solution that best solves the problem without regard to who originated it. Techniques for generating options that ensure anonymity may minimize the likelihood that interpersonal conflict will contaminate the evaluation of ideas.
3. *Be exhaustive in the brainstorming process.* Often the best ideas come after a meeting is over or the problem is solved. Sometimes this happens because the parties were not persistent enough. Research has shown that when brainstormers work at the process for a long time, the best ideas are most likely to surface during the latter part of the activity. As Shea (1983) notes:

Generating a large number of ideas apparently increases the probability of developing superior ideas. Ideas, when expressed, tend to trigger other ideas. And since ideas can be built one upon the other, those that develop later in a session are often superior to those without refinement or elaboration. What difference does it make if a lot of impractical ideas

are recorded? They can be evaluated and dismissed rapidly in the next step of the win-win process. The important thing is to ensure that few, if any, usable ideas are lost. (p. 57)

4. *Ask outsiders.* Often people who know nothing about the history of the negotiation, or even about the issues, can suggest options and possibilities that have not been considered. Outsiders can provide additional input to the list of alternatives, or they can help orchestrate the process and keep the parties on track.

Surveys The disadvantage of brainstorming is that it does not solicit the ideas of those who are not present at the negotiation. A different approach is to distribute a written questionnaire to a large number of people, stating the problem and asking them to list all the possible solutions they can imagine. This process can be conducted in a short time, especially with the widespread availability and ease-of-use of online survey tools. The liability, however, is that the parties cannot benefit from seeing and hearing each other's ideas, a key advantage of brainstorming.

Electronic Brainstorming An innovative method for gathering ideas is to engage a professional facilitator and use electronic brainstorming (Dennis and Reinicke, 2004; Gallupe and Cooper, 1993). The facilitator uses a series of questions to guide input from participants, who enter responses anonymously into a networked device that aggregates and displays these entries to the group as a whole. The facilitator may then ask additional probing questions. Electronic brainstorming may be especially useful for integrative negotiations that involve multiple parties (see Chapter 13) or during preparation for integrative negotiations when there are disparate views within one's team (see Chapter 4, on preparation).

Section Summary Our discussion of the two basic approaches to generating alternative solutions—generating options to the problem as given and generating options by redefining the problem—may give the impression that if negotiators simply invent enough different options, they will find a solution to their problem rather easily. Although identifying options sometimes leads to a solution, solutions are usually attained through hard work and pursuit of several related processes: information exchange, focus on interests rather than positions, and firm flexibility (Fisher, Ury, and Patton, 2011; Pruitt, 1983). Information exchange allows parties to maximize the amount of information available. Focusing on interests allows parties to move beyond opening positions and demands to determine what the parties really want—what needs truly must be satisfied. Finally, firm flexibility allows parties to be firm with regard to what they want to achieve (i.e., interests) while remaining flexible on the means by which they achieve it. Firm flexibility recognizes that negotiators have one or two fundamental interests or principles, although a wide variety of positions, possible solutions, or secondary issues may get drawn into the negotiations. Thus, among the many viable alternatives that will satisfy a negotiator, the important ones directly address the top priorities. Negotiators need to be able to signal to the other side the positions on which they are firm and the positions on which they are willing to be flexible. Several tactics that can be used to communicate firm flexibility to the other negotiator are shown in Box 3.3.

1. Use competitive tactics to establish and defend basic interests rather than to demand a particular position or solution to the dispute. State what you want clearly.
2. Send signals of flexibility and concern about your willingness to address the other party's interests. Openly express concern for the other's welfare and "acknowledge their interests as part of the problem" (Fisher, Ury, and Patton, 1991, p. 55). In doing so, you communicate that you have your own interests at stake but are willing to try to address the other's as well.
3. Indicate a willingness to change your proposals if a way can be found to bridge both negotiators' interests.
4. Demonstrate problem-solving capacity. For example, use experts on a negotiating team or bring them in as consultants based on their expertise at generating new ideas.
5. Maintain open communication channels. Do not eliminate opportunities to communicate and work together, if only to demonstrate continually that you are willing to work with the other party.
6. Reaffirm what is most important to you through the use of clear statements—for example, "I need to attain this; this is a must; this cannot be touched or changed." These statements communicate to the other party that a particular interest is fundamental to you, but it does not necessarily mean that the other's interests can't be satisfied as well.
7. Reexamine any aspect of your interests that is clearly unacceptable to the other party and determine if it is still essential to you. It is rare that negotiators will find that they truly disagree on basic interests.
8. Separate and isolate contentious tactics from problem-solving behavior to manage the contentious behavior. This may be accomplished by clearly specifying a change in the negotiation process, by separating the two processes with a break or recess, or, in team negotiations, by having one party act contentiously and then having a second negotiator offer to engage in problem solving.^a

^a This last approach, called "good cop/bad cop" or "black hat/white hat," is also frequently used as a purely distributive bargaining tactic, as we discussed in Chapter 2. In this situation, however, separate the competitive from the collaborative elements of the process by changing the individuals who represent those tasks.

Sources: Fisher, R., Ury, W. and Patton, B., "Getting to Yes: Negotiating an agreement without giving in 2nd ed. Sydney: Century Business," *Asia Pacific Journal of Human Resources*, September 01, 1996, 125-126.

Step 4: Evaluate and Select Alternatives

The fourth stage in the integrative negotiation process is to evaluate the alternatives generated during the previous phase and to select the best ones to implement. When the challenge is a reasonably simple one, the evaluation and selection steps may be effectively combined into a single step. For those uncomfortable with the integrative process, though, we suggest a close adherence to a series of distinct steps: definitions and standards, alternatives, evaluation, and selection. Following these distinct steps is also a good idea for those managing complex problems or a large number of alternative options. Negotiators will need to weigh or rank-order each option against clear criteria. If no option or set of options appears suitable and acceptable, this is a strong indication that the problem was not clearly defined (*return to definitions*) or that the standards developed earlier are not reasonable, relevant, and/or realistic (*return to standards*). Finally, the parties will need to engage in

some form of decision-making process in which they debate the relative merits of each negotiator's preferred options and come to agreement on the best options. The selection of alternatives is the claiming-value stage of integrative negotiations. Negotiators need to take care at this stage to ensure that the shift from working together to define issues and possible solutions to choosing alternatives does not harm the relationship. Integrative negotiation is most appropriate when negotiators have high goals and a positive relationship, and these factors also predict its success (Halpert, Stuhlmacher, Crenshaw, Litcher, and Bortel, 2010). Attention to the relationship is most important in continuing relationships, which is where integrative negotiations are most appropriate. The following guidelines should be used in evaluating options and reaching a consensus.³

Narrow the Range of Solution Options Examine the list of options generated, and focus on those that one or more negotiators strongly support. This approach is more positive than allowing people to focus on negative, unacceptable criteria and options. Solutions that are not strongly advocated by at least one negotiator should be eliminated at this time.

Evaluate Solutions on the Basis of Quality, Standards, and Acceptability Solutions should be judged on two major criteria: how good they are and how acceptable they will be to those who have to implement them. To the degree that parties can support their arguments with statements of hard fact, logical deduction, and appeals to rational criteria, their arguments will be more compelling in obtaining the support of others. Fisher, Ury, and Patton (1991) suggest that the parties appeal to *objective standards* for making decisions. Thus, the parties should search for precedents, industry standards, arbitration decisions, or other objectively fair outcomes and processes that can be used as benchmarks for legitimizing the fairness of the current settlement. These criteria may be different from what the negotiators judge to be most rational or the best solution. Negotiators have to be prepared to make trade-offs to ensure that the criteria of both quality and acceptability are met.

Agree to the Criteria in Advance of Evaluating Options Negotiators should agree to the criteria for evaluating potential integrative solutions early in the process (Fisher, Ury, and Patton, 2011). Negotiators can use these criteria when they have to narrow the choice of options to a single alternative—for example, one candidate for a new job—or to select the option most likely to succeed. If the parties first debate criteria and determine which ones are most important, they will be able to decide on criteria independent of the consideration of any particular candidate or option. Then, when they consider the individual candidates or options, they will pick the best one based on these criteria, not on the individual preferences of one side or the other. If the parties agree, they may revise their criteria later to improve their choice, but they should do so only with the agreement of all negotiators. It is a good idea to check criteria periodically and determine whether each negotiator places the same priority on them as before.

Be Willing to Justify Personal Preferences People often find it hard to explain why they like what they like or dislike what they dislike. When asked “Why do you like that?” the reply is often “I don’t know, I just do.” Moreover, negotiators gain little by pressing opponents to justify themselves—doing so usually just makes them angry and defensive;

they may feel that a simple statement of preference is not viewed as sufficient. For example, if the topic under negotiation is what to have for dinner, and one party states that she hates clam chowder, no amount of persuasive effort is likely to induce her to eat clam chowder. Yet personal preferences often have a deep-seated rationale—recall our discussion of how interests, values, and needs underlie positions. Inquiries about the other party's preferences may be an effort to probe behind a position and identify underlying interests and needs. If the other party responds defensively to a why question, the negotiator should explain that the intent is to probe for possible underlying interests that might facilitate a collaborative settlement rather than to challenge one's perspective.

Be Alert to the Influence of Intangibles in Selecting Options One party may favor an option because it helps satisfy an intangible—gaining recognition, looking good or tough to a constituency, feeling like a winner, and so on. Intangibles or principles can serve as strong interests for a negotiator. Intangibles can lead the negotiator to fight harder to attain a particular solution if that option satisfies both tangible and intangible needs. Some parties may be uncomfortable with discussing intangibles, or even be unaware of their nature and power in the negotiation process. It is useful to help the other party identify those intangibles and make them an open part of the evaluation process. The other party is likely to prefer options that satisfy those intangibles, and to the degree that you can accept them, agreeing to those options may be important concessions.

Use Subgroups to Evaluate Complex Options Small groups may be particularly helpful when several complex options must be considered or when many people will be affected by the solution. For example, in a recent university collective bargaining agreement negotiation, a team of management and faculty members formed a subgroup to examine numerous issues around benefits to be included in the next contract. Groups of six to eight people, composed of representatives from each faction, side, or subgroup, are able to work more effectively than large groups. Group processes in negotiation are discussed in more detail in Chapter 13.

Take Time Out to Cool Off Even though the parties may have completed the hardest part of the process—generating a list of viable options—they may become upset if communication breaks down, they feel their preferences are not being acknowledged, or the other side pushes too hard for a particular option. If the parties become angry, they should take a break. They should make their dissatisfaction known and openly discuss the reasons for it. The parties should feel that they are back on an even emotional keel before continuing to evaluate options. Finally, they should work as hard as possible to keep discussions on the specifics of the proposals, not on the people advocating them. The parties should depersonalize the discussion as much as possible so that the options for settlement are not associated with the people who advocated them.

Explore Different Ways to Logroll Earlier we discussed a variety of ways to invent options. The strategy of logrolling is also a mechanism to combine options into negotiated packages. Neale and Bazerman (1991) identify a variety of approaches in addition to simply combining several issues into a package. Three of these relate to the matters of outcome, probabilities, and timing—in other words, *what* is to happen, the *likelihood* of it happening, and *when* it happens.

1. Explore Differences in Risk Preference People have different tolerances for risk, and it may be possible to create a package that recognizes differences in risk preferences (Lax and Sebenius, 2002). For instance, suppose two entrepreneurs are discussing a future business venture. One has little to risk at the moment and everything to gain in the future; the other has a lot on the line now that he does not want to risk losing if the future is bad. If the entrepreneurs simply agree to split profits in the future, the one with a large amount of current risk may feel vulnerable. Logrolling around these interests can create a solution that protects one entrepreneur's current investment first while providing long-term profits for the other entrepreneur as well.

2. Explore Differences in Expectations As with differences in risk, differences in expectations about the likelihood of future events can permit the parties to invent a solution that addresses the needs of both. For example, the entrepreneur with a lot to lose now may also have pessimistic expectations about the future of the joint venture, whereas the entrepreneur with little to lose may be more optimistic about it. The optimist may thus be willing to gamble more on the future profitability and payout, whereas the pessimist may be willing to settle for a smaller but more assured payment. It is also possible to use contingent contracts to manage different expectations about the future (Bazerman and Gillespie, 1999; Lax and Sebenius, 2002). Contingent contracts adjust as circumstances unfold. For instance, one can include current oil prices into a contract and adjust delivery fees based on quarterly oil prices.

3. Explore Differences in Time Preferences Negotiators may have different time preferences—one may be concerned about meeting short-term needs, while the other may be interested in the long-term rewards of their relationship (Lax and Sebenius, 2002). Parties with short-term interests will need gratification earlier, whereas parties who look for long-term rewards may be willing to make immediate sacrifices to invest in a future payoff. Parties with different time preferences can invent solutions that address both their interests.

Keep Decisions Tentative and Conditional until All Aspects of the Final Proposal Are Complete Even though a clear consensus may emerge about the solution option(s) that will be selected, the parties should talk about the solution in conditional terms—a sort of *soft bundling*. Maintaining a tentative tone allows negotiators to suggest changes or revise the final package throughout this stage. Ideally, the integrative negotiation process should be open and flexible. Points agreed upon in earlier discussions are not firm until the entire package is determined. Parties should feel they are able to reopen an earlier option if circumstances in the discussion have changed; nothing should be considered final until everything is final. For instance, when buying a house recently, one of the authors of this text returned to an earlier, discarded option and chose to renovate an older home rather than to pay more for an already renovated house.

Minimize Formality and Recordkeeping until Final Agreements Are Closed Strong integrative negotiators do not want to lock themselves into specific language or written agreements until they are close to an agreement. They want to make sure they will not be firmly held to any comments recorded in notes or transcripts. In general, the fewer the formal records during the solution-generating phase, the better. In contrast, when the parties are close to agreement, one side should write down the terms of the agreement. This document may then

- Is there a preamble in which the intent of the agreement is spelled out clearly?
- Are all the issues of interest to all parties addressed?
- Are all the proposals workable?
- Have all parties affected by the agreement been consulted?
- For each point of agreement, is it crystal clear what you have agreed to, including what is to be done, by whom, by what time, and how?
- Does the agreement make sense in total?
- Is the agreement reasonable and equitable?
- Have you considered major barriers to fulfilling the agreement?
- Do you have a vehicle for managing disagreements arising out of this agreement? Is it clear to all parties what this vehicle is and how to use it?

Courtesy of Blair Sheppard.

be used as a single text, to be passed from party to party as often as necessary until all sides agree to the phrasing and wording of their agreement (Fisher, Ury, and Patton, 2011).

We strongly urge groups to avoid the apparent expediency of voting on final agreements, and encourage negotiations to continue until a consensus is reached. While voting closes the discussion, it can also create disenfranchisement of the losing party and make it more likely that “losers” will be less committed than “winners” to the implementation of the negotiated outcome.

Assessing the Quality of the Agreement

The quality of integrative agreements is assessed along the same two dimensions as distributive agreements: (1) objective outcomes and (2) subjective value.

Objective outcomes should be assessed against the extent to which both parties’ interests and needs were met by the agreement. Is the agreement comprehensive? Does it satisfy the interests of all parties? Is it fair? Blair Sheppard developed a comprehensive list of criteria for evaluating integrative agreements, which is presented in Box 3.4. Negotiators should consciously evaluate the objective outcomes of their integrative negotiations against these criteria.

The subjective value of the agreement is more important in integrative negotiations than distributive bargaining because of the long-term relationship between the parties. In some cases, the subjective value will be more important than the objective outcomes. Following Curhan, Elfenbein, and Xu (2006), negotiators need to assess how they feel about the outcome, self, process, and relationship when they evaluate the subjective value of integrative negotiations. Agreements that enhance these dimensions of subjective value are better agreements, and they have an important influence on future negotiations (Curhan, Elfenbein, and Eisenkraft, 2010; Curhan et al., 2006).

Factors That Facilitate Successful Integrative Negotiation

Successful integrative negotiation occurs when the parties are predisposed to finding a mutually acceptable joint solution. Many factors contribute to a predisposition toward problem solving and a willingness to work together for more successful integrative negotiations. In this section, we review seven factors that facilitate successful integrative negotiation: (1) the presence of a

common goal, (2) faith in one's own problem-solving ability, (3) a belief in the validity of the other party's position, (4) the motivation and commitment to work together, (5) trust, (6) clear and accurate communication, and (7) an understanding of the dynamics of integrative negotiation.

Some Common Objective or Goal

When the parties believe they are likely to benefit more from working together than from competing or working separately, the situation offers greater potential for successful integrative negotiation. Three types of goals—common, shared, and joint—may facilitate the development of integrative agreements.

A *common goal* is one that all parties share equally, each one benefiting in a way that would not be possible if they did not work together. A town government and an industrial manufacturing plant may debate the amount of taxes the plant owes, but they are more likely to work together if the common goal is to keep the plant open and employ half the town's workforce.

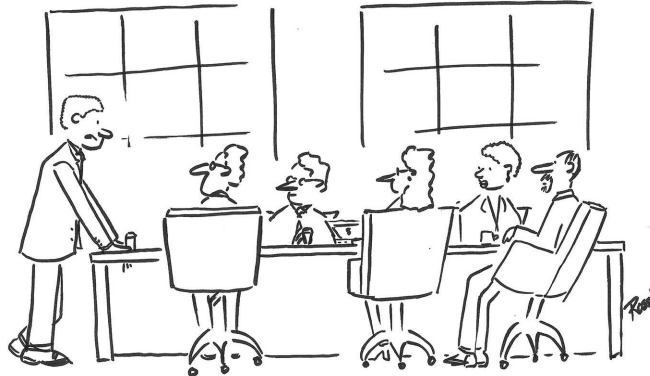
A *shared goal* is one that both parties work toward but that benefits each party differently. For example, partners can work together in a business but not divide the profits equally. One may receive a larger share of the profit because he or she contributed more experience or capital investment. Inherent in the idea of a shared goal is that parties will work together to achieve some output that will be divided among them. The same result can also come from cost cutting, by which the parties can earn the same outcome as before by working together, but with less effort, expense, or risk. This is often described as an "expandable pie" in contrast to a "fixed pie" (see Chapter 6).

A *joint goal* is one that involves individuals with different personal goals agreeing to combine them in a collective effort. For example, people joining a political campaign can have different goals: One wants to satisfy personal ambition to hold public office, another wants to serve the community, and yet another wants to benefit from policies that will be implemented under the new administration. All will unite around the joint goal of helping the new administration get elected.

The key element of an integrative negotiation situation is the belief that all sides can benefit. Whether the sides attain the same outcome or different outcomes, all sides must believe that they will be better off by working in cooperation than by working independently or competing.

Faith in One's Problem-Solving Ability

Parties who believe they can work together are more likely to be able to do so. Those who do not share this belief in themselves and others are less willing to invest the time and energy in the potential payoffs of a collaborative relationship, and they are more likely to assume a contending or accommodating approach to negotiation. If a negotiator has expertise in the focal problem area, this strengthens her understanding of the problem's complexity, nuances, and possible solutions. Neale and Northcraft (1986) demonstrated in a real estate problem that expert negotiators—corporate real estate executives—achieved significantly better integrative agreements than amateurs did. Expertise increases both the negotiator's knowledge base and his or her self-confidence, both of which are necessary to approach the problem at hand with an open mind. Similarly, direct experience increases the negotiator's sophistication in understanding the negotiating process and approaching it more creatively (Bereby-Meyer, Moran, and Sattler, 2010; Thompson, 1990a). Finally, there is also evidence that knowledge of



"I'd like you to hammer out a win-win agreement in which they lose."

Source: ©Rod Rossi/Cartoonstock

integrative tactics leads to an increase in integrative behavior (Weingart, Prietula, Hyder, and Genovese, 1999). Taken together, these results suggest that a faith in one's ability to negotiate integratively is positively related to successful integrative negotiations.

A Belief in the Validity of One's Own Position and the Other's Perspective

Integrative negotiation requires negotiators to accept both their own and the other's attitudes, interests, and desires as valid (Fisher, Ury, and Patton, 2011). First, one must believe in the validity of one's own perspective—that what you believe is worth fighting for and should not be compromised. Kemp and Smith (1994) found that negotiators who were firmer about insisting that their own point of view become incorporated into the group solution achieved more integrative agreements than those who were less firm (also see Halpert et al., 2010). But one must also accept the validity of the other party's perspective. If a negotiator challenges the other party's views, he or she may become angry, defensive, and unproductive in the problem-solving process. The purpose of integrative negotiation is not to question or challenge the other's viewpoint but to incorporate it into the definition of the problem and to attend to it as the parties search for mutually acceptable alternatives. In addition, the other party's views should be valued no less or more than the negotiator's own position and viewpoint. Kemp and Smith also found that parties who were able to take the perspective of the other appeared to make better agreements than those who were less able to do so. Believing in the validity of the other negotiator's perspective does not mean empathizing with the other party. In fact, there is evidence that negotiators with high empathy for the other party may increase the size of the joint outcomes but receive less of the larger pie than less empathic negotiators (Foo, Elfenbein, Tan, and Aik, 2004; Nelson and Wheeler, 2004).

The Motivation and Commitment to Work Together

For integrative negotiation to succeed, the parties must be motivated to collaborate rather than to compete. They need to be committed to reaching a goal that benefits both of them

rather than to pursuing only their own ends. They should adopt interpersonal styles that are more congenial than combative, more open and trusting than evasive and defensive, more flexible (but firm) than stubborn (but yielding). Specifically, they must be willing to make their own needs explicit, to identify similarities, and to recognize and accept differences. They must also tolerate uncertainties and unravel inconsistencies.

It might appear that for successful integrative negotiation to occur, each party should be just as interested in the objectives and problems of the other as he is in his own—that each must assume responsibility for the other's needs and outcomes as well as for his own. This is an *incorrect* interpretation; in fact, such behavior is more likely to be dysfunctional than successful. Parties who are deeply committed to each other and each other's welfare often do not achieve the best solution (Fry, Firestone, and Williams, 1979; Kelley and Schenitzki, 1972). As close as the parties may feel to each other, it is unlikely that they will completely understand each other's needs, objectives, and concerns, and thus they can fall into the trap of not meeting each other's objectives while thinking they are (Rubin and Brown, 1975). While parties strongly committed to each other are likely to yield more than they would otherwise, the result is that they may arrive at a joint outcome that is less satisfactory than one they would have reached had they remained firm in pursuing their own objectives.

Parties in negotiation maximize their outcomes when they assume a healthy, active self-interest in achieving their own goals while also recognizing that they are in a collaborative, problem-solving relationship (Kelley and Schenitzki, 1972). Maximizing outcomes may also be negatively correlated with one party's ability to punish the other party. Even cooperatively motivated negotiators have less trust, exchange less information about preferences and priorities, and achieve agreements of lower joint profit when they can punish the other party than when they do not have this capability (de Dreu, Giebels, and van de Vliert, 1998).

Motivation and commitment to problem solving can be enhanced in three ways:

1. Negotiators can recognize that they share a common fate and discuss that there is more to be gained by working together than by working separately. The parties can emphasize that they may have to work together after the negotiations are over and will continue to benefit from the relationship they have created. In other words, negotiators should discuss their relationship and the interconnectedness among them that provides them with better opportunities working together than separately.
2. Negotiators can engage in commitments to each other before the negotiations begin; such commitments have been called *presettlement settlements* (Gillespie and Bazerman, 1998) and are distinguished by three major characteristics:
 - a. The settlement results in a firm, legally binding written agreement between the parties (it is more than a gentlemen's agreement).
 - b. The settlement occurs in advance of the parties undertaking full-scale negotiations, but the parties intend that the agreement will be replaced by a more clearly delineated long-term agreement that is to be negotiated.
 - c. The settlement resolves only a subset of the issues on which the parties disagree and may simply establish a framework within which the more comprehensive agreement can be defined and delineated.

3. Negotiators can create an umbrella agreement that provides a framework for future discussions. Stefanos Mouzas (2006) suggests that umbrella agreements manage three negotiation challenges:
 - a. Umbrella agreements allow flexibility when the negotiating relationship between the parties is evolving.
 - b. Umbrella agreements provide flexibility for claiming value when the actual future gains are not known at the time of the negotiation.
 - c. Umbrella agreements can be used when all the issues and contingencies have yet to be identified but the parties know they wish to work together.

An example of an umbrella agreement is in Box 3.5.

Trust

Although there is no guarantee that trust will lead to collaboration, there is plenty of evidence to suggest that mistrust inhibits collaboration. People who are interdependent but do not trust each other will act tentatively or defensively. Defensiveness means that they will not accept information at face value but instead will look for hidden, deceptive meanings. When people are defensive, they withdraw and withhold information. Defensive people also attack the other party's statements and position, seeking to defeat his or her position rather than to work together. Either of these responses is likely to make the negotiator hesitant, cautious, and distrustful of the other, undermining the negotiation process (Gibb, 1961).

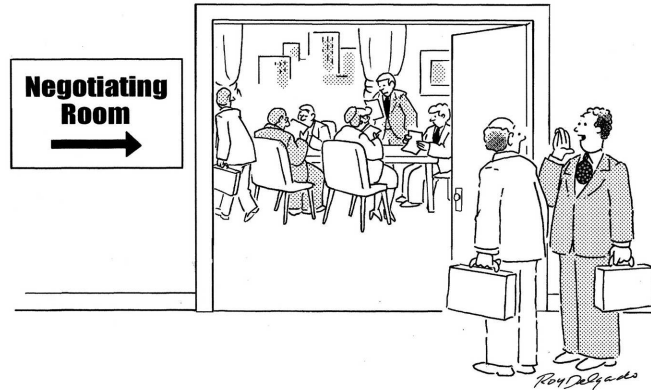
Deepak Malhotra and Max Bazerman (2007) suggest three tactics to elicit information from the other negotiator when he or she mistrusts *you*:

1. *Share information and encourage reciprocity.* One approach is to suggest to the other negotiator that you are willing to describe your needs and interests if he agrees to share his as well. Malhotra and Bazerman caution to ensure there is agreement about the explicit ground rules before proceeding, and to proceed incrementally to be sure.
2. *Negotiate multiple issues simultaneously.* Negotiating several offers simultaneously allows negotiators to identify relative priorities of the other negotiator, as well as obtain some information about her interests. Malhotra and Bazerman suggest watching for issues where the other party is very engaged and emotional and is attempting to control the discussion in order to infer high-priority issues.
3. *Make multiple offers at the same time.* A third approach to obtaining information when the other party is distrusting is to make two or three offers at the same time. These offers should be the same value to you. The way that the other negotiator responds to these offers should provide you with information about his relative interests.

In summary, integrative negotiation is easier when the parties trust each other. When there is distrust, negotiating will be more challenging but the three tactics we presented here will help manage this challenge.

Framework of Focal Points	Umbrella Clauses
Product range/services	Laundry and cleaning products
Exclusivity	Both parties have the right to obtain competitive offers at any time.
Information	Parties defined three performance indicators. Mutual notification regarding all future capital investment and research and development.
Notification	Notification regarding product damages needs to be made within two weeks.
Subcontracting	Subcontracting is only possible upon consent.
Assignment	All requests need to be made in writing. Verbal requests need to be confirmed in writing.
Volume/price	To be agreed/continuous stock replenishment Unilateral price determination
Invoicing	Unless otherwise agreed, on a monthly basis Payment in 60 days; delivery cost is paid by the supplier (Delivered duty paid)
Renegotiation	Annual renegotiation/business reviews quarterly Any controversy shall be finally settled by arbitration. (International Chamber of Commerce)
<i>Force majeure</i>	Parties bear no liability for damages occurred as a result of war, political unrest, strikes, lockouts, and governmental interventions.
Guarantee	The retailer reserves the right to demand the elimination of deficiencies or to allow the return of products within 20 days at suppliers' cost.
Liability	The obligation to remedy deficiencies applies also to services obtained from subcontractors.
Secrecy	All information exchanged is confidential and shall not be made available to third parties without written consent of the other party.
Property rights	No transfer of property rights. Supplier ensures that no third person has obtained property rights.
Saving clause	Unless it is of major importance, invalidity of one or more clauses will not have any effect on the umbrella agreement as a whole.
Legal venue	London/U.K.
Amendments	The supplier has the obligation to revoke in writing any orders that she does not wish to accept.
Additions	Need to be made in writing
Duration	Indefinite agreement/annual renegotiation
Termination	Each party has the right to terminate the agreement immediately with regard to a particular type of services.

Source: Stefanos, Mouzas, "Negotiating Umbrella Agreements," *Negotiation Journal*, vol. 22, no. 3, Jun 27, 2006, 279-301.



" Let's throw them off balance by *reasoning* with them. "

Source: ©Roy Delgado/Cartoonstock

Generating trust is a complex, uncertain process; it depends in part on how the parties behave and in part on personal characteristics. When people trust each other, they are more likely to share information and to communicate accurately their needs, their positions, and the facts of the situation (Butler, 1999; Tenbrunsel, 1999). In contrast, when people do not trust each other, they are more likely to engage in positional bargaining, use threats, and commit themselves to tough positions (Kimmel, Pruitt, Magenau, Konar-Goldband, and Carnevale, 1980). As with defensiveness, mistrust is likely to be reciprocated and to lead to unproductive negotiations. To develop trust effectively, each negotiator must believe that both she and the other party choose to behave in a cooperative manner; moreover, each must believe that this behavior is a signal of the other's honesty, openness, and a similar mutual commitment to a joint solution (see Chapter 10 for an extensive discussion of trust in negotiation).

Clear and Accurate Communication

Another precondition for high-quality integrative negotiation is clear and accurate communication. First, negotiators must be willing to share information about themselves (Neale and Bazerman, 1991). They must be willing to reveal what they want and, more important, must be willing to state why they want it in specific, concrete terms, avoiding generalities and ambiguities. Second, negotiators must understand communication. At a minimum, they must understand the meaning they each attach to their statements; hopefully, the parties each interpret the basic facts in the same way, but if they don't, then they should reconcile them. Other members of the negotiating team can frequently identify ambiguities and breakdowns in communication. If someone on a bargaining team makes a confusing statement, others can address it and try to clarify it. When one person on the other side does not grasp a difficult point, someone else from the same side will often be able to find the words or illustrations to bring out the meaning. Mutual understanding is the responsibility of both sides. The communicator must be willing to test whether the

Statement	Message
Nothing ventured, nothing gained.	Risk
Only the fit survive.	Renewal
It's a dog eat dog world.	Hypercompetition
Adapt or die.	Change
We're all in this together.	Interdependence, family

other side has received the message that was intended. Similarly, the listener must engage in active listening, testing to make sure that what he or she received and understood is the message that the sender intended.

Multiple communication channels, such as opportunities for the two sides to communicate outside formal negotiations, will help negotiators clarify the formal communication or exchange information if the formal channels break down. Conversations over coffee breaks, separate meetings between chief negotiators outside the formal sessions, and off-the-record contact between key subordinates are all alternatives to the formal channel. The negotiators must exercise care, however, to make sure that the multiple messages and contacts are consistent. Sending conflicting messages during integrative negotiation can confuse the other party and may threaten or anger him or her.

Metaphors may also play an important role in communicating during negotiation. Metaphors may be defined as “talking about one thing in terms of another” (Smith, 2005, p. 346) and are useful when direct communication is difficult or threatening. Thomas Smith (2005) suggests that metaphors may play two important roles in negotiation: (1) Metaphors help negotiators understand *why* the other party is saying what he or she said, and (2) metaphors may help identify areas for mutual gain because they provide insight into the other party’s needs and motives (see Box 3.6).

When there are strong negative feelings or when one or more parties are inclined to dominate, negotiators may create formal, structured procedures for communication. Under these circumstances, negotiators should follow a procedure that gives everyone a chance to speak. For example, most rules for debates limit statements to five minutes, and similar rules are often adopted in contentious open meetings or public hearings. In addition, the parties may agree to follow a previously agreed-on agenda so that everyone can be heard and his or her contributions noted. Effective communication processes in negotiation are covered extensively in Chapters 7 and 17. In Chapter 19, we describe how third parties can help facilitate dysfunctional communication processes.

An Understanding of the Dynamics of Integrative Negotiation

Negotiators frequently assume that the distributive bargaining process is the only way to approach negotiations. Several studies indicate that training in integrative negotiation enhances the parties’ ability to negotiate integratively. For example, Weingart, Hyder, and Prietula (1996) demonstrated that training negotiators in integrative tactics—particularly in how to exchange information about priorities across issues and preferences within issues and how to set high goals—significantly enhanced the frequency of integrative behaviors and

led the parties to achieve higher joint outcomes. This study also found that using distributive tactics, such as strongly trying to persuade the other of the validity of one's own views, is negatively related to joint outcomes. In addition, Loewenstein, Thompson, and Gentner (2003) found that analogical training appears to be an especially powerful way to learn about integrative negotiation.⁴ Analogical learning involves the direct comparison of different negotiation examples to identify and understand the underlying principles and structure of the negotiation. Finally, a study by Kirk, Oettingen, and Gollwitzer (2013) suggests that negotiators who prepare by contrasting achieving success with negotiation obstacles, along with creating "if-then" plans, have higher joint gains in integrative negotiations.

Section Summary

We identified seven fundamental preconditions for successful integrative negotiation: some form of shared or common goals, faith in one's ability to solve problems, a belief in the validity and importance of the other's position, the motivation and commitment to work together, trust in the opposing negotiator, the ability to accurately exchange information in spite of conflict conditions, and an understanding of the dynamics of integrative negotiation. If the parties are not able to meet these preconditions successfully, they will need to resolve challenges in these areas as the integrative negotiation evolves.

Why Integrative Negotiation Is Difficult to Achieve

Integrative negotiation is a collaborative process in which the parties define their common problem and pursue strategies to solve it. Negotiators do not always perceive integrative potential when it exists or cannot always sustain a productive integrative discussion. People frequently view conflict-laden situations with a fundamentally more distrustful, win-lose attitude than is necessary. The approach that individuals take toward conflict and negotiation is essential to understanding the differences between distributive bargaining and integrative negotiation. The primary reason negotiators do not pursue integrative agreements is that they fail to perceive a situation as having integrative potential and are primarily motivated to achieve outcomes that satisfy only their own needs. Four additional factors contribute to this difficulty: (1) the history of the relationship between the parties, (2) the belief that an issue can only be resolved distributively, (3) the mixed-motive nature of most bargaining situations, and (4) short time perspectives.

The History of the Relationship between the Parties

The more competitive and conflict-laden their past relationship, the more likely negotiators are to approach the current negotiation with a defensive, win-lose attitude. Long-term opponents are not likely to trust each other or to believe that a cooperative gesture is not a ruse or setup for future exploitation. Because the other party has never shown any genuine interest in cooperation in the past, why should the present be any different? Laboratory research shows that negotiators who had an impasse in a previous negotiation were more likely to reach impasses on subsequent negotiations on different topics, even if the other party was a different negotiator (O'Connor, Arnold, and Burris, 2005).

Even if the parties have no history with each other, the expectation of a competitive opponent is sufficient to create defensiveness. Research suggests that the majority of people enter negotiations expecting them to be win-lose, not win-win (Thompson and Hastie, 1990a). In

Union-management collective bargaining has often been used as a classic example of the distributive bargaining process. Often, the tendency for the parties to use collective bargaining rests on a long history of perceived abuse and mistrust on both sides of the table. But recent work shows that integrative negotiation can be successful even in this context, although unions may need to use some conflict tactics to ensure their share of mutual gains (Bacon and Blyton, 2007).

Post and Bennett (1994) report the results of a five-step integrative process that successfully reduced grievances from 40 per year under the previous contract to two in 18 months under the new contract, significantly reduced anger and hostility between the parties, and significantly enhanced the spirit of cooperation in the plant. The five steps were as follows:

1. A *commitment phase*, occurring 12 and six months before the expiration of the current contract, during which the parties commit to participate in a collaborative process, including commitments to harmonize negotiation philosophy, harmonize the negotiation process, and articulate the respective interests of the parties.
2. An *explanation phase*, occurring one month before contract expiration, during which the parties hold their first meeting, present their respective proposals to each other, introduce supporting documentation, and set a timetable for remaining meetings.
3. A *validation phase*, occurring two to four weeks prior to contract expiration, in which the parties gather information from employees and employers about the validity of the interests expressed in the opening statements. This information is used to generate a collective consensus about the relative importance and priority of the interests to the constituencies of both groups.
4. A *prioritization phase*, occurring two weeks prior to contract expiration, in which the parties work together to develop a joint list of priorities based on the data. This process is often facilitated by a mediator, who uses the commitments generated in the commitment phase to help the parties represent their priorities genuinely and candidly.
5. A *negotiation phase*, occurring one week prior to the contract expiration, in which the parties meet in a series of frequent and intensive gatherings to negotiate a resolution to the prioritized list of interests. Once again, this process is often facilitated by a mediator, whose role is to vigorously ask questions of the parties, hold them to their agenda, and ensure that the negotiations proceed in an open and trusting atmosphere.

Note that this process requires the ongoing participation of a mediator, who acts as a referee and as a monitor of the parties' commitment to stay with an integrative process. Whether the parties could learn to trust each other to sustain such a process without an active third-party role is still a matter of debate.

Source: Adapted from Post, Frederick R., and Bennett, Rebecca, J., "Use of Collaborative Collective Bargaining Processes in Labor Negotiations," *International Journal of Conflict Management*, vol. 5, no. 1, 1994, 34-61.

addition, perceptions are often loaded with self-serving rationalizations—for instance, negotiators see the other party as more unreasonable and difficult to work with than a neutral third party would—and these perceptions in turn deter them from initiating an integrative negotiation process. Negotiators can proceed past a negative history, but it takes effort. For instance, Post and Bennett (1994) report a successful transformation of union-management relations by using a five-step process (see Box 3.7; also see Hargrove, 2010; Michael and Michael, 2013).

A Belief That an Issue Can Only Be Resolved Distributively

Conflict dynamics lead negotiators to polarize issues and see them only in win-lose terms. In addition, negotiators may be prone to several cognitive biases or heuristic decision rules that systematically bias their perception of the situation, the range of possible outcomes, and the likelihood of achieving possible outcomes, all of which tend to preclude negotiators from engaging in the behaviors necessary for integrative negotiation (Neale and Bazerman, 1985, 1991; we discuss these biases in detail in Chapter 6). For example, unions and management have historically clashed over the introduction of new procedures or technology that “de-skills” labor or replaces workers with machines. Labor usually pursues job security, believing that the new machines will eliminate workers, whereas management takes the position that the new machines will increase efficiency, quality, and profit and that it is management’s right to make decisions regarding these issues. On the surface, the two positions seem irreconcilable: Either the workers pressure the company to keep employees at the expense of machines or management makes the decisions about how to introduce new technology. However, recent experience shows that labor and management have devised solutions to the problem that satisfy both sides—such as retraining and reallocating employees or reducing the number of employees through attrition rather than layoff.

The Mixed-Motive Nature of Most Negotiating Situations

Purely integrative or purely distributive negotiation situations are rare. Most situations are mixed-motive, containing some elements that require distributive bargaining processes and others that require integrative negotiation. For example, when people become partners in a business, the common goal of making a profit provides a basis for their collaboration. How to allocate the profits becomes a different matter, however, and is much more likely to create conflict. In this example, the parties must recognize that the integrative element is more important; that is, there must be a successful business before there are profits to divide. Nevertheless, their competitiveness over profit distribution may make it difficult for them to stay in business at all. As a general rule, because people are more likely to perceive negotiations as win-lose than win-win, conflict and competitiveness drive out cooperation and trust, making it more difficult for the parties to find common ground.

One of the most fundamental challenges in integrative negotiation is that parties fail to recognize or search for the integrative potential in a negotiation. The primary cause of this failure is the desire to satisfy one’s own concerns without regard for the other’s concerns. Negotiators too often assume that the other party has the same objectives and goals as they do, and accordingly they fail to search for information about the other party’s preferences and priorities (Kemp and Smith, 1994). Negotiators may also be led to this assumption when they are highly accountable to someone else for their performance, when the parties have had a history of conflict, and when the issues are too complex to disentangle and are easily interpreted in simple win-lose terms. As a result, negotiators fail to invest the time and energy necessary to search for and find integrative options.

Short Time Perspectives

Effective integrative negotiation requires sufficient time to process information, reach true understanding of one's own and the other party's needs, and manage the transition from creating value to claiming value.

Recent research suggests that a shorter length of time between the negotiation and implementation of an agreement may contribute to suboptimal integration outcomes. A series of studies by Marlene Henderson, Yaacov Trope, and Peter Carnevale (2006) suggest that negotiations to be implemented sooner tend to be more piecemeal and fragmented than those to be implemented later. In these studies, while temporally near negotiations were better than straight compromises, negotiations that were not to be implemented until later had significantly more integrative outcomes. The pace and time pressures of modern business negotiations appear to be an important factor interfering with effective integrative negotiations. When practical, negotiators should leave enough time before the implementation of a deal so that effective integrative negotiation can occur.

Distributive Bargaining versus Integrative Negotiation

Over the past 35 plus years, research and practice in negotiation have seen many changes to the way people negotiate. Since the publication of the first edition of Fisher, Ury and Patton's *Getting to Yes* in 1981, there has been a steady growth in integrative negotiating, and it is a concept that has permeated the research and practice of negotiation (see Menkel-Meadow, 2006). Many would argue that the world would be a better place if all negotiations were integrative and suggest that distributive bargaining is an outdated approach to creating value and resolving differences.

Chapters 2 and 3 have discussed various aspects of both approaches, and our view is that a strong understanding of both is important for two reasons. First, some negotiators use a purely distributive approach, and there is no evidence that integrative negotiating will be effective against a strong, consistent distributive bargainer. This does not mean the distributive bargainer will do better than the integrative negotiator. In fact, there is good evidence that bargaining distributively in an integrative situation will be suboptimal. The more troubling question when faced with a distributive bargainer is whether responding distributively or integratively is more effective. Research has not addressed this point explicitly, but we believe that negotiators who understand the dynamics and processes of both distributive bargaining and integrative negotiation will be better prepared to respond strategically to whatever situation or challenge they face.

The second reason to understand both processes is that integrative situations involve a claiming-value portion, and this may involve the use of distributive tactics. Some negotiators portray themselves as win-win but, in fact, are solely out for themselves. These wolves-in-sheep's-clothing negotiators can be very challenging counterparts because they speak like integrative negotiators while acting like distributive bargainers. It can be very difficult to identify such negotiators because they appear to be negotiating integratively when they are not. The best way to manage this is to watch what they do and understand the positions they take. A sound understanding of distributive bargaining makes it more likely that these negotiators will be identified (see Table 3.3).

TABLE 3.3 | Comparing Distributive Bargaining and Integrative Negotiation

	Distributive Bargaining	Integrative Negotiation
When is it most appropriate?	One-time deal	Ongoing relationship
Key aspects of the process	Targets, opening offers, resistance points	Identifying problem, surfacing interests, generating solutions, evaluating alternatives
Bargaining stance	Strong opening offers plus few concessions yield better distributive results.	Common goals, open communication, and willingness to problem solve yield better integrative results.
BATNAs	Cultivate strong BATNAs and be aware of the market.	Focus energy on creating ideal solutions, not cultivating BATNAs.
Tone	Varies from pleasant but firm to hard-nosed	Hard on the problem, soft on the people

Chapter Summary

In this chapter, we have reviewed the strategy and tactics of integrative negotiation. The fundamental structure of integrative negotiation is one within which the parties are able to define goals that allow both sides to achieve their objectives. Integrative negotiation is the process of defining these goals and engaging in a process that permits both parties to maximize their objectives.

The chapter began with an overview of the integrative negotiation process. A high level of concern for both sides achieving their own objectives propels a collaborative, problem-solving approach. Negotiators frequently fail at integrative negotiation because they fail to perceive the integrative potential of the negotiation. However, breakdowns also occur due to distributive assumptions about negotiating, the mixed-motive nature of the issues, the negotiators' previous relationship with each other, and short time perspectives. Successful integrative negotiation requires several processes. First, negotiators must create a free flow of information and an open exchange of ideas. Second, the parties must understand each other's true needs and objectives. Third, they must focus on their similarities, emphasizing the things they have in common rather than their differences. Finally, they must engage in a search for solutions that meet the goals of both sides. This is a very different set of processes from

those in distributive bargaining, described in Chapter 2. The four key steps in the integrative negotiation process are identifying and defining the problem, identifying interests and needs, generating alternative solutions, and evaluating and selecting alternatives. For each of these steps, we discussed techniques and tactics to make the process successful.

We then discussed various factors that facilitate successful integrative negotiation. First, the process will be greatly facilitated by some form of common goal or objective. This goal may be one that the parties both want to achieve, one they want to share, or one they could not possibly attain unless they worked together. Second, they must have faith in their problem-solving ability. Third, the parties must be willing to believe that the other's needs are valid. Fourth, they must share a motivation and commitment to work together, to make their relationship a productive one. Fifth, they must be able to trust each other and to work hard to establish and maintain that trust. Sixth, there must be clear and accurate communication about what each one wants and an effort to understand the other's needs. Instead of talking the other out of his or her needs or failing to acknowledge them as important, negotiators must be willing to work for both their own needs and the other's

needs to find the best joint arrangement. Finally, there must be an understanding of the dynamics of integrative negotiations.

In spite of all these suggestions, integrative negotiation is not easy—especially for parties who are locked in conflict, defensiveness, and a hard-line position. Only by

working to create the necessary conditions for integrative negotiation can the process unfold successfully. In Chapters 17 and 18, we discuss several ways that parties can defuse hostility, defensiveness, and the disposition toward hard-line negotiating to create the conditions for successful integrative negotiation.

Endnotes

¹ Our descriptions draw heavily on the writings of several experts who have studied the integrative process in great detail, and we will note recent research findings that have affirmed the validity of particular strategies and tactics. See Follett (1940), formalized by Walton and McKersie (1965); Carnevale and Pruitt (1992); Filley (1975); Fisher, Ury and Patton (1991, 2011); Lax and Sebenius (1986); and Pruitt (1981, 1983), among numerous others. We also draw extensively on Pruitt and Carnevale (1993).

² For more detailed discussion of this step, see Carnevale (2006); Neale and Bazerman (1991); Pruitt (1981, 1983); Pruitt and Carnevale (1993); and Pruitt and Lewis (1975).

³ For more detailed discussion of this step, see Filley (1975); Pruitt and Carnevale (1993); Shea (1983); and Walton and McKersie (1965).

⁴ See Gentner, Loewenstein, and Thompson (2003); Loewenstein and Thompson (2000); Loewenstein, Thompson, and Gentner (1999, 2003); Nadler, Thompson, and Van Boven (2003); and Thompson, Gentner, and Loewenstein (2000).



Negotiation: Strategy and Planning

Objectives

1. Understand the importance of setting goals for an upcoming negotiation.
 2. Explore the major elements of a process for selecting a negotiation strategy and how to execute that strategy.
 3. Consider how most negotiations evolve through understandable stages and phases.
 4. Develop a comprehensive set of tools to *plan effectively* for an upcoming negotiation and evaluate progress.
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CHAPTER OUTLINE

Goals—The Focus That Drives a Negotiation Strategy

Direct Effects of Goals on Choice of Strategy

Indirect Effects of Goals on Choice of Strategy

Strategy—The Overall Plan to Achieve One's Goals

Strategy versus Tactics

Unilateral versus Bilateral Approaches to Strategy

The Dual Concerns Model as a Vehicle for Describing Negotiation Strategies

Understanding the Flow of Negotiations: Phases

Getting Ready to Implement the Strategy: The Planning Process

1. *Defining the Negotiating Goal*
2. *Defining the Major Issue Related to Achieving the Goal*
3. *Assembling the Issues, Ranking Their Importance, and Defining the Bargaining Mix*
4. *Defining the Interests*
5. *Knowing Your Alternatives (BATNAs)*
6. *Knowing Your Limits, Including a Resistance Point*
7. *Analyzing and Understanding the Other Party's Goals, Issues, and Resistance Points*
8. *Setting One's Own Targets and Opening Bids*
9. *Assessing the Social Context of Negotiation*
10. *Presenting the Issues to the Other Party: Substance and Process*

Chapter Summary

In this chapter, we discuss what negotiators should do before sitting down to negotiate. Effective strategy and planning are the most critical precursors for achieving negotiation objectives. With effective planning and goal setting, most negotiators can achieve their objectives; without them, results occur more by chance than by negotiator effort.

Regrettably, systematic planning is not something that most negotiators do willingly. Although time constraints and work pressures make it difficult to find the time to plan adequately, for many, planning is simply boring and tedious, easily put off in favor of getting into the action quickly. It is clear, however, that devoting insufficient time to planning is one major weakness that may cause negotiators to fail. Here are some consequences of failed planning:

- *Negotiators fail to set clear goals.* Negotiators enter negotiation with a vague or incomplete sense of what they want to achieve, or realize later that what they thought they wanted from a negotiation is not what they really wanted or needed.
- *Negotiators fail to set clear objectives or targets that serve as benchmarks for evaluating offers and packages in progressing toward their goal.* Negotiators who do not have clear objectives are not in a position to evaluate proposals quickly and accurately. As a result, negotiators may agree to deals that they later regret. Alternatively, negotiators may become confused or defensive and delay the process, causing the other party to lose patience.
- *If negotiators have not done their homework, they may not understand the strengths and weaknesses of their own positions or recognize comparable strengths and weaknesses in the other party's arguments.* As a result, they may not be able to formulate convincing arguments to support their own position or rebut the other party's arguments.
- *Negotiators need to consider their alternatives to doing the deal in front of them.* If negotiators understand what alternatives are available to them if the current deal does not look like it will succeed, they will have more confidence and power to walk away from a bad deal.
- *Negotiators cannot simply depend on being quick and clever during the give-and-take of negotiation.* Should the other party plan to win by stalling and delaying, or holding on to a position just to wear the negotiator down, or using other dirty tricks (see Chapter 2), the approach may have to be revised. Negotiators often find that being “a great salesman” in presenting their position is not helpful when the other party assails that position as unethical, ineffective or unacceptable.

Almost every popular book on negotiation devotes at least one or two chapters to planning (e.g., Diamond, 2010; Latz, 2004; Lewicki and Hiam, 2006; Malhotra and Bazerman, 2007; Wheeler, 2013); indeed, there are books that are wholly devoted to how to plan and prepare effectively (e.g., Fisher and Ertel, 1995). Yet there is scant empirical evidence on the impact of carefully planning one's negotiation process. One study of successful negotiators by Rackham (1980) suggested that in the planning process, skilled negotiators (compared with “average” negotiators) (1) explored a wider range of options for action; (2) worked harder to find common ground with the other party; (3) spent more time considering the long-term implications of the issues; and (4) were significantly more likely to set upper and lower limits, or the boundaries of a range of acceptable settlements.

FIGURE 4.1 | Relationship between Key Steps in the Planning Process
(Overview of Chapter 4)



Our discussion of strategy and planning begins by exploring the broad process of strategy development, starting with defining the negotiator’s goals and objectives. We then move to explaining ways to develop a strategy to address those goals. Finally, we address the typical stages and phases of an evolving negotiation and how different issues and goals will affect the planning process. Figure 4.1 shows how these elements are related. Although this model suggests that the relationships between these elements are linear—that is, goals lead to strategy leads to planning—in fact, many parties often begin midway in this sequence and work their way “backward/forward” until the three steps of the preparation process are aligned.

Goals—The Focus That Drives a Negotiation Strategy

The first step in developing and executing a negotiation strategy is to determine one’s goals. Negotiators must anticipate what goals they want to achieve in a negotiation and focus on how to achieve those goals. As noted in Chapter 1, negotiators may consider substantive goals (e.g., money or a specific outcome), intangible goals (e.g., winning, beating the other party, or getting a settlement at any cost), and procedural goals (e.g., shaping the agenda or simply having a voice at the table). Effective preparation requires a thorough, thoughtful approach to these goals; negotiators should specify their goals and objectives clearly. This includes listing all goals they wish to achieve in the negotiation, determining the priority among these goals, identifying potential multigoal packages, and evaluating possible trade-offs among multiple goals.

Direct Effects of Goals on Choice of Strategy

There are four ways that goals affect negotiation:

1. Wishes are not goals, especially in negotiation. Wishes may be related to interests or needs that motivate goals (see Chapter 3), but they are not goals themselves. A wish is a fantasy, a hope that something might happen; a goal is a specific, focused target that a negotiator can realistically develop a plan to achieve.
2. A negotiator’s goals may be, but are not necessarily, linked to the other party’s goals. Linkage between two parties’ goals defines an issue to be settled (see the discussion of issues later in this chapter) and is often the source of conflict. For example, at the beginning, my goal may be to buy a car cheaply and the seller’s goal is to sell it at the highest possible price (and profit); thus, the “issue” is the price I will pay for the car. If I could achieve my goal by myself, without the other party, I probably wouldn’t need to negotiate.
3. There are limits to what realistic goals can be (see the discussion of walkaways and alternatives later in this chapter). If what we want exceeds these limits (i.e., what the

Almost all of the research and writing on planning for negotiations argue for the importance of setting goals. Yet challenging goals can also motivate some destructive behaviors:

1. Too much attention on a single goal can make us overlook other important goals and issues. For example, if a negotiator is preoccupied with the price in an upcoming negotiation, he or she might overlook other important elements of a deal. Moreover, this excessive focus on price can reduce a negotiation from a potentially integrative one to a distributive one over the single price issue.
2. Prescriptive advice on goal setting says that goals should be challenging. But a goal that is too challenging might encourage a negotiator to pursue risky implementation strategies, make extreme demands, and drive the other party away, threatening the possibility of achieving an agreement.
3. Very challenging goals can also motivate individuals to behave unethically. Negotiators may then use unethical methods to achieve those goals. For example, financial services giant Wells Fargo attempted to motivate its salespeople to meet high goals for opening new customer accounts. The result was that many customers had new accounts opened without their permission, creating a major crisis of credibility for Wells Fargo.
4. Finally, a narrow focus on one or two goals may prevent the negotiator from listening to the other party and finding ways to create value. As a result, negotiations remain competitive when they could become more collaborative.

Source: Summarized from Ordonez, L. D., Schweitzer, M.E., Galinsky, A. D., and Bazerman, M. H., "Goals Gone Wild: The Systematic Side Effects of Overprescribing Goal Setting," *Academy of Management Perspectives*, vol. 23, no. 1, Feb 1, 2009.

other party is capable of or willing to give), we must either change our goals or end the negotiation. Goals must be attainable. If my goal—"to buy this car at a cheap price"—isn't possible because the seller won't sell the car "cheaply" (notice that "cheaply" is an ambiguous goal at this point), I must either change my goal or find another car to buy (and perhaps from a different dealer). There are also times when goals can trigger destructive, rather than constructive, behavior (see Box 4.1).

4. Effective goals must be concrete, specific, and measurable. The less concrete, specific, and measurable our goals are, the harder it is to (a) communicate to the other party what we want, (b) understand what the other party wants, and (c) determine whether any given offer satisfies our goals. "To get a car cheaply" and "to agree on a price so that the loan payment does not use all of my paycheck" are not very clear goals. What do I mean by "use up my paycheck"? Every week's paycheck or only one check a month? Do I want the payment to be just under 100 percent of the paycheck, or about 50 percent, or perhaps even 25 percent? Today's paycheck only or the paychecks expected over the life of the loan? Is this payment the largest amount I think I can possibly pay? Is it the payment I could make with little or no inconvenience? Or is it the payment calculated after reading that one shouldn't pay more than 15 percent of one's monthly salary for a car payment? I have to determine exactly how big a payment can comfortably come out of my paycheck at present interest rates and add to that what is available for a down payment in order to be able to negotiate exactly what I am willing to pay a month. However, even this figure is not totally clear.

Goals can also be intangible or procedural. In the car purchase example, intangible goals might include enhancing my reputation among my friends by owning and driving a slick sports car; maintaining an image as a shrewd, pennywise negotiator; or paying a higher price to ensure convenient, reliable transportation. In other negotiations, intangible goals might include maintaining a reputation as a tough but principled negotiator, establishing a precedent for future negotiations, or conducting the negotiations in a manner that is fair to all sides and assures each party fair treatment. (Refer back to Chapter 1 for further discussion of intangible goals.) Procedural goals might be to make sure that the seller makes at least two concessions from his opening price, to convince me that he is negotiating “seriously.”

Which of these many criteria should you use? The answer depends on you: your specific objectives and your priorities among multiple goals. Trade-offs will be inevitable and can cloud your perspective while negotiating, which is why you have to start by defining what you wanted to achieve right up front.

Indirect Effects of Goals on Choice of Strategy

Simple and direct goals can often be attained in a single negotiation session and with a simple negotiating strategy. As a result, we often limit our view on the impact of pursuing short-term goals, particularly when the impact is long term. This short-term thinking affects our choice of strategy; in developing and framing our goals, we may ignore the present or future relationship with the other party in favor of a simplistic concern for achieving only the substantive outcome. As only one example, suppose your beloved aging grandmother decides she is too old to drive and asks you whether you want to buy her car. She says she knows nothing about cars and simply wants to sell it to you because she trusts you to take care of it. You buy it and then realize that although it was a great deal, you feel guilty that you didn’t pay her enough money for it. Moreover, it is a huge gas guzzler that is costing you way too much money. You realize your actual goal was “a fuel-efficient, affordable car,” not just “any affordable car.”

Other negotiation goals—particularly ones that are more difficult or require a substantial change in the other party’s attitude—may require you to develop a long-range plan for goal attainment. In these cases, progress will be made incrementally and may depend on establishing a strong relationship with the other party—for example, a substantial increase in one’s line of credit with a financial institution or the establishment of a privileged status with an important trading partner. Such relationship-oriented goals should motivate the negotiator toward a strategy choice in which the relationship with the other party is valued as much as (or even more than) the substantive outcome. Thus, relational goals tend to support the choice of a collaborative or integrative strategy (refer back to the dual concerns model described in Chapter 1 and the integrative negotiation process in Chapter 3).

Strategy—The Overall Plan to Achieve One’s Goals

After negotiators articulate goals, they move to the second element in the sequence: selecting and developing a strategy. Experts on business strategy define strategy as “the pattern or

plan that integrates an organization's major targets, policies, and action sequences into a cohesive whole" (Mintzberg and Quinn, 1991). Applied to negotiations, *strategy* refers to the overall plan to accomplish one's goals in a negotiation and the action sequences that will lead to the accomplishment of those goals.

Strategy versus Tactics

How are strategy and tactics related? Although the line between strategy and tactics may seem fuzzy, one major difference is that of scale, perspective, or immediacy (Quinn, 1991). Tactics are short-term, adaptive moves designed to enact or pursue broad (or higher-level) strategies, which in turn provide stability, continuity, and direction for tactical behaviors. For example, your negotiation strategy might be integrative, designed to build and maintain a productive relationship with the other party while using a joint problem-solving approach to the issues. In pursuing this strategy, appropriate tactics include describing your interests, using open-ended questions and active listening to understand the other's interests, and inventing options for mutual gain. Tactics are subordinate to strategy; they are structured, directed, and driven by strategic considerations. In Chapters 2 and 3, we outlined the strategies of distributive bargaining and integrative negotiation and the associated tactics that are likely to accompany each strategy.

Unilateral versus Bilateral Approaches to Strategy

A unilateral choice is one that is made without the active involvement of the other party. Unilaterally pursued strategies are completely one-sided and sometimes intentionally ignorant of any information about the other negotiator's goals or strategy. However, unilateral strategies can be problematic for exactly this reason. Any reasonable strategy should also include processes for gaining information about the other party, and incorporating that information into the modification of a negotiation strategy is always useful. Therefore, while we are going to initially describe strategies as unilateral in nature, they should clearly evolve into ones that fully consider the impact of the other's strategy on one's own.

The Dual Concerns Model as a Vehicle for Describing Negotiation Strategies

In Chapter 1, we used the dual concerns model to describe the basic orientation that people take toward conflict (Pruitt and Rubin, 1986). This model proposes that individuals in conflict have two levels of related concerns: a level of concern for their own outcomes and a level of concern for the other's outcomes (refer back to Figure 1.3 in Chapter 1). Savage, Blair, and Sorenson (1989) propose a similar model for the choice of a negotiation strategy. According to this model, a negotiator's unilateral choice of strategy is reflected in the answers to two simple questions: (1) How much concern does the negotiator have for achieving the substantive outcomes at stake in this negotiation (substantive goals)? (2) How much concern does the negotiator have for the current and future quality of the relationship with the other party (relationship goals)? The answers to these questions result in the mix of alternative strategies presented in Figure 4.2.

FIGURE 4.2 | The Dual Concerns Model

		Substantive outcome important?	
		Yes	No
Relational outcome important?	Yes	Collaboration	Accommodation
	No	Competition	Avoidance

Source: Adapted from Newsom, Walter B., "The Dual Concerns Model," *The Academy of Management Executive*. Briarcliff Manor, NY: Academy of Management, 1989.

Alternative Situational Strategies The power of this model lies in requiring the negotiator to determine the relative importance and priority of the two dimensions in the desired settlement. As Figure 4.2 shows, answers to these two questions suggest at least four types of initial strategies for negotiators: avoidance, accommodation, competition, and collaboration. A strong interest in achieving *only* substantive outcomes—getting this deal, and winning this negotiation, with little or no regard for the effect on the relationship or on subsequent exchanges with the other party—tends to support a competitive (distributive) strategy. A strong interest in achieving only the relationship goals—building, preserving, or enhancing a good relationship with the other party—suggests an accommodation strategy. If both substance and relationship are important, the negotiator should pursue a collaborative (integrative) strategy. Finally, if achieving neither substantive outcomes nor an enhanced relationship is important, the party might be best served by avoiding negotiation. Each of these different strategic approaches also has different implications for negotiation planning and preparation (see also Johnston, 1982). We discuss both nonengagement and engagement strategies next.

The Nonengagement Strategy: Avoidance Avoidance may serve a number of strategic negotiation purposes. In fact, there are many reasons negotiators might choose not to negotiate (similar to the reasons for conflict avoidance discussed in Chapter 1):

- If one is able to meet one's needs without negotiating at all, it may make sense to use an avoidance strategy.
- It simply may not be worth the time and effort to negotiate (although there are sometimes reasons to negotiate in such situations; see this chapter's section on accommodation).
- The decision to negotiate is closely related to the attractiveness of available alternatives—the outcomes that can be achieved if negotiations don't work out.

It's been a long night. Bill Gates, the founder of Microsoft, is sitting around with a group of friends. They're famished. Someone gets the idea to call Domino's for a late-night delivery. The owner-manager of Domino's answers the phone, but unfortunately the store has just closed. Disappointed, the caller is ready to hang up when someone in the group says, "Tell them you're Bill Gates and pay them a lot of money to deliver a pizza." Bill Gates

hesitates. "Bill," someone prods, "what's it worth to you to have a pizza?" "Two hundred forty dollars," Gates responds. He gets on the phone and says, "OK, I'm Bill Gates and I'll pay you \$240 to bring this pizza." They got the pizza.

Source: Volkema, Roger J., *The Negotiation Toolkit: How to Get Exactly What You Want in Any Business or Personal Situation*. New York, NY: AMACOM, 1999, 6.

In Chapter 2, we discussed the role that resistance points play in defining a strategy and the possibility that alternative deals are available; in Chapters 2 and 3, we explored the key role of a BATNA in evaluating the value of a particular agreement. A negotiator with very strong alternatives has considerable power because he or she doesn't need this negotiation to succeed in order to achieve a satisfactory outcome. Having weak alternatives puts a negotiator at a disadvantage. The presence of a strong alternative can influence the decision about whether to avoid negotiation in two ways. First, the negotiator with a strong alternative may wish to avoid negotiation strictly on efficiency grounds—it is simply quicker and easier to take the alternative than to get involved in a negotiation. But having a weak alternative may also suggest avoiding negotiation—once negotiations begin, the pressure of the negotiation process may lead to a poor outcome, which the negotiator may feel obligated to accept because the alternative is also very poor. Alternatively, he or she might gain the desired outcome, but perhaps at a significant cost (see Box 4.2).

Active-Engagement Strategies: Accommodation, Competition, and Collaboration

Competition and collaboration were described extensively in the previous two chapters. Competition is described throughout this book as distributive or win-lose bargaining and collaboration as integrative or win-win negotiation.

Accommodation is as much a win-lose strategy as competition, although it has a decidedly different image—it involves an imbalance of outcomes, but in the opposite direction ("I lose, you win" as opposed to "I win, you lose"). As Figure 4.2 shows, an accommodative strategy may be appropriate when the negotiator considers the relationship outcome more important than the substantive outcome. In other words, the negotiator wants to let the other win, keep the other happy, or not endanger the relationship by pushing hard to achieve some goal on the substantive issues. This strategy is often used when the primary goal of the exchange is to build or strengthen the relationship (or the other party) and the negotiator is willing to sacrifice the outcome just to benefit the other party. An accommodative strategy may also be necessary if the negotiator expects the relationship to extend past a single negotiation episode. The idea is that if "I lose and you win" this time, over multiple negotiations in the relationship the win-lose accounts will balance. In any long-term social relationship, it is probably healthy for one negotiator or the other to accept a suboptimal outcome in a given negotiation while expecting reciprocal accommodation ("tit for tat")

from the other negotiator in the future. Such reciprocity has been called the glue that holds social groups together (e.g., Cialdini, 2009). A negotiator in a long-term relationship with another party should be encouraged to consider accommodative moves early in the relationship-building process—both to build trust with the other party and to be able to ask for reciprocity on those accommodations as the relationship develops.

How do these three strategies—competition, collaboration, and accommodation—differ? Table 4.1 summarizes the three types of strategies (distributive, integrative, and accommodative) and compares and contrasts them across a number of different dimensions.

In addition to their positive characteristics, as described in the table, each of these three negotiation strategies also has certain predictable drawbacks if the strategy is applied blindly, thoughtlessly, or inflexibly:

- Distributive strategies tend to create “we-they” or “superiority-inferiority” patterns and may lead to distortions in judgment regarding the other side’s contributions and efforts, as well as to distortions in perceptions of the other side’s motives, needs, and positions (see the discussion of framing biases in Chapter 6).
- If a negotiator pursues an integrative strategy without regard to the other’s reciprocity, then the other may manipulate and exploit the collaborator and take advantage of the good faith and goodwill being demonstrated. Blind pursuit of an integrative process can also lead negotiators to cease being accountable to their constituencies (e.g., their companies) in favor of pursuit of the negotiation process for its own sake (see Chapter 11 for a discussion of negotiator-constituency dynamics). For example, negotiators who approach the process with an aggressive “only I can negotiate this” attitude may produce an agreement that is unacceptable to their constituency, which will then be rejected and force the negotiator to resume discussions that others thought were settled.
- Accommodative strategies may generate a pattern of repeatedly giving in to keep the other happy or to avoid a fight. This pattern establishes a precedent that is hard to break. It could also lead the other to a false sense of well-being due to the satisfaction that comes with the “harmony” of a good relationship, which may completely ignore the accumulating giveaways on substantive issues. Over time, this imbalance is unlikely to perpetuate, but efforts to stop the giving or restore the balance may be met with surprise and resentment from the other.

It is also useful to remember that in presenting these strategies, we are describing pure forms that do not necessarily capture the mixture of issues and motivations that actually characterize the evolution of most negotiation strategies (Lax and Sebenius, 1986). Just as most conflicts are neither purely competitive nor purely cooperative, most negotiation strategies reflect a variety of goals, intentions, and situational constraints that tend to make any “pure” strategy difficult to follow.

Understanding the Flow of Negotiations: Phases

Before we explore the specific planning processes for negotiation, it is important to understand the typical sequence of steps, or flow, in a negotiation in order to understand how negotiations are likely to evolve and why planning at the front end is so important.

TABLE 4.1 | Characteristics of Three Engagement Strategies

Aspect	Competition (Distributive Bargaining)	Collaboration (Integrative Negotiation)	Accommodative Negotiation
Payoff structure	Usually a fixed amount of resources to be divided	Usually a variable amount of resources to be divided	Usually a fixed amount of resources to be divided
Goal pursuit	Pursuit of own goals at the expense of those of others	Pursuit of goals held jointly with others	Subordination of own goals in favor of those of others
Relationships	Short-term focus; parties do not expect to work together in the future	Long-term focus; parties expect to work together in the future	May be short term (let other win to keep the peace) or long term (let the other win to encourage reciprocity in the future)
Primary motivation	Maximize own outcome	Maximize joint outcome	Maximize others' outcome or let them gain to enhance relationship
Trust and openness	Secrecy and defensiveness; high trust in self, low trust in others	Trust and openness, active listening, joint exploration of alternatives	One party relatively open, exposing own vulnerabilities to the other
Knowledge of needs	Parties know own needs but conceal or misrepresent them; neither party lets the other know real needs	Parties know and convey real needs while seeking and responding to needs of other	One party overresponsive to other's needs so as to repress own needs
Predictability	Parties use unpredictability and surprise to confuse other side	Parties predictable and flexible when appropriate, trying not to surprise	One party's actions totally predictable, always catering to other side
Aggressiveness	Parties use threats and bluffs, trying to keep the upper hand	Parties share information honestly, treat each other with understanding, respect	One party gives up on own position to mollify other
Solution search behavior	Parties make effort to appear committed to position, using argumentation and manipulation of the other	Parties make effort to find mutually satisfying solutions using logic, creativity, and constructiveness	One party makes effort to find ways to accommodate other
Success measures	Success enhanced by creating bad image of the other; increased levels of hostility and strong in-group loyalty	Success demands abandonment of bad images and consideration of ideas on their merit	Success determined by minimizing or avoiding conflict and soothing all hostility; own feelings ignored in favor of harmony
Evidence of unhealthy extreme	Unhealthy extreme reached when one party assumes total zero-sum game; defeating the other becomes a goal in itself	Unhealthy extreme reached when one subsumes all self-interest in the common good, losing self-identity and self-responsibility	Unhealthy extreme reached when abdication to other is complete, at expense of personal and/or constituent goals
Key attitude	Key attitude "I win, you lose"	Key attitude "What's the best way to address the needs of all parties?"	Key attitude "You win, I lose"
Remedy for breakdown	If impasse occurs, mediator or arbitrator may be needed	If difficulties occur, group dynamics facilitator may be needed	If behavior becomes chronic, party becomes negotiationally bankrupt

Source: Adapted from Johnston, Robert W., "Negotiation Strategies: Different Strokes for Different Folks," *Personnel*, March–April 1982, 38–39.

Several researchers have studied the flow of negotiations over time—often by classifying the type of communication parties use at various points in the process. This work has confirmed that negotiation, like communication in problem-solving groups and other forms of ritualistic social interaction, proceeds through distinct phases (Douglas, 1962; Greenhalgh, 2001; Morley and Stephenson, 1977).

Holmes (1992) states that “phase models provide a narrative explanation of negotiation process; that is, they identify sequences of events that constitute the story of a negotiation . . . [A] phase is a coherent period of interaction characterized by a dominant constellation of communicative acts” that “serves a set of related functions in the movement from initiation to resolution of a dispute” (p. 83). Phase research typically addresses three types of questions (Holmes and Poole, 1991):

- How does the interaction between parties change over time?
- How do the interaction processes relate to inputs and outcomes over time?
- How do the tactics used by the parties affect the development of the negotiation?

Recent years have seen a marked increase in work on modeling the phases of negotiation. This work has been both descriptive and prescriptive—some authors describe what they have observed in natural settings, whereas others advise or prescribe certain activity sequences they feel should lead to more effective negotiation (also refer to our discussion of the Zartman and Berman formula-detail model in Chapter 6). Much of this work is summarized in Table 4.2. As the table shows, the various models fit into a simple structure of three phases, or stages: a beginning (or initiation) phase, a middle (bargaining or problem-solving) phase, and a closing (or resolution) phase. However, as Holmes (1992) points out, these stages are likely to be descriptive of successful negotiations. As Holmes notes, “unsuccessful negotiations do not proceed through the orderly stages of phase models, but tend to stall interminably in the intermediate phase or cycle within or between the beginning and middle stages, without achieving successful closure” (p. 92, emphasis added). Although phase modeling of negotiation offers much potential value in enhancing our understanding of negotiation, further research is necessary before it becomes a proactive tool for improving negotiation practice. Simple descriptions of the order of events in a negotiation are insufficient to improve negotiation practice.

Greenhalgh (2001) has articulated a stage model of negotiation that is particularly relevant for integrative negotiation. Greenhalgh suggests that there are seven key steps to an ideal negotiation process (see Figure 4.3):

Preparation: deciding what is important, defining goals, thinking ahead how to work together with the other party.

Relationship building: getting to know the other party, understanding how you and the other are similar and different, and building trust and commitment toward achieving a mutually beneficial set of outcomes. Greenhalgh argues that this stage is critical to satisfactorily moving the other stages forward.

Information gathering: learning what you need to know about the issues, about the other party and his or her needs, about the feasibility of possible settlements, and about what might happen if you fail to reach agreement with the other side.

TABLE 4.2 | Phases Models of Negotiation: Labels and Description

Phases	Prescriptive Models	Descriptive Models
Initiation	Exploration ¹ Preliminaries ² Diagnostic ³ Introduction and relationship development ⁴	Establishing the range ⁵ Search for arena, agenda, and issue identification ⁶ Agenda definition and problem formulation ⁷
Problem solving	Expectation structuring, movement, and solution development ¹ Positioning, bargaining, exploration ² Formulation ³ Problem clarification and relationship development, problem solving ⁴	Reconnoitering the range ⁵ Exploring the range, narrowing the range, preliminaries to final bargaining ⁶ Narrowing differences ⁷
Resolution	Conclusion ¹ Settlement ² Details ³ Resolution structuring ⁴	Precipitating the decision-making crisis ⁵ Final bargaining, ritualization, execution ⁶ Testing, agreement, and implement ⁷

1. Atkinson (1980)

2. Carlisle and Leary (1981)

3. Zartman and Berman (1982)

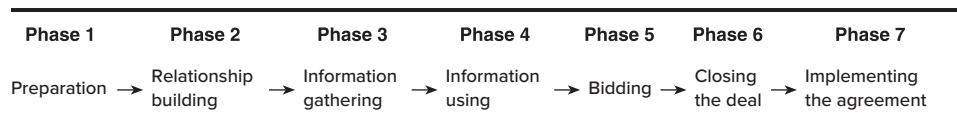
4. Donohue, Kaufman, Smith, and Ramesh (1990)

5. Douglas (1962)

6. Gulliver (1979)

7. Putnam, Wilson, and Turner (1990).

Source: Adapted from Holmes, Michael, "Phase Structures in Negotiation", in Putnam, L. L. & Roloff, M. E., eds., *Sage Annual Reviews of Communication Research*, vol. 20, 1992, 83–105.

FIGURE 4.3 | Phases of Negotiation

Source: Adapted from Greenhalgh, Leonard, *Managing Strategic Relationships: The Key to Business Success*. New York, NY: The Free Press, 2001.

Information using: assembling the case you want to make for your preferred outcomes and settlement, one that will maximize your own needs. This presentation is often used to “sell” your preferred outcome to the other party.

Bidding: making moves from your initial, ideal position to the actual outcome. Bidding is the process by which each party states its opening offer and then makes moves from that initial offer toward a middle ground. We described this process extensively in Chapter 2.

Closing the deal: building commitment to the agreement achieved in the previous phase. Both you and the other party have to assure yourselves that you have reached a deal that you can be happy with, or at least accept.

Implementing the agreement: determining who needs to do what once the agreement is reached. Not uncommonly, parties discover that the agreement is flawed, key points were missed, or the situation has changed and new questions exist. Flaws in moving through the earlier phases arise here, and the deal may have to be reopened or issues settled by mediators, arbitrators, or the courts.

Greenhalgh (2001) argues that this model is largely prescriptive—that is, this is the way people *ought* to negotiate—and he creates a strong case for why this is so. However, examination of negotiators' actual practice shows that they frequently deviate from this model and that one can sometimes track differences in their practice according to national culture (see Chapter 16). For example, American negotiators typically view the process more in “win-lose,” or distributive, terms; they don't do much relationship building or planning, and they move directly to bidding, closing, and implementation. In contrast, Asian negotiators spend a great deal of time on relationship building and then truncate the remaining steps toward the end of the negotiation process.

Having overviewed the fundamental stages of a negotiation, we now turn to the planning process for executing that negotiation.

Getting Ready to Implement the Strategy: The Planning Process

The foundation for success in negotiation is not in the game playing or the dramatics. The primary determinant for success in negotiation is in the planning that takes place prior to the dialogue. Effective planning requires hard work through considering the following points:

1. Defining the negotiating goal.
2. Defining the major issues related to achieving the goal.
3. Assembling the issues, ranking their importance, and defining the bargaining mix.
4. Defining the interests.
5. Knowing your alternatives (BATNAs).
6. Knowing your limits, including a resistance point.
7. Analyzing and understanding the other party's goals, issues, and resistance points.
8. Setting one's own targets and opening bids.
9. Assessing the social context of negotiation (for example, who is at the table, who is not at the table but has a strong interest in the negotiation outcomes, and who is observing and critiquing the negotiation).
10. Presenting the issues to the other party: substance and process.

The remainder of this chapter discusses each of these steps in detail (see also a summary of these 10 steps in Table 4.3, which may be used to plan one's own negotiation).

TABLE 4.3 | Negotiation Planning Guide

1. Define the negotiating goal.
 2. List the major issues in the negotiation related to achieving the goal.
 3. Define the relative importance of each issue, and define the bargaining mix.
 4. Define the interests.
 5. Define the alternatives (BATNAs).
 6. Define your limits, including a resistance point.
 7. Describe your understanding of the other party's goals, issues, and resistance points. What questions can you ask to learn more about these?
 8. Set your targets and opening bid.
 9. Assess the social context of the negotiation.
 10. Outline how you will present the issues to the other party: what to say and how to say it.
-

The list in Table 4.3 represents the collective wisdom of several sources,¹ each of which has its own list of key steps that may vary in their order but cover the same basic themes.

Before commencing this discussion, the authors want to make four observations:

- First, we assume that a single planning process can be followed for both a distributive and an integrative process. Although we highlight the differences between the two in Chapters 19 and 20, with the exception of the specific tactics negotiators intend to use, and with a selective emphasis on interests and options versus targets and resistance points, one comprehensive planning process can be used for either form of negotiation.
- Second, so far, our discussion has concentrated on distributive and integrative processes and the differences between them. However, as we note in Chapter 1, there are several structural and contextual factors beyond the bargaining table that may also affect the strategizing and planning processes (e.g., whether there are multiple negotiations that need to be “sequenced,” how the time limits are managed, the role of cultural differences, and the broader network of relationships among parties at the table and decision makers away from the table [cf. Lax and Sebenius, 2006; Watkins, 2002, 2006]. Lax and Sebenius describe this as “setting the table,” while Watkins talks about it as “shaping the game.” They both point out that while less experienced negotiators primarily focus on strategic and tactical planning for what will take place at the table, more experienced negotiators are more likely to attempt to orchestrate the deal they want by attending to these shaping issues. The broad impact and implications of these structural or contextual elements will be discussed in later chapters.
- Third, we assume that negotiations will be conducted primarily one to one—that is, you and another individual negotiator. This is the simplest model to understand and plan for. However, it is not uncommon for negotiations to have multiple individuals on each side, agents representing negotiators, or multiple groups of parties represented at the table. The dynamics created by extending negotiations to agents and multiple negotiators will be considered further in Chapters 11, 12, and 13.
- Finally, while we describe these steps in a relatively linear fashion, complete and up-to-date planning will require a certain degree of shuttling back and forth between steps to ensure alignment of strategy and plan. For example, information often cannot be obtained and accumulated simply and straightforwardly, and information discovered in some of the later steps may force a negotiator to reconsider and reevaluate earlier steps. As a result, the first iteration through the planning process should be tentative, and the negotiator should be flexible enough to modify previous steps as new information becomes available.

We will now explore each of the 10 key steps in detail.

1. Defining the Negotiating Goal

We discussed the importance of negotiation goals in Chapter 1 and again at the beginning of this chapter. We pointed out that goals can be substantive (tangible), psychological (intangible), or procedural (how we get to agreement). Goals can have both direct and indirect

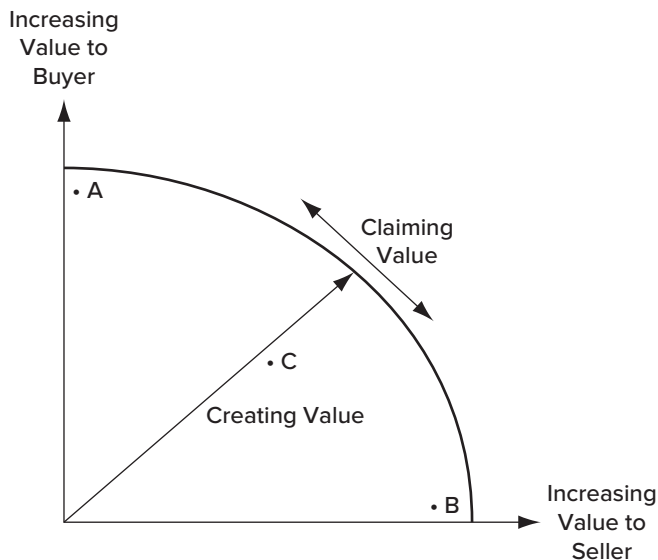
effects on the choice of strategy. Knowing one's goal is the first and most important step in developing a strategy and executing a negotiation.

2. Defining the Major Issue Related to Achieving the Goal

This step usually begins with an analysis of the key issues to be discussed in the negotiation. Some negotiations may consist of only a single issue—for example, the price of a computer desk being purchased at a yard sale or the price of a used car. Other negotiations are more complex. Thus, the purchase of one company by another may include a large number of questions such as price, transfer of inventory, workers who will be retained or laid off, a new headquarters location, and the like.

The number of issues in a negotiation, together with the relationship between the negotiator and the other party, is often the primary determinant of whether one uses a distributive or integrative strategy. Single-issue negotiations tend to dictate distributive negotiations because the only real negotiation issue is the price or “distribution” of that issue. In contrast, multiple-issue negotiations lend themselves more to integrative negotiations because parties can use processes such as logrolling to create issue “packages” that are mutually beneficial. A simple representation of this is presented in Figure 4.4. The vertical axis represents increasingly valuable outcomes for the buyer, and the horizontal axis represents increasingly valuable payoffs to the seller. In a one-issue negotiation, each party is striving to realize as much value for himself or herself as possible. If the buyer dominates, he or she

FIGURE 4.4 | How Issues Affect the Choice between Distributive and Integrative Strategy



Sources: Lax, David, and Sebenius, James, *Manager as Negotiator*. New York, NY: Simon & Schuster, 1986; Watkins, Michael, *Breakthrough Business Negotiation: A Toolbox for Managers*. New York, NY: John Wiley & Sons, Inc., 2002.

will receive an outcome high on the buyer's axis, which will not be advantageous to the seller (e.g., point A); if the seller dominates, he or she will receive an outcome high on the seller's axis, but not advantageous to the buyer (e.g., point B). If they are equally strong, the best they can do is some point along a line between points A and B (e.g., point C). Any point along the A-C-B line represents a possible solution to the single-issue negotiation. However, multiple issues may allow the parties to "create value" by finding solutions that improve the outcomes for both parties. The choice of whether to pursue a claiming-value or creating-value strategy is described as the "negotiator's dilemma" (Lax and Sebenius, 1986). Single-issue negotiations and the absence of a long-term relationship with the other party are the strongest drivers of claiming-value (distributive) strategies; multiple-issue negotiations and the importance of a long-term relationship with the other party are the strongest drivers of creating-value (integrative) strategies.

While the number of issues affects strategy, it does not preclude the possibility that single-issue negotiations can be made integrative or that multiple-issue negotiations will remain distributive. Single-issue negotiations can often be made integrative by working to increase the number of issues. For instance, in buying a house, both parties may begin by believing that price is the only issue but may quickly realize that other issues are equally central: how the purchase will be financed, date of sale, or date of occupancy. They might also identify other issues, such as appliances or patio furniture to be included, repair of a broken fence, or payment for fuel oil left in the storage tank. During the purchase process, the buyer's lawyer, mortgage financier, or real estate agent might draw up a list of other things to consider: taxes to pay, escrow amounts for undiscovered damage problems, or a written statement that the seller must leave the house in "broom-clean" condition (as well as the fees to be paid to all these professionals!). Note that it does not take long to generate a fairly detailed list. In any negotiation, a complete list of the issues at stake is best derived from the following sources:

1. An analysis of all the possible issues that need to be decided.
2. Previous experience in similar negotiations (e.g., buying your fifth house versus buying your first).
3. Research conducted to gather information (e.g., study the neighborhood, have the house inspected, or read up on how to buy a house).
4. Consultation with experts in that industry (real estate agents, mortgage lenders, attorneys, home repair experts, or friends who have bought a house recently).

Similarly, even in multiple-issue negotiations, the opportunity to create value may be lost in competitive dynamics that minimize trust and information sharing and that treat each issue in a distributive manner. This is discussed further in the next section.

Before considering ways to manage the list of issues, a word of caution is necessary. Note that we have used a simple, traditional example here—the purchase of a house. Many negotiations will differ markedly from this example because a traditional agreement or contract is not the issue. In addition, many negotiations are not based on quantitatively defined issues like the price of a house. In these situations, defining the key issues may be much more complex and elusive. For example, suppose a manager gets signals from his boss that his performance is not up to par, yet whenever he tries to confront the boss to obtain a

realistic performance appraisal, the boss won't talk directly about the problem (which raises the manager's anxiety even further). Although the conflict in this situation is evident, the issues are elusive. The central issue for the employee is the performance appraisal and why the boss won't give it. Maybe the boss is uncomfortable with the performance appraisal process or has a problem confronting other people about poor performance. Perhaps the boss is so preoccupied with her own job security that she doesn't even realize the impact she is having on the manager. In a situation like this one, where the issues are important but somewhat elusive, the manager needs to be clear about both what the issue is (in this case, getting a clear performance evaluation and getting the boss to talk about it) and how to initiate a productive discussion.

3. Assembling the Issues, Ranking Their Importance, and Defining the Bargaining Mix

The next step in planning is to assemble all the issues that have been defined into a comprehensive list. The combination of lists from each side in the negotiation determines the bargaining mix (see Chapter 2). In generating a list of issues, negotiators may feel that they put too much on the table at once or raise too many issues. This may happen if the parties do not talk frequently or if they have lots of business to transact. As we noted in step 2, however, introducing a long list of issues into a negotiation can make success more, rather than less, likely—provided that all the issues are real. Large bargaining mixes allow many possible combinations for settlement, thus increasing the likelihood that a particular “package” of component elements will meet both parties' needs and therefore lead to a successful settlement. At the same time, large bargaining mixes can lengthen negotiations because they present too many possible combinations of issues to consider, and combining and evaluating all these mixes can make valuing the deal very complex.

After assembling issues on an agenda, the negotiator next must prioritize them. Prioritization includes three steps:

1. *Determine which issues are most important and which are less important.* Once negotiation begins, parties can easily be swept up in the rush of information, arguments, offers, counteroffers, trade-offs, and concessions. For those who are not clear in advance about what issues are more or less critical, it is easy to lose perspective and agree to suboptimal settlements or to get distracted by long debates over points that are relatively unimportant. When negotiators do not have priorities, they may be more likely to yield on those points aggressively argued by the other side rather than to yield based on their own priorities.

Priorities can be set in a number of ways. One simple way is for the negotiator to rank-order the issues by asking, “What is most important?” “What is second most important?” and “What is least important?” An even simpler process is to group issues into categories of high, medium, or low importance. When the negotiator represents a constituency, it is important to involve that group in setting priorities. Priorities can be set for both interests and more specific issues. A third, more precise method is to award a total of 100 points to the total package of issues and then to divide the points among the issues in proportion to each issue's relative importance. If the negotiator has confidence in the relative weighting of points across the issues,

then trading off and “packaging” possible settlements together becomes more systematic (see Simons and Tripp, 1997, for one example).

It is also important to set priorities (and possibly assign points) for both tangible and intangible issues. Intangible issues are often difficult to discuss and rank-order, yet if they remain subjective and not quantified, negotiators may overemphasize or underemphasize them. It is easy to push such issues aside in favor of concrete, specific, numerical issues—and negotiators must be careful not to let the “hard bargaining” over numbers drive out more ephemeral discussion of intangible issues and interests. More than one negotiator has received a rude shock when his or her constituency has rejected a settlement because it ignored the intangibles or dealt with them suboptimally in the final agreement.

Finally, negotiators may also wish to specify a bargaining range for each issue in the mix. Thus, not only would a “best possible” and “minimally acceptable” package be specified, but also a target and minimally acceptable level would be specified for the most important issues in the mix. Sometimes assigning points to each issue, based on the issue’s relative importance to the others, can help a negotiator “keep score” as various elements of the bargaining mix are assembled.

2. *Determine whether the issues are linked together or separate.* If the issues are separate, they can be easily added or subtracted (here is where points can help); if connected, then settlement on one will be linked to settlement on the others and making concessions on one issue will inevitably be tied to some other issue. The negotiator must decide whether the issues are truly connected—for instance, whether the price he will pay for a house is dependent on what the bank will loan him—as opposed to simply being connected in his own mind for the sake of achieving a good settlement.
3. *Be willing to use “carrots” and “sticks.”* Be willing to create incentives to motivate the other toward your high-priority issues and disincentives to motivate the other away from your less preferred alternatives.

4. Defining the Interests

After defining the issues, the negotiator must proceed to define the underlying interests and needs. As we discussed in Chapter 2, positions—an opening bid or a target point—are what a negotiator wants. Interests (Chapter 3) are why she wants them. A target point of \$200,000 for a condo would be a position; this is what the negotiator hopes to pay. The underlying interest would be “to pay a fair market price, and one I can afford, for that two-bedroom condominium.” Although defining interests is more critical to integrative negotiation than to distributive bargaining, even distributive discussions can benefit from one or both parties identifying the key interests. If issues help us define what we want, then understanding interests requires us to ask why we want it. Asking “why” questions helps to surface critical values, needs, or principles underlying the negotiation (Ury, 1991) (see Chapter 7). Like goals, interests may be

- Substantive, that is, directly related to the focal issues under negotiation.
- Process-based, that is, related to how the negotiators behave as they negotiate.
- Relationship-based, that is, tied to the current or desired future relationship between the parties.

Interests may also be based on the intangibles of negotiation—including principles or standards to which the parties wish to adhere, the informal norms by which they will negotiate, and the benchmarks they will use to guide them toward a settlement—to achieve a fair or reasonable deal or to get the negotiation concluded quickly.

Wallihan (2003) offers several excellent examples that help highlight why getting at interests may be essential to understanding another side's position. In one case, a union negotiated for a lower wage than management was actually willing to offer; in that case, the union was actually trying to hold wages down so management would not be tempted to contract with nonunion crews. In a second case, a buyer asked a building contractor to quote a higher bid, just so the builder would have an incentive to complete the job well and on time rather than be demotivated by a low bid. From the point of view of "positions," having buyers ask for a higher bid or unions ask for a lower wage would be seen as irrational; however, from an interests perspective, the requests make eminently good sense.

5. Knowing Your Alternatives (BATNAs)

What will happen if the other party refuses to accept some proposed items for the agenda or states issues in such a way that they are unacceptable? Good preparation requires that you establish two clear points: your alternatives if this deal cannot be successfully completed and your limits—the least acceptable offer from the other that you will agree to sign.

Alternatives (i.e., best alternatives to this negotiated agreement, or BATNAs) are other agreements negotiators could achieve and still meet their needs. Alternatives are very important in both distributive and integrative processes because they define whether the current outcome is better than another possibility (with a different negotiating partner). In any situation, the better the alternatives, the more power you have because you can walk away from the current deal and still know that your needs and interests can be met (see also Chapters 2, 3, and 8). In the house-purchase example, the more a buyer has researched the real estate market and understands what comparable houses are available, the more she knows that she can walk away from this specific deal and still have acceptable housing choices.

6. Knowing Your Limits, Including a Resistance Point

A resistance point is the place where you decide that you should stop the negotiation rather than continue, because any settlement beyond this point is not minimally acceptable (refer back to Chapter 2). If you are the seller, your resistance point is the least you will take for the item you have for sale; if you are the buyer, your resistance point is the most you will pay for the item.

Setting resistance points is a critical part of planning. Most of us have been involved in buying situations in which the item we wanted wasn't available but we allowed ourselves to be talked into a more expensive model. Moreover, some competitive situations generate intense pressures to escalate the price you have to pay. For example, in an auction, if there is a bidding war with another person, one may pay more than was planned before the auction. Gamblers, analogously, may encounter a losing streak and end up losing more money than they had planned because they did not set a resistance point. Clear resistance points help keep people from agreeing to deals that they later realize weren't very smart.

7. Analyzing and Understanding the Other Party's Goals, Issues, and Resistance Points

Earlier in this section, we discussed the importance of assigning priorities to one's own goals and objectives. Gathering information about the *other party* is also a critical step in preparing for negotiation. Learning the other's issues, preferences, priorities, interests, alternatives, and constraints is almost as important as determining one's own. If negotiators have not had the opportunity to meet with people from the other side, then they should find a way to understand the negotiation from the other party's perspective or to gather information to learn about his or her issues, interests, and priorities. Negotiators might speak to the other party prior to the formal meeting. It may also be possible to speak to others who know the other party or to people who have been in the other party's situation before. The goal is to understand how the other party is approaching the negotiation and what he or she is likely to want. By comparing this assessment against your own, you can begin to define areas where there may be strong conflict (both parties have a high priority for the same thing), simple trade-offs (both parties want the same group of things but with differing priorities), or no conflict at all (both parties want very different things and both can easily have their objectives and interests met).

What information does one party need about the other party in order to prepare effectively? Several key pieces of background information will be of great importance, including their

- Broad, overall goals and objectives.
- Issues and the likely bargaining mix.
- Interests and needs.
- Resistance points and alternatives.

In theory, it would be extremely useful to have as much of this information as possible before negotiations. In reality, it may not be possible to obtain this information before the negotiation starts. If this is the case, negotiators should plan to collect as much of this information as possible during the opening stages of deliberations. Let us briefly discuss each of these.

The Other Party's Goals As we indicated earlier, understanding your own goals is the first step in planning a negotiation. Similarly, you should make an effort to understand or anticipate the other party's goals. Asking the other party to discuss his or her goals (either at the table or before negotiations) and gathering information about the other party prior to negotiations are two common ways to gain such an understanding. Most importantly, you should attempt to understand whether the other party has the same goals as you do. We commonly assume that the other party's goals are the same as ours and, therefore, that we will be in a head-to-head standoff about who will achieve that goal. Discovering that the other may have a *different* goal may be the first, and most important, step to determining whether the different goals are sufficiently compatible that you can invent a solution by which both parties achieve your goals.

The Other Party's Issues and Bargaining Mix The more information you can gather about the other through initial research, the better. Which data are most relevant will

depend on the issues and likely elements in the bargaining mix. An analysis of the other party's business history or previous negotiations, successful and otherwise, might provide useful clues. Financial data about the other party might be obtained through channels such as Internet searches, financial statements, company records, stock reports, interviews and court documents, or legal judgments. You might investigate the other party's inventories. Sometimes you can learn a great deal simply by visiting with the other party. Another way to learn is to ask questions of people who have done business with the other party. The more you can get even a general sense of how much the other is capable of addressing and meeting other negotiator issues or needs, and of what issues the other will bring to the bargaining table, the better you can predict how the process is likely to unfold.

The Other Party's Interests and Needs In addition to learning about the other party's major issues and resources, you also need to get information about his or her current interests and needs (see Chapter 3). This information may be obtained through a variety of approaches:

- Ask for a preliminary meeting, in order to have a broad discussion of what the other party would like to achieve in the upcoming negotiations (focus on broad interests, not just issues).
- Anticipate the other party's interests (as if you were "in his or her shoes").
- In that meeting, share your own interests.
- Ask others who know or have negotiated with the other party.
- Read how the other party portrays himself or herself in the media.

The importance of the issues or interests, along with the nature of the past relationship with the other party, will influence the depth to which you will probe to get information. Although it does take time and effort to get information, the results are usually more than worth the investment because valuable information can often be gathered through a phone call or visit.

The Other Party's Resistance Point and Alternatives You also need to get a sense of the other party's resistance point and alternatives. What is the maximum he or she can give you? And what will the other party do if this negotiation does not succeed? Understanding the other party's limits and alternatives is important because it will give you some information about how far you can "push" him or her. How good are the other's alternatives (BATNAs)? If the other party has a strong and viable alternative, he or she will probably be confident in negotiation, set high objectives, and be willing to push hard for those objectives, or threaten to move to his or her BATNA. In contrast, if the other party has a weak alternative, then he or she will be more dependent on achieving a satisfactory agreement with you and be less likely to push hard.

Bear in mind that in a distributive negotiation, the other party may be less likely to disclose this information and/or may misrepresent his or her limits and alternatives so as to pressure you into a deal that is better for the other party. In an integrative negotiation, there should be more openness between the parties, which should lead to more accurate disclosure of limits and alternatives. See Box 4.3 for some helpful advice on how to do this investigative negotiation.

Many negotiators fail to achieve their goals and objectives because they are too preoccupied with selling their own deal while spending far too little time working to understand the other party's goals and priorities.

Researchers Deepak Malhotra and Max Bazerman of the Harvard Business School argue that negotiators should spend far more time developing questions for the other party that will uncover the other party's interests, explore reasons that party might reject their proposal, and expand the number of possible options for a win-win settlement. Malhotra and Bazerman outline five major principles of this investigative negotiation approach:

- Ask the other side *why* it wants what it wants. As we noted frequently in Chapter 3, negotiators need to get behind positions to understand interests. Asking “why” questions of the other is a major way to achieve this understanding.
- Seek to lessen the severity of the other party's constraints. Help the other party “solve the problems” that his or her limitations might impose so that it will be easier for him or her to say yes to your proposals.
- Listen to the other party's “unreasonable” demands, and treat them as opportunities to learn about his or her interests. If you can understand the rationale and interests underlying these demands, you may be able to discover ways to address them and still realize your own goals and interests.
- Create common ground with adversaries. Get to know the other party! While you may be strongly opposed to each other on a key issue of negotiation, you may have a lot in common on many other issues. Build a relationship that allows you to understand the other party better, to build trust, and hence to be more able to find agreement on issues of common interest.
- Continue your investigation even after the deal appears to be lost. You may be able to learn things that allow you to either resurrect the deal or to strike a new and better deal in the future.

Source: Malhotra, Deepak K. and Bazerman, Max H., “Investigative Negotiation,” *Harvard Business Review*, vol. 89, no. 7, September 2007, 72–76, 78, 148.

8. Setting One's Own Targets and Opening Bids

After negotiators have defined the issues, assembled a tentative agenda, and consulted others as appropriate and necessary, the next step is to define two other key points: the specific target point, where one realistically expects to achieve a settlement, and the opening bid, representing the best deal one can hope to achieve.

Setting a Target There are numerous ways to set a target. Negotiators can ask, “What is an outcome that I would be pleased with?” “At what point would I be very satisfied?” “What have other people achieved in this situation?” “What would be a fair and reasonable settlement?” Targets may not be as firm and rigid as resistance points or alternatives; negotiators might be able to set a general range or a class of several outcomes that would be equally acceptable. There are several principles to keep in mind when setting a target point:

1. *Targets should be specific, difficult but achievable, and verifiable.* A lot can be learned about setting a target point from researchers who have studied goal setting as a motivation and

performance management tool (e.g., Locke and Latham, 1984). First, goals need to be specific. If negotiating a salary, a negotiator should set a specific number (e.g., \$75,000) rather than a more general goal (e.g., anything better than \$60,000 a year). Second, goals should be difficult but achievable. A goal should be set so that it is an improvement over the current situation or circumstances, but not so difficult that it can't be achieved. Finally, it should be possible to define a goal so that it is clear when it is or is not achieved. This is not a problem for a quantifiable goal like a payment amount or a dollar salary, but it can be a problem for a more diffuse goal (e.g., "get a decent salary that will pay me what I am worth." "Decent" and "what I am worth" are highly subjective targets, and it will be difficult for the negotiator—and others—to judge when that goal has been truly achieved).

2. *Target setting requires proactive thinking about one's own objectives.* When approaching a negotiation, it is possible to pay too much attention to the other party—how he or she behaves, what he or she will probably demand or settle for, and what it is like to deal with that party. If negotiators focus attention on the other party to the exclusion of themselves, they may set their goals strictly as a reaction to the other's anticipated goals and targets. Reactive strategies are likely to make negotiators feel threatened and defensive and lessen their flexibility and creativity (and perhaps limit the goals they think are achievable). In contrast, being proactive about target setting permits negotiators to be flexible in what they will accept and improves the likelihood of arriving at a mutually satisfactory outcome.
3. *Target setting may require considering how to package several issues and objectives.* Most negotiators have a mixture of bargaining objectives, so they must consider the best way to achieve satisfaction across multiple issues. To package issues effectively, negotiators need to understand the issues, the relative priorities across the issues, and the bargaining mix. It is possible to define and evaluate some of these packages as "opening bids" and others as "targets" in the same ways as evaluating individual issues. When packages involve intangible issues, or issues for which it is difficult to specify definite targets, it is harder to evaluate and compare the packages explicitly, but efforts should be made to do so.
4. *Target setting requires an understanding of trade-offs and throwaways.* Packaging raises another possible challenge: What if the other party proposes a package that puts issues A, B, and C as major issues in his or her opening bid but only casually mentions issue D? The other party's next offer never mentions issue D, but issue D is something you can easily give him or her. If you can give easily on issue D, would the other party be willing to take less on A, B, or C? Negotiators may want to consider giving away "something for nothing" if such an item can be part of the transaction. Even if an issue is unimportant or inconsequential to you, it may be valuable or attractive to the other party. Awareness of the actual or likely value of such concessions in a package can considerably enrich the value of what you offer to the other party at little or no cost to yourself. Using the house example, the seller may have eight months left on a local parking-lot pass or access to a community recreation facility. Because the money the seller paid for the pass is nonrefundable, the pass will be worthless to the seller once she leaves the area, but the buyer could determine that acquiring the pass would be very valuable.

One of the major questions that negotiators ask is whether to start “high” (i.e., as the seller, to make a more extreme offer) or to start “low” (i.e., make a more modest ask)? Researchers have shown that whether you believe you are in a “negotiation” or in an “auction” can make a dramatic difference in the answer to this question.

In a negotiation, there is a fixed number of actors (e.g., two); when someone puts a number on the table, the other party responds to that offer with a counteroffer, and the give-and-take often leads to agreement. In these situations, high starting offers often end in higher negotiated outcomes (because the offer and counteroffer define the bargaining range and the parties move toward the middle of that range). In contrast, in an auction, the number of actors is unknown. In these situations, low starting offers can attract other actors into the auction, parties who might not otherwise be interested. As one or more of these actors enter

the auction, they create excitement and attract other parties into the bidding; some of the actors become enmeshed in sunk cost dynamics and drive the price up. Hence, in an auction, lower starting offers tend to lead to higher final settlements.

As the researchers note, the primary factors contributing to these different dynamics are things called “anchoring effects”—powerful psychological effects that occur when a starting numeric value (in a negotiation, an auction, or another “estimation”) influences how subsequent numeric values are introduced and judged. We explore the powerful role of anchoring effects more completely in Chapter 6.

Source: Galinsky, Adam D., Ku, Gillian, and Mussweiler, Thomas, “To Start Low or to Start High? The Case of Auctions Versus Negotiations,” *Current Directions in Psychological Science*, vol. 18, no. 6, December 1, 2009, 357–61.

To evaluate these packages, negotiators need to have some idea of what each item in the bargaining mix is worth in terms that can be compared or traded-off across issues. As mentioned earlier, it may be desirable to find a common dimension such as dollar value or a scale of utility points to compare issues in the bargaining mix, or to compare tangibles with intangibles, so that one can evaluate all items in the mix on a common dimension. For example, in some labor negotiations, each side often tries to value an issue in dollar cost/benefit terms. Even if the fit is not perfect, any guide is better than none. Moreover, if intangibles are a key part of the bargaining mix, negotiators must know the point at which they are willing to abandon the pursuit of an intangible in favor of substantial gains on tangibles.

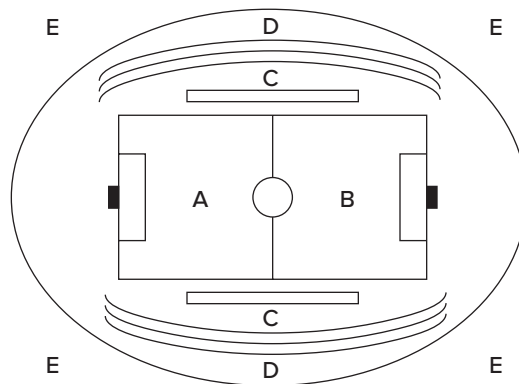
Setting an Opening Bid Similarly, there are numerous ways to set an initial asking price. An opening bid may be the best possible outcome, an ideal solution, something even better than was achieved last time. It is easy to get overly confident, however, and to set an opening that is so unrealistic that the other party immediately laughs, gets angry, or walks away before responding. While openings are usually formulated around a “best possible” settlement, it is also easy to inflate them to the point that they become self-defeating because they are too unrealistic in the eyes of the other negotiator or observers with a more realistic perspective. See Box 4.4 for some helpful advice on setting an opening bid.

9. Assessing the Social Context of Negotiation

When people are negotiating for themselves—for example, buying a used mountain bicycle or exercise machine—they can determine the bargaining mix on their own. But when people negotiate in a professional context, there may be more than two parties. First, there may be more than two negotiators at the table. Multiple parties at the table often lead to coalitions of negotiators who align with each other in order to win the negotiation (cf. Wheeler, 2004, and our discussion of coalition dynamics in Chapter 12). Second, negotiators also have “constituents”—bosses, superiors who make the final decision, or other parties who will evaluate and critique the solution achieved. Moreover, there may be observers of the negotiation who also watch and critique the negotiation. When one has a constituent or observer, other issues arise, such as who conducts the negotiation, who can participate in the negotiation, and who has the ultimate power to affirm negotiated agreements; these issues are addressed in Chapter 11. Finally, negotiation occurs in a context of rules—a social system of laws, customs, common business practices, cultural norms, and political cross-pressures.

One way to assess all the key parties in a negotiation is to complete a “field analysis.” Imagine that you are the captain of a soccer team, about to play a game on the field (see Figure 4.5). Assessing constituents is the same as assessing all the parties who are in the soccer stadium:

1. Who is, or should be, on our team on our side of the field (e.g., Side A)? Perhaps it is just the negotiator (a one-on-one game). But perhaps we want other help: an attorney, an accountant, or an expert to assist us; someone to coach us, give us moral support, or listen closely to what the other side says; a recorder or note-taker.
2. Who is on the other side of the field (Side B)? This is discussed in more detail in the next section.
3. Who is on the sidelines and can affect the play of the game (Side C)? Who are the negotiation equivalents of substitute players, owners, managers, and strategists? This includes one’s direct superior or the person who must approve or authorize the agreement reached. Most importantly, these considerations directly affect how decisions will be made about what is acceptable or unacceptable to those on each side.
4. Who is in the stands (D)? Who is watching the game, is interested in it, but can only indirectly affect what happens? This might include senior managers, shareholders, competitors, financial analysts, the media, or others. When multiple parties enter the negotiation—whether they are parties on the sidelines who are active in the negotiation or “interested parties” who may be affected by the settlement—negotiations will become more complex. The nature of these complexities is explored in Chapters 11, 12, and 13.
5. What is going on in the broader environment in which the negotiation takes place (Space E)? A number of “context” issues can affect negotiation:
 - What is the history of the “game” relationship with the other party, and how does it affect the overall expectations he or she brings to this negotiation (see Chapter 10)?
 - What kind of a relationship with the other party is expected or desired for the future, and how do these expectations affect the current negotiation (see Chapter 10)?

FIGURE 4.5 | A Field Analysis of Negotiation

- A. The direct actors (who is on the field on our side?)
 - B. The opposition actors (who is on the field on their side?)
 - C. Indirect actors (who is on the sidelines?)
 - D. Interested observers (who is in the stands?)
 - E. Environmental factors (what is going on in the broad environment of the game—outside the stadium, but shaping and defining what happens in the stadium?)
-

- How often do we expect to negotiate in the future—that is, how many rounds of negotiation will there be? Multiround negotiations create issues of managing precedents, planning future agendas, and ensuring that current agreements are enacted and monitored (Wheeler, 2004).
- What are the deadlines or time limits? To extend the game metaphor, games have a finite time period that is broken down into periods or segments. Are there similar constraints that bound this negotiation?
- What are the “rules of the game” by which this agreement will be managed? Is there a set of fixed rules, such as a legal structure that will bind and enforce contracts? What are the common and acceptable practices in the legal system in which the deal is being done? Is the rule structure itself negotiable so that we can make up our own rules about how certain problems and situations will be handled? Will one party try to impose rules unilaterally, and what can the other side do? Are negotiations occurring across cultures, and what cultural rules or practices may apply (see Chapter 16)? Finally, is there a forum in which certain negotiations should take place—a public space, a private office, a lawyer’s office, a courthouse—and are there dispute resolution mechanisms in place to guide how we should behave if we cannot agree? Are referees, or “third parties,” available to officiate the game and intervene when there has been a breach of the rules (see Chapter 19) (Watkins, 2002)?
- What is common and acceptable practice in the ethical system in which the deal is being done (see Chapter 5)? How will we decide if one party “cheats”—are there clear rules about what is and is not fair?

Considering these questions is important to the progress of the negotiation process. A negotiator bargaining on behalf of others (a company, union, department, club, family, etc.) must consult with them so that their concerns and priorities are included in the mix. In the house-buying illustration used earlier, let’s assume that one member of a couple is doing the negotiating, and the other can’t attend the meeting. If that person fails to consider his partner’s concerns about the condition in which the house is left, or their children’s wish that the move not occur during the school year, then the negotiated resolution may be rejected by the constituents. A negotiator who is representing a constituency is accountable to that constituency and must include their wishes in proposals—subsequently either fulfilling those wishes for them through negotiation or explaining why their desires were not met. When negotiating for a large constituency, such as an entire company, a union, or a community, the process of consulting with the constituency can be elaborate and exhaustive. The negotiator may recognize that the constituency’s wish list is unrealistic and unobtainable, requiring the negotiator to negotiate with the constituency over what should be included on the agenda and what is realistic to expect. It is also critical to understand what happens when the two parties get close to an agreement. Does the negotiator have authority to reach agreement, or does the approval of the constituents have to be obtained? Constituents control negotiators by limiting how much they can decide on their own, and understanding these limits will keep negotiators in alignment with their constituents. (We explore this further in detail in Chapter 11.)

10. Presenting the Issues to the Other Party: Substance and Process

Once you have thoroughly worked your way through the previous planning steps, the last step is to think through the execution of your plan. There are two major components to consider here: how you will present and frame the issues and interests and how you should structure the process by which this information is presented.

Presenting and Framing the Issues First, consider how you will present your case to the other negotiator. In addition, you will need to consider how to provide ample supporting facts and arguments for your case and to be able to anticipate and refute the other party's arguments with counterarguments.

Because of the breadth and diversity of issues that can be included in negotiations, it is not possible to specify all the procedures that can be used to assemble information. There are, however, some good general guides that can be used. A negotiator can ask these questions:

1. What facts support my point of view? How can I (and or theory) validate this information as credible?
2. Whom may I consult or talk with to help me elaborate or clarify the facts? What records, files, or data sources exist that support my arguments? Can I enlist experts to support my arguments?
3. Have these issues been negotiated before by others under similar circumstances? Can I consult those negotiators to determine what major arguments they used, which ones were successful, and which were not?
4. What is the other party's point of view likely to be? What are his or her interests? What arguments is the other party likely to make? How can I respond to those arguments and seek more creative positions that go further in addressing both sides' issues and interests?
5. How can I develop and present the facts so they are most convincing? What visual aids, pictures, charts, graphs, expert testimony, and the like can be helpful or make the best case?

In Chapters 7 and 8, we offer extensive advice on how to use power and how to structure the presentation of information to be maximally influential.

Planning the Process and Structuring the Context by which Information Is Presented

Malhotra (2015) convincingly argues that focusing on the "preliminaries" of a negotiation is as important as what happens once the negotiation begins. Setting these preliminaries can occur before one gets to the table or in a conversation with the other party before the formal negotiation begins. A negotiator should consider a number of elements of protocol or process:

- *What agenda should we follow?* We briefly mentioned this issue in step 7, in assessing the social structure. A negotiator may unilaterally draw up a firm list of issues well

before the initial negotiation meeting. This process is valuable because it forces negotiators to think through their positions and decide on objectives. The unilateral list of issues constitutes a preliminary agenda for negotiation. It is what the negotiator wants to discuss and the order in which she wants to discuss them (e.g., least versus most important issue first, etc.). Pendergast (1990) suggests five major concerns to be considered in developing a negotiation agenda:

1. Scope: What issue should be considered?
2. Sequence: In what order should those issues be addressed?
3. Framing: How should the issues be presented (see Chapters 6 and 7)?
4. Packaging: Should the issues be taken one at a time or in various groupings/packages?
5. Formula: Should we strive to first get an agreement on general principles, or should we immediately begin to discuss each of the issues?

While the negotiator may propose agendas unilaterally, this approach has a potential risk. If the negotiator's list differs from a preset agenda or the other side's preferred list, the negotiator may bring issues to the table that the other party is unprepared to discuss or may define priorities that cannot be achieved realistically. Negotiators do not welcome surprises or the embarrassment that may come when the other side raises an issue they are completely unprepared to discuss. In this situation, experienced negotiators will ask for a recess to get information and prepare themselves on the new issue, thus creating unanticipated delays. They may even refuse to include the new item on the agenda because they haven't had time to prepare for it. If the other party is also accountable to a constituency, he or she may not want to reopen earlier decisions or take the time to evaluate the new issue. For this reason, many professional negotiators such as labor negotiators and diplomats often exchange and negotiate the agenda in advance. They want to agree on what issues will be included on the agenda before engaging in the substantive discussion of those issues.

- *Where should we negotiate?* Negotiators are more comfortable on their home turf—their own office, building, or city. They know the space, they feel comfortable and relaxed, they have direct access to all the amenities—assistants, research information, expert advice, and so on. In cross-cultural negotiations (see Chapter 16), language and cultural differences may come into play, and the parties may have to travel across many time zones, stay in unfamiliar locations, eat unfamiliar food, and deal with unique cultural styles and nuances. If negotiators want to minimize the advantage that comes with home turf, then they need to select neutral territory in which neither party will have an advantage. In addition, negotiators can choose the degree of formality of the environment. Formal deliberations are often held in board or conference rooms or hotel meeting rooms; informal deliberations can be held in restaurants, cocktail lounges, or private airline clubs.

- *How should we begin?* Research has shown that the tone set by the negotiators in the first five minutes can significantly influence how the negotiation evolves. Negotiations are more productive when each party speaks, shows that he or she is listening to the other, and shows that he or she is actively seeking a mutually acceptable outcome (Curhan and Penfield, 2007).
- *What is the time period of the negotiation?* If negotiators expect long, protracted deliberations, they might want to negotiate the time and duration of sessions. When do we start? How long do we meet? When do we need to end? When can we call for coffee breaks or time to caucus with our teams?
- *What might be done if negotiation fails?* What will happen if we deadlock? Can we “redo” the deal? Will we go to a third-party neutral (see Chapter 19)? Might we try some other techniques? (See Chapters 17 and 18 for suggestions on getting negotiations back on track.)
- *How will we keep track of what is agreed to?* Many negotiators don’t consider the importance of recording exactly what was discussed and agreed to. Being a recording secretary may be perceived as a tedious and uninteresting job. Experienced negotiators know that this role is critical, however. First, the person with the best notes often becomes the “memory” of the session because his or her notes are later consulted to determine what was said and discussed. Second, the person with the best notes may also volunteer to draft the initial agreement; this person may have some latitude in how the agreement is stated and what points are emphasized or deemphasized. Finally, if the agreement is highly technical or complex, the agreement should certainly be reviewed by experts and specialists—attorneys, financial analysts, accountants, engineers, and so on.

In new bargaining relationships, discussions about these procedural issues should occur before the major substantive issues are raised. The ease or difficulty of resolving these procedural issues can be used as litmus tests to determine how the negotiation on the larger substantive issues will proceed. If the negotiator enjoys success in these procedural negotiations, it may be easier to reach agreement later on the substantive issues.

- *Have we created a mechanism for modifying the deal if necessary?* Finally, do we have a process in place for ensuring that once the negotiation has concluded, we can refine the agreement if necessary? We can’t anticipate all the future situations we might run into, nor can we get every detail right the first time. So we may periodically want to evaluate how our deal compares with (1) our initial plan and (2) how things are working out as we try to implement the agreement. (See Box 4.5 for some advice on how to “fix” imperfect agreements.)

Negotiation adviser Jeswald Salacuse suggests that renegotiations generally occur for one of two reasons: The agreement was imperfect when it was designed, or the circumstances surrounding the agreement have changed. Salacuse offers two sets of advice: what to do before the deal breaks down and what to do after the deal breaks down.

Before the deal breaks down:

1. Build a relationship with the other side that can be used in case the deal falters.
2. Take the time to build the relationship.
3. Provide for mechanisms to renegotiate if the deal breaks down.
4. Consider how to involve a third party if the deal breaks down (see Chapter 19).

After the deal breaks down:

1. Avoid negativity and anger.
2. Decide whether what you want to renegotiate could ruin the relationship—and whether it is worth it.
3. Create new value through the renegotiation.
4. Fully evaluate the costs of failure.
5. Involve all the critical parties.
6. Design the right environment and process to do the renegotiation.
7. Consider how to involve a mediator or other third party to help out.

Source: Summarized from Salacuse, Jeswald W., “Redoing the Deal,” *Negotiation Newsletter*, vol. 8, no. 8, 2005.

Chapter Summary

In this chapter, we have addressed the many issues that a negotiator should consider in planning for the process. Planning is a critically important activity in negotiation. As we noted at the outset, however, negotiators frequently fail to plan for a variety of reasons. Effective planning allows negotiators to design a road map that will guide them to agreement. While this map may frequently need to be modified and updated as discussions with the other side proceed, and as the world around the negotiation changes, working from the map is far more effective than attempting to work without it.

We began this chapter with a basic understanding of the concepts of strategy, and we presented a model of negotiation strategy choice, returning to the familiar framework of the dual concerns model. Having described the model, we then discussed the importance of setting clear goals, based on the key issues at stake. A negotiator who carefully plans will make an effort to do the following:

1. Define the ultimate goals for the negotiation.
2. Define the key issues that must be addressed to achieve the goal.
3. Assemble all the issues together, prioritize them, and define the bargaining mix.
4. Understand and define the key interests at stake that underlie the issues.
5. Define the limits—the point where the negotiator will walk away or stop negotiating.
6. Define alternatives (BATNAs)—other deals the negotiator can do if this deal does not work out.
7. Define limits, including the resistance point, or walkaway point.
8. Understand the other party’s goals, issues, and resistance points.
9. Define the negotiator’s own target points (specific goals on issues) and opening bids.

10. Assess the social context in which the negotiation will occur—who is at the table, whose interests are being represented, and who may be “audiences” and commentators on the negotiation.
11. Plan the process by which the negotiator will present and “sell” his or her ideas to the other party, and plan the process and protocol by which the negotiation will evolve—the agenda, who will be at

the table or observing the negotiation, where and when the negotiation will take place, and so on.

When negotiators are able to consider and evaluate each of these factors, they will know what they want and will have a clear sense of direction on how to proceed. This sense of direction, and the confidence derived from it, is an essential component to improving negotiating outcomes.

Endnote

¹ See Asherman and Asherman (1990); Burnstein (1995); Fisher and Ertel (1995); Greenhalgh (2001); Lewicki and Hiam (1999); Lewicki, Hiam, and Olander (1996); Richardson (1977); and Watkins (2002).



Ethics in Negotiation

Objectives

1. Understand whether there are commonly accepted ethical standards that apply to negotiations.
 2. Explore the factors that determine how ethics affect negotiation processes.
 3. Survey the different types of ethically problematic tactics and how they are perceived.
 4. Consider how potentially unethical tactics will be received by others in a negotiation and how to detect others' use of deceptive tactics.
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CHAPTER OUTLINE

A Sampling of Ethical Quandaries

What Do We Mean by “Ethics,” and Why Do They Matter in Negotiation?

Ethics Defined

Applying Ethical Reasoning to Negotiation

Ethics versus Prudence versus Practicality versus Legality

Four Approaches to Ethical Reasoning

End-Result Ethics

Duty Ethics

Social Contract Ethics

Personalistic Ethics

What Questions of Ethical Conduct Arise in Negotiation?

Ethically Ambiguous Tactics: It's (Mostly) All about the Truth

Identifying Ethically Ambiguous Tactics and Attitudes toward Their Use

Deception by Omission versus Commission

The Decision to Use Ethically Ambiguous Tactics: A Model

Why Use Deceptive Tactics? Motives and Consequences

The Power Motive

Other Motives to Behave Unethically

The Consequences of Unethical Conduct

Explanations and Justifications

What Factors Shape a Negotiator's Predisposition to Use Unethical Tactics?

Demographic Factors

Personality Differences

Moral Development and Personal Values

Contextual Influences on Unethical Conduct

How Can Negotiators Deal with the Other Party's Use of Deception?

Chapter Summary

In this chapter, we explore the question of whether there are, or should be, accepted ethical standards for behavior in negotiations. This topic has received increased attention from researchers in recent years. It is our view that fundamental questions of ethical conduct arise in every negotiation. The effective negotiator must recognize when the questions are relevant and what factors must be considered to answer them. We want to be clear that it is not our intention to advocate a specific ethical position for all negotiators or for the conduct of all negotiations. Many treatises on business ethics take a strongly prescriptive or normative position, advocating what a person should or should not do. Instead, our aim in this chapter is to describe the ethical issues that arise in negotiations. We identify the major ethical dimensions raised in negotiations, describe how people tend to think about these ethical choices, and provide a framework for making informed ethical decisions. Along the way, we highlight research that has yielded worthwhile findings in this area.

Prior to our exploration about the ethical issues in negotiations, let's set the stage with a few hypothetical dilemmas.

A Sampling of Ethical Quandaries

Consider the following situations:

1. You are trying to sell your electric bike to raise money for an upcoming trip overseas. The bike is in great condition, and a friend tells you that if he were in the market for one (which he isn't), he'd give you \$700 for it. A few days later the first potential buyer comes to see the bike. The buyer looks it over and takes it for a spin. You assure the buyer that the bike works well. When asked how much, you tell the buyer that you have already had an offer for \$700. The buyer purchases the bike for \$750.

Is it ethical to have said what you said about having another offer?

2. You are an entrepreneur interested in acquiring a business that is currently owned by a competitor. The competitor, however, has not shown any interest in either selling his business or merging with your company. To gain inside knowledge of his firm, you hired a consultant you know to call contacts in your competitor's business and ask if the company is having any serious problems that might threaten its viability. If there are such problems, you might be able to use the information to either hire away the company's employees or get the competitor to sell.

Is this an ethical approach to learning more about the competitor's company?

3. You are a vice president of human resources, negotiating with a union representative for a new labor contract. The union refuses to sign a new contract unless the company agrees to raise the number of paid holidays from six to seven. Management estimates it will cost approximately \$640,000 for each paid holiday and argues that the company cannot afford to meet the demand. However, you know that, in reality, money is not the issue—the company simply doesn't think the union's demand is justified. To convince the union leaders that they should withdraw their demand, you have been considering these alternatives:

- (a) tell the union that the company simply can't afford it, without further explanation;
 (b) prepare erroneous financial statements that show that it will cost about \$800,000 per paid holiday, which you simply can't afford; or (c) offer union leaders an all-expenses-paid “working” trip to a Florida resort if they will simply drop the demand.

Do any of the strategies raise ethical concerns? Which ones? Why?

4. You are about to graduate from the MBA program of a leading university. You specialized in management information systems (MIS) and will start a job with a company that commercially develops websites. You own a laptop computer that is a couple of years old. You have decided to sell it and buy new equipment later after you see what kinds of projects your employer has you working on. So you post a notice on campus about the laptop for sale. You have decided not to tell prospective buyers that your hard drive acts as if it were about to fail and that the computer occasionally crashes without warning.

Is this ethical? Would you be likely to do this if you were this student?

5. You buy a new pair of shoes on sale. The printed receipt states very clearly that the shoes are not returnable. After you get them home, you wear the shoes around the house for a day and decide that they just don't fit you correctly. So you take the shoes back to the store. The clerk points to the message on the receipt; but you don't let that deter you. You start to yell angrily about the store's poor-quality service so that people in the store start to stare. The clerk calls the store manager; after some discussion, the manager agrees to give you your money back.

Is this ethical? Would you be likely to do this if you were this customer?

These situations are hypothetical; however, the problems they present are real ones for negotiators. People in and out of organizations are routinely confronted with important decisions about the strategies they will use to achieve important objectives, particularly when a variety of influence tactics are open to them. These decisions frequently carry ethical implications. In this chapter, we address the major ethical issues that arise in negotiation through consideration of these questions:

1. What are ethics, and why do they apply to negotiation?
2. What major approaches to ethical reasoning are relevant to negotiation?
3. What questions of ethical conduct are likely to arise in negotiation?
4. What motivates unethical behavior, and what are the consequences?
5. What factors shape a negotiator's predisposition to use unethical tactics?
6. How can negotiators deal with the other party's use of deception?

What Do We Mean by “Ethics,” and Why Do They Matter in Negotiation?

Ethics Defined

Ethics are broadly applied social standards for what is right or wrong in a particular situation, or a process for setting those standards. They differ from morals, which are individual and personal beliefs about what is right and wrong. Ethics grow out of particular

philosophies, which purport to (1) define the nature of the world in which we live and (2) prescribe rules for living together. Different philosophies adopt distinct perspectives on these questions, which means in practice that they may lead to different judgments about what is right and wrong in a given situation. The “hard work” of ethics in practice is figuring out how ethical philosophies differ from one another, deciding which approaches are personally preferable, and applying them to real-world situations at hand.

Our goal is to distinguish among different criteria, or standards, for judging and evaluating a negotiator’s actions, particularly when questions of ethics might be involved. Although negotiation is our focus, the criteria involved are really no different than might be used to evaluate ethics in business generally. An ethical dilemma in business exists when a manager faces a decision “in which the financial performance (measured by the revenues, costs, and profits generated by the firm) and the social performance (stated in terms of the obligations to the individuals and groups associated with the firm) are in conflict” (Hosmer, 2003, p. 85). Analogously, an ethical dilemma exists for a negotiator when possible actions or strategies put the potential economic benefits of doing a deal in conflict with one’s social or moral obligations to other involved parties or the broader community.

Many writers on business ethics have proposed frameworks that capture competing ethical standards (and as we shall see later, these typically map onto classical theories of ethical philosophy that have been around a long time). Drawing on some of these writers (Green, 1994; Hitt, 1990; Hosmer, 2003), we offer four standards for evaluating strategies and tactics in business and negotiation:

- Choose a course of action on the basis of results I expect to achieve (e.g., greatest return on investment).
- Choose a course of action on the basis of my duty to uphold appropriate rules and principles (e.g., the law or regulations in my industry).
- Choose a course of action on the basis of the norms, values, and strategy of my organization or community (e.g., the usual way we do things at this firm).
- Choose a course of action on the basis of my personal convictions (e.g., what my conscience tells me to do).

Each of these approaches reflects a fundamentally different approach to ethical reasoning. The first may be called *end-result ethics*, in that the rightness of an action is determined by evaluating the pros and cons of its consequences. The second is an example of what may be called *duty ethics*, in that the rightness of an action is determined by one’s obligation to adhere to consistent principles, laws, and social standards that define what is right and wrong and where the line is. The third represents a form of *social contract ethics*, in that the rightness of an action is based on the customs and norms of a particular community. Finally, the fourth may be called *personalistic ethics*, in that the rightness of the action is based on one’s own conscience and moral standards.

Applying Ethical Reasoning to Negotiation

Each of these approaches could be used to analyze the five hypothetical situations at the beginning of the chapter. For instance, in the first situation involving selling an e-bike and the statement to a prospective buyer about the existence of another potential buyer:

- If you believe in *end-result* ethics, then you might do whatever is necessary to get the best possible outcome (including lie about an alternative buyer).
- If you believe in *duty* ethics, you might perceive an obligation never to engage in subterfuge and might, therefore, reject a tactic that involves an outright lie.
- If you believe in *social contract* ethics, you base your tactical choices on your view of appropriate conduct for behavior in your community; if others would use deception in a situation like this, you lie.
- If you believe in *personalistic* ethics, you consult your conscience and decide whether your need for cash for your upcoming trip justified using deceptive or dishonest tactics.

What this example shows is that the approach to ethical reasoning you favor affects the kind of ethical judgment you make, and the consequent behavior you choose, in a situation that has an ethical dimension to it. These four approaches—think of them as ethical schools of thought—are the basis for our in-depth treatment of ethics in negotiation in the next major section of this chapter. First, however, allow us a brief digression on how ethics fits with other motives and bases for decisions about tactics and strategy.

Ethics versus Prudence versus Practicality versus Legality

Discussions of business ethics frequently confuse what is *ethical* (appropriate as determined by some standard of moral conduct) versus what is *prudent* (wise, based on trying to understand the efficacy of the tactic and the consequences it might have on the relationship with the other) versus what is *practical* (what a negotiator can actually make happen in a given situation) versus what is *legal* (what the law defines as acceptable practice) (Missner, 1980).



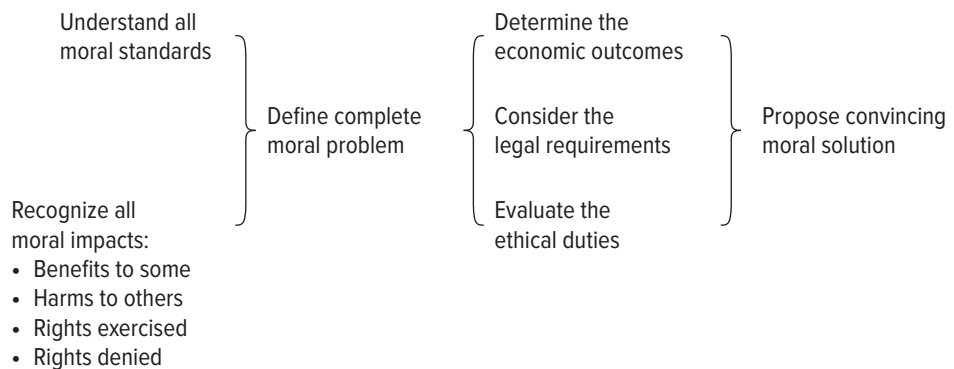
"THERE'S JUST SO FAR YOU CAN GO WITH ETHICS,
AND THEN THE REAL WORLD KICKS IN."

In earlier chapters, we evaluated negotiation strategies and tactics by the prudence and practicality criteria; in this chapter, the focus is on evaluating negotiation strategies and tactics by ethical criteria.

There are other criteria that come into play. For example, Lax and Sebenius (1986) suggest that some people want to be ethical for intrinsic reasons—it feels better because behaving ethically allows them to see themselves as moral individuals or because certain principles of behavior are seen as moral absolutes. Others may judge ethical behavior in more instrumental terms—good ethics make good business. But no matter how reasonable the motives, it is still often the case that people’s judgments about what is ethical or unethical in negotiation are not crystal clear. On the one hand, negotiators see some tactics as marginal—defined in shades and degrees rather than in absolutes. Reasonable people will disagree as to exactly where to draw the line between what is ethical and what is unethical for some tactics (e.g., bluffing about one’s reservation price). On the other hand, negotiators show marked agreement that certain tactics are clearly unethical (e.g., outright falsification of information). Thus, although it may be difficult to tell a negotiator exactly what behaviors are ethical and unethical in any one circumstance, the subject of ethics is no less important. Examining ethics encourages negotiators to examine their own decision-making processes. In addition, sharpening the questions they ask will help negotiators create the opportunity for further studies on the complexity of ethical judgments (Lewicki, 1983; Raiffa, 1982).

Figure 5.1 presents a helpful way to think about what it means to comprehend and analyze an ethical dilemma. The figure shows a model of the process of analyzing a moral problem (Hosmer, 2003). Before we can ponder solutions, the first step is developing a complete understanding of the moral problem at hand. On the left side of Figure 5.1, this means grasping the various subjective moral standards in play among involved parties, including individual values and beliefs as well as social norms. It also means recognizing the

FIGURE 5.1 | Analytical Process for the Resolution of Moral Problems



Source: Hosmer, LaRue T., *The Ethics of Management*. Boston, MA: McGraw-Hill, 2003.

mix of potential harms, benefits, and rights that are involved in the situation. With the problem fully defined, the path to a convincing solution travels through the three modes of analysis shown on the right side of the figure: (1) a determination of economic outcomes of potential courses of action, (2) a consideration of legal requirements that bear on the situation, and (3) an assessment of the ethical obligations to other involved parties regarding what is “‘right’ and ‘just’ and ‘fair’” (Hosmer, 2003, p. 87). This last element—ethical reasoning—benefits from a basic, working knowledge of ethical philosophy. In that spirit, we move now to a closer look at the four fundamental standards we identified earlier and their application to negotiator ethics.

Four Approaches to Ethical Reasoning

Those who write about business ethics tend to approach the subject from the perspectives of major philosophical theories (see Table 5.1). Drawing on this literature, we now take a closer look at the four ethical standards for making decisions in negotiation that we introduced earlier: end-result ethics, duty ethics, social contract ethics, and personalistic ethics.¹

End-Result Ethics

Many of the ethically questionable incidents in business that upset the public involve people who argue that the ends justify the means—that is, who deem it acceptable to break a rule or violate a procedure in the service of some greater good for the individual, the organization, or even society at large. Several examples come to mind. Suppose a news organization has convincing statistical evidence that a particular pickup truck was designed unsafely, so that in one test out of ten, it bursts into flame when hit in a side collision. To highlight this defect, the producer of the story decides to stage and videotape an accident. But because a collision may create a fire only one time in ten, and the producer can't afford to destroy 10 (or more) trucks, he decides to place detonators near the gas tank of the truck to be used. Thus, the exploding truck viewers would see would have been designed to “simulate” what (supposedly) happens to (supposedly) one truck out of ten. Is this unethical, even if the producer's goal is to warn viewers about the hazards of this truck model?

Consider a second example: A pharmaceutical company is convinced, as a result of early tests, that it has developed a dramatic new miracle drug that will cure some forms of cancer. But it cannot release the drug yet because it has to comply with government regulation that controls drug testing prior to widespread distribution, and thousands of lives may be lost before the government approves the drug. Is it unethical to keep the drug off the market while the regulatory testing goes on? Is it ethical to release the drug before it has been thoroughly tested?

Those who would argue that the simulated truck test is appropriate, and that the drug should be marketed, are employing end-result ethics. In the negotiation context, when negotiators have noble objectives to attain for themselves or their constituencies, they might argue that they can use whatever strategies they want. In doing so, they are drawing

TABLE 5.1 | Four Approaches to Ethical Reasoning

Ethical System	Definition	Major Proponent	Central Tenets	Major Concerns
End-result ethics	Rightness of an action is determined by considering consequences.	Jeremy Bentham (1748–1832) John Stuart Mill (1806–1873)	<ul style="list-style-type: none"> • One must consider all likely consequences. • Actions are more right if they promote more happiness, more wrong if they produce unhappiness. • Happiness is defined as presence of pleasure and absence of pain. • Promotion of happiness is generally the ultimate aim. • Collective happiness of all concerned is the goal. 	<ul style="list-style-type: none"> • How does one define happiness, pleasure, or utility? • How does one measure happiness, pleasure, or utility? • How does one trade off between short-term and long-term happiness? • If actions create happiness for 90% of the world and misery for the other 10%, are they still ethical?
Duty ethics	Rightness of an action is determined by considering obligations to apply universal standards and principles.	Immanuel Kant (1724–1804)	<ul style="list-style-type: none"> • Human conduct should be guided by primary moral principles, or “oughts.” • Individuals should stand on their principles and restrain themselves by rules. • The ultimate good is a life of virtue (acting on principles) rather than pleasure. • We should not adjust moral law to fit our actions, but adjust our actions to fit moral law. 	<ul style="list-style-type: none"> • By what authority do we accept particular rules or the “goodness” of those rules? • What rule do we follow when rules conflict? • How do we adapt general rules to fit specific situations? • How do rules change as circumstances change? • What happens when good rules produce bad consequences? • Are there rules without any exceptions?
Social contract ethics	Rightness of an action is determined by the customs and norms of a community.	Jean-Jacques Rousseau (1712–1778)	<ul style="list-style-type: none"> • People must function in a social, community context to survive. • Communities become “moral bodies” for determining ground rules. • Duty and obligation bind the community and the individual to each other. • What is best for the common good determines the ultimate standard. • Laws are important, but morality determines the laws and standards for right and wrong. 	<ul style="list-style-type: none"> • How do we determine the general will? • What is meant by the “common good”? • What do we do with independent thinkers who challenge the morality of the existing social order (e.g., Jefferson, Gandhi, Martin Luther King)? • Can a state be corrupt and its people still be “moral” (e.g., Nazi Germany)?

Personalistic ethics	Rightness of an action is determined by one's conscience.	J. Martin Buber (1878–1965)	<ul style="list-style-type: none"> • Locus of truth is found in human existence. • Conscience within each person calls him or her to fulfill his or her to fulfill humanness and to decide between right and wrong. • Personal decision rules are the ultimate standards. • Pursuing a noble goal by ignoble means leads to an ignoble end. • There are no absolute formulas for living. • One should follow one's group but also stick up for what one individually believes. 	<ul style="list-style-type: none"> • How could we justify ethics other than by saying, "it felt like the right thing to do"? • How could we achieve a collective definition of what is ethical if individuals disagreed? • How could we achieve cohesiveness and consensus in a team that only fostered personal perspectives? • How could an organization assure some uniformity in ethics?
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Source: Hitt, William D., *Ethics and Leadership: Putting Theory into Practice*. Battelle Press, 1990.

on a view of ethics known as *consequentialism*—a view that the moral worth of a particular action should be judged on the basis of the consequences it produces (see Donaldson and Werhane, 2008).

For those who judge morality by the goodness or badness of consequences, a commonly invoked approach to doing so is drawn from the school of thought known as *utilitarianism*, originated in the 18th century by Jeremy Bentham (see Bentham, 1789) and John Stuart Mill (see Mill, 1962). Utilitarians believe that the way to maximize virtue is to maximize the best consequences for the largest number of people—usually in terms of happiness, pleasure, or utility. When choosing among different possible courses of action in a situation with ethical implications, for the utilitarian the best moral choice is the one that maximizes the greatest good for the greatest number (Donaldson and Werhane, 2008).

Debate about end-result ethics centers on several key questions. First, how do people (and which people) define happiness or pleasure or maximum utility, and how can each be measured? Second, how do actors trade off between short-term consequences and long-term consequences, particularly when the short-term results are damaging to the long-term results (i.e., good in the short run, bad in the long run) or vice versa? Third, if people cannot create utility for everyone, is it adequate for them to create it for a large number of people, even if other people will not benefit or will even suffer? How does utilitarianism balance the benefits for a majority with the protection of the rights of a minority? The debate on these and other questions related to end-result ethics is ongoing.

Duty Ethics

In contrast to end-result ethics, duty ethics emphasize that individuals ought to commit themselves to a series of moral rules or standards and make decisions based on those principles. A strong proponent of this view was the 18th-century philosopher Immanuel Kant (see Kant, 1963, 1964). The term *deontology*—derived from the Greek word for obligation—is used commonly to label this school of thought. Deontologists argue that a decision based on the utilitarian standards just discussed—that is, based on evaluation of outcomes—is flawed because outcomes may be too uncertain at the time of the decision. Besides, deontologists argue, the ethical merits of an action should be linked more to the intentions of the actor than to the outcomes of the act (Hosmer, 2003). Kant proposed a series of principles (summarized into a few central tenets in Table 5.1) that serve as the standard by which each person may judge his or her own action. Kant argued that these principles are established on purely rational grounds and that the principles can be debated (and improved upon) as we improve upon the key tenets of rational science. One of his fundamental principles was that a person should choose to act in ways that he or she would want everyone else to act, if faced with the same situation and circumstances.

For example, let us suppose that a militant subgroup within a labor union has organized in protest over what it feels are critical questions of worker safety. When their initial attempts to bring their concerns to management are rebuffed, they walk out in a “wildcat strike” (a strike by a group of workers without their union’s approval). Some other rank-and-file union members, who are not particularly affected by the safety rules in question,

nevertheless support the strike because they think management should address the strikers' concerns. The strikers present a series of safety demands to management—if these demands are met, the strikers will return to work. Management agrees to meet the demands, and the strike ends. Management then immediately fires all the wildcatters for participating in the illegal strike and takes no action on the safety issues. The union leadership accuses management of unethical negotiating. In this situation, utilitarians might argue that management's tactic of agreeing to meet the workers' demands—even if that agreement was in bad faith—was necessary to end an illegal strike. The argument goes something like this: It is management's job (not the workers') to determine conditions of worker safety, and it is management's job to take action against wildcat strikes; in management's mind, both of these job definitions justify the tactic of falsely agreeing to meet the wildcatters' demands and then firing them. Thus, the utility of ending the strike (the end) justified the deception (the means) in the negotiation.

In contrast, deontologists might argue that management has a responsibility to adhere to the principles of honesty and integrity—negotiating in good faith and not acting punitively against the strikers—because adhering to these principles is fundamentally the right thing to do, and no particular end can justify dishonest means. Adhering to those principles may also in the long run be advantageous for union-management relations, but for the deontologist, the principle is what matters, not the consequence. Similarly, in the truck fire scenario described earlier (which was a real series of events involving an NBC network news program during the 1990s), the decision to stage the collision cost NBC's news department a great deal of negative publicity and credibility and cost both the producer and eventually the head of the NBC News Division their jobs—consequences that are extremely serious and may or may not be equivalent to the possibility of lives being lost in the dangerous pickup trucks. But again, for the deontologist, the network's actions were wrong because they were dishonest (the principle), not because they led to bad publicity for the network (the consequence).

These scenarios, and many others like them, constitute the grist of the debate between end-results ethics and duty ethics. When addressing means-ends questions in negotiation, observers usually focus the most attention on the question of what strategies and tactics may be seen as appropriate to achieve certain ends. Are exploitative, manipulative, or devious tactics ever justifiable, even if they produce good ends for a large number of people? For example, in a hostage crisis, is it ethical for a government to agree to grant a terrorist immunity if he releases the hostages, even though the government has every intention of capturing and prosecuting the terrorist once his hostages are released? Many people would argue that end-result ethics win out here over duty ethics prescribing honesty and integrity, but there will also be detractors.

Clearly, deontology has its critics as well. Who sets the standards, chooses the principles, and makes the rules? What are the rules that apply in all circumstances? For example, those who believe strictly in the commandment (rule) "Thou shalt not kill" might argue that the commandment is the same regardless of whether the subject is murder, the death penalty for a convicted murderer, military combat, abortion (even to save the life of the mother), or physician-assisted dying (e.g., for terminally ill or suffering patients). What happens when two principles conflict? If there are two obligations—one that says you should be considerate of others' feelings and another that says you should tell the truth—what

do you do when you have to tell your best friend a truth that is painful and will hurt her feelings? How can the rules be adapted to specific situations, and what happens when the standards change over time? What happens when good rules produce bad circumstances? For example, cases of physician-assisted dying result in moral conflict on both sides. The patient feels a moral dilemma between a right to make an autonomous decision to end his life with dignity and a moral prohibition against killing. Similarly, the doctor faces a moral dilemma between the mandate to save lives and “do no harm” and an obligation to relieve undue suffering for those whose lives cannot be saved. These and other questions and situations lead some to believe that an ethical emphasis on duties and rules creates more problems than it solves.

Social Contract Ethics

Social contract ethics hold that the rightness of an action is determined by the customs and social norms of a community. This view is articulated in the writings of the 18th-century European political philosopher Jean-Jacques Rousseau (1762/1947). Rather than arguing that the utility of ends determines the standards, or that universal obligations should apply in all situations, social contract ethicists argue that societies, organizations, and cultures determine what is ethically appropriate and acceptable for themselves and then indoctrinate new members as they are socialized into the fabric of the community. In a sense, each member of the group agrees to an implied (or even explicit) social contract that explains what the individual is expected to give to the community, what the individual can get back from the community, and the social rules or norms that all members are expected to follow.

Social contract ethicists focus on what individuals owe to their community (country, organization, neighborhood, etc.) and what they can or should expect in return. As applied to negotiation, social contract ethics would prescribe which behaviors are appropriate in a negotiation context in terms of what people owe one another. For example, the context of a used-car negotiation may suggest that a buyer does not expect the truth from the salesperson and, therefore, does not owe the salesperson the truth, either. So when the salesperson lies about the reliability or gas mileage of the automobile that is for sale, the buyer should have no compunctions about lying about her interest in the car or her real intention to bring her friend back to take a closer look at it. In contrast, if a salesperson is establishing a long-term association with a customer—establishing an ongoing relationship with a valued partner who should be treated honorably and fairly now and in the future—the salesperson owes it to customers to tell them the truth when he discovers defects in his products or when he will be late in shipping due to manufacturing errors and problems (Carlisle and Parker, 1989).

As we note in Table 5.1, social contract ethics are not without problems. How do we decide what implicit rules should apply to a given relationship, particularly when we have not explicitly spelled out those rules? Who makes these social rules, and how are they evaluated and changed? Which rules matter most when an individual is simultaneously part of multiple overlapping communities with conflicting rules? What if the rules of appropriate behavior in the firm tell you one thing, while the rules commonly accepted in your professional community tell you something different? And what happens when the existing social contract becomes corrupted over time (through collusion, monopolistic practices, etc.)

such that it needs to be challenged by those who seek change and reform? Are new recruits to an organization bound by a contract that is unfulfilled or violated by the organization? These critical questions pose important challenges for those who advocate a social contract view of ethical decision making.

Personalistic Ethics

A fourth standard of ethics is that, rather than attempting to determine what is ethical based on ends, duties, or the social norms of a community, people should simply consult their own conscience. As argued most clearly by the philosopher Martin Buber (1958, 1963), the foundations for ethical behavior lie in the human conscience. Hitt (1990) offers an interesting example to highlight the tenets of this approach relative to the three earlier models:

The setting is an outdoor hotel swimming pool on a warm July morning. At this particular time of day, there are only two persons present—a father who is fully clothed, sitting in a lounge chair beside the pool and reading the newspaper, and his five-year-old daughter, who is wading in the pool. While the father is engrossed in reading the sports page, he hears his daughter scream for help. She has waded into the deep end of the pool and is struggling to keep her head above water. At this moment, what is the right thing for the father to do? And what system of ethics will he use? If he chooses end-result ethics, he will compare the utilities associated with ruining his clothes, watch and billfold with those associated with saving his daughter's life. If he chooses rule ethics, he might first check to see if the hotel has posted any rules that prohibit a fully clothed person from entering the pool. And if he chooses social contract ethics, he might reflect on the social contract that he has with his family members. Obviously, he will choose none of these. He will jump into the pool immediately to rescue his daughter (pp. 121–22).

Hitt argues that the motivation to action is clearly the father's conscience crying, "Act now!" The very nature of human existence leads individuals to develop a personal conscience, an internal sense of what is right and what one ought to do. Ultimately, these rules remain individual and personal, although they can be influenced by the social forces that lead people to reason ethically and learn to do the right thing—because, in this view, ethical judgments must be made by each individual; there are no absolutes. People must determine what is right and appropriate to do, on their own, and they should not impose their standards on others. Many of these forces are part of an individual's upbringing and are represented by what he or she learns at home, in school, and at religious institutions.

As applied to negotiation, personalistic ethics maintain that all individuals ought to decide for themselves what is right based on their conscience (whatever it may say to them). Whether one lies, cheats, or steals, therefore, is ultimately a matter of individual conscience and not the nature of the ends, duties, rules, or narrow interpretations of the social contract. However, as you can well imagine, critics have argued that no one is as pure as Martin Buber. Individual conscience is too narrow and limited as a standard to apply to a broader social context (such as an organization). Finally, some critics would argue that social institutions (families, schools, houses of worship) have declined in their roles as teachers of character

and developers of conscience; thus, it is not clear that younger members of society have a strong conscience by which they can act. In addition, personalistic ethics provide no mechanism for resolving disputes when they lead to conflicting views between individuals as to what is right or proper; conflicting views among individuals would lead to teams and organizations that have tremendous value rifts within them because there is no common set of ground rules and no mechanism for resolving value-based disputes.

Section Summary

In this section, we have reviewed four major approaches to ethical reasoning: (1) end-result or consequentialist ethics, which include principles of utilitarianism; (2) duty ethics, or the principles of deontology; (3) social contract ethics, or the principles of community-based socially acceptable behavior; and (4) personalistic ethics, or the principles of determining what is right by turning to one's conscience. Negotiators may use each of these approaches to evaluate appropriate strategies and tactics. We turn next to an exploration of some of the specific ethical issues that negotiators encounter.

What Questions of Ethical Conduct Arise in Negotiation?

Why do some negotiators choose to use tactics that may be unethical? The first answer that occurs to many people is that such negotiators are corrupt, degenerate, or immoral. However, that answer is much too simplistic. We know from work on the psychology of attribution (to be discussed more in Chapter 6) that people tend to regard *other people's* unsavory behavior as caused by disposition or personality while attributing the causes of their *own* behavior to factors in the social environment (Miller and Ross, 1975). Thus, a negotiator might consider an adversary who uses an ethically questionable tactic unprincipled, profit-driven, or willing to use any tactic to get what he or she wanted. In contrast, when attempting to explain why you as the negotiator might use the same tactic, you would tend to say that you are highly principled but had very good reasons for deviating from those principles just this one time.

In this section, we discuss negotiation tactics that bring issues of ethicality into play. We first discuss tactics that are "ethically ambiguous," and we link negotiator ethics to the fundamental issue of truth telling. We then describe research that has sought to identify and classify such tactics and analyze people's attitudes toward their use. We also distinguish between active and passive forms of deception—lies of omission versus commission. The section concludes with a model that portrays the negotiator's decision-making process with respect to the possible use of such tactics.

Ethically Ambiguous Tactics: It's (Mostly) All about the Truth

Little needs to be said about the wide range of tactics available to a negotiator. We discussed many of these tactics in Chapters 2 and 3, when we discussed distributive bargaining and integrative negotiation. Here we discuss what kinds of tactics are ethically ambiguous and how they can work to afford a temporary strategic advantage. Our use of the phrase *ethically ambiguous* reflects a carefully considered choice of words. One dictionary defines

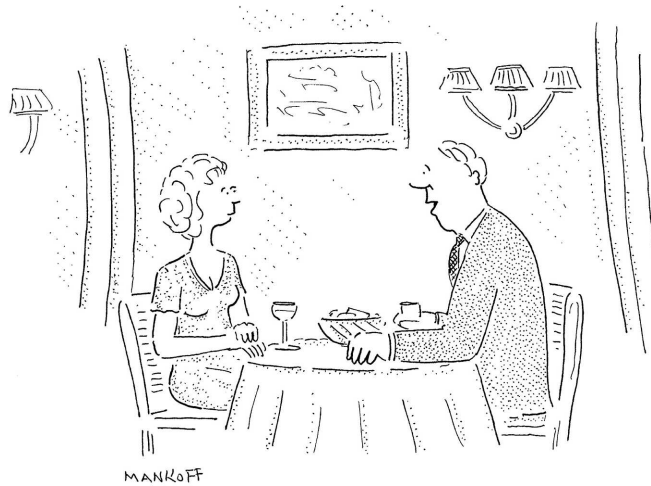
ambiguous as “open to more than one interpretation . . . doubtful or uncertain.”² We are interested in tactics that may or may not be improper, depending on an individual’s own ethical reasoning and circumstances.

Most of the ethical issues that arise in negotiation are concerned with standards of truth telling—how honest, candid, and disclosing a negotiator should be. That is, individuals must decide (according to one or more of the ethical theories presented earlier) when they should tell the truth (the whole truth and nothing but the truth) as opposed to engaging in some behavior short of telling the truth. The attention here is more on what negotiators *say* (communicate about) or what they say they will do (and how they say it) than on what they actually *do* (although negotiators may act unethically as well). Some negotiators may cheat (violate formal and informal rules—e.g., claiming that rules about deadlines or procedures don’t apply to them) or steal (e.g., break into the other party’s or competitor’s database or headquarters to secure confidential documents or briefing memoranda), but most of the attention in negotiator ethics has been on lying and deception.

Most negotiators would probably place a high value on a reputation for being truthful. Yet what does being truthful mean? Questions about truth telling are straightforward, but the answers are not so clear. First, how does one define *truth*? Do you follow a clear set of rules, determine what the social contract is for truth in your group or organization, or follow your conscience? Second, how does one define and classify deviations from the truth? Are all deviations lies, no matter how small and minor they are? Finally, one can add a relativistic dimension to these questions: Should a person tell the truth all the time, or are there times when not telling the truth is an acceptable (or even necessary) form of conduct? These are questions of major concern to negotiators (and philosophers since time immemorial!) who are trying to decide what they can and cannot say and still remain ethical.

A number of articles in business journals have addressed the ethical issues surrounding truth telling. For example, Carr (1968) argued in a controversial *Harvard Business Review* article titled “Is Business Bluffing Ethical?” that strategy in business is analogous to strategy in a game of poker. He advocated that short of outright cheating (the equivalent of marking cards or hiding an ace up your sleeve), businesspeople ought to play the game as poker players do. Just as good poker playing often involves concealing information and bluffing (convincing others that you have the cards when you really don’t), so do many business transactions. From time to time, most executives find themselves compelled, for their own interests or the interests of their companies, to practice some form of deception in their dealings with customers, suppliers, labor unions, government officials, or even other key executives. Through conscious misstatements, concealment of pertinent facts, or exaggeration—in short, bluffing—they seek to persuade others to agree with them. These tactics, Carr maintained, are legitimate ways for both individuals and corporations to maximize their self-interest. Carr argued that if an executive refuses to bluff periodically—if he or she feels obligated to tell the truth, the whole truth, and nothing but the truth all the time—he or she is probably ignoring opportunities permitted under the rules of business and is probably at a serious disadvantage in business dealings (p. 144).

As you can well imagine, Carr’s position sparked lively debate, both at the time he published the article and for many years after. A number of critics argued that individual businesspeople and corporations should be held to higher standards of ethical conduct, and they



“Look, I can’t promise I’ll change, but I can promise I’ll pretend to change.”

Source: ©Bob Mankoff/Cartoonstock

took Carr to task for his position. Three decades later, Koehn (1997) challenged Carr’s premise that negotiating is a game that legitimizes deceptive behavior, arguing that most games do not legitimize deception and that therefore Carr’s logic is faulty. Allhoff (2003), in an essay titled “Business Bluffing Reconsidered,” tried to strike a middle ground between Carr and Koehn, conceding Koehn’s point that the game analogy may be faulty but arguing that bluffing is permissible in certain forms within business negotiation “for the same reason that it is permissible in games, namely that the participants endorse the practice” (p. 287).

Questions and debate regarding the ethical standards for truth telling in negotiation are ongoing. As we pointed out when we discussed interdependence (see Chapter 1), negotiation is based on information dependence (Kelley and Thibaut, 1969)—the exchange of information regarding the true preferences and priorities of the other negotiator. Arriving at a clear, precise, effective negotiated agreement depends on the willingness of the parties to share accurate information about their own preferences, priorities, and interests. At the same time, because negotiators may also be interested in maximizing their self-interest, they may want to disclose as little as possible about their positions—particularly if they think they can do better by manipulating the information they disclose to the other party (see Chapter 2). This results in fundamental negotiation dilemmas involving trust and honesty (Murnighan, Babcock, Thompson, and Pillutla, 1999).³ The dilemma of trust is that a negotiator who believes everything the other says can be manipulated by dishonesty. The dilemma of honesty is that a negotiator who tells the other party all of his exact requirements and limits will, inevitably, never do better than his walkaway point. To keep the negotiation relationship on constructive footing, each party has to strike a balance between extremes of openness and deception. The skilled negotiator is “able to convince the other of his integrity while not at the same time endangering his bargaining position” (Rubin and Brown, 1975, p. 15).

Although a major focus in the ethics of negotiation is on the morality of using deception in negotiation, it also behooves the effective negotiator to be familiar with the *legality* of doing so. Richard Shell, a lawyer and professor who writes about and teaches negotiation, offered an interpretation of U.S. law in his article “When Is It Legal to Lie in Negotiations?”

Shell starts with a basic “common law” definition of fraud: “a *knowing misrepresentation* of a *material fact* on which the victim reasonably *relies* and which *causes* damage” (p. 94; emphasis added).

A closer look at the meaning of the key (italized) words in this definition brings into focus the legal issues involving lying in negotiation.

A misrepresentation. A misrepresentation is an affirmative misstatement of something.

A knowing misrepresentation. Shell says a misrepresentation is “knowing” when you know that what you say is false when you say it. Does this mean you can skirt liability by avoiding coming into contact with the knowledge involved? Shell says no—courts would regard that as reckless disregard for the truth.

A fact. To be illegal, in theory, the thing being misrepresented generally has to be an objective fact. But in practice, Shell points out that misstating an opinion or an intention can get you into trouble if it builds on factual misrepresentation or is particularly egregious—especially if you know the falsity at the time you make the statement or promise.

A material fact. Not all “facts” are objective or material. Shell says that by the standards of legal practice in the United States, demands and reservation points are not regarded as “material” to the deal, so it is not actionable fraud to bluff about

them. He cautions, however, that lying about alternatives or other offers or other buyers can get you into trouble. It’s not clear that these are always material, but this kind of thing may be left up to a jury to decide if a claim of fraud went to trial.

Reliance/causation. For a deceptive statement to be legally fraudulent, the receiver must prove that he or she relied on the information and that doing so caused harm.

Does this mean that illegal deception always involves affirmative statements that are false? Will silence protect you from legal liability? Shell says no: There are conditions under which you are legally bound to share truthful information. For instance, you are obligated to disclose in these situations:

- If you make a partial disclosure that would be misleading.
- If the parties stand in fiduciary relationship to one another.
- If the nondisclosing party has “superior information” that is “vital.”
- In cases involving certain specialized transactions, such as insurance contracts.

Knowing the law is a good idea, but Shell cautions that splitting legal hairs to gain tactical advantage is unwise: “In negotiation, people who rely on the letter of legal rules as a strategy for plotting unethical conduct are very likely to get into deep trouble. But people who rely on a cultivated sense of right and wrong to guide them in legal matters are likely to do well” (p. 99).

Source: Adapted from Shell, Richard G., “When Is It Legal to Lie in Negotiations?,” *Sloan Management Review*, vol. 32, no. 3, 1991, 93–101.

As a final point on the subject of truth telling, there is, beyond ethics, the matter of *legal* obligations to be truthful. Deception in negotiation can rise to the level of legally actionable fraud. The law on this subject (as on most subjects!) is complex and often hard to pin down. See Box 5.1 for a guide to the (il)legality of lying in negotiation under U.S. law.⁴

Identifying Ethically Ambiguous Tactics and Attitudes toward Their Use

What Ethically Ambiguous Tactics Are There? Deception and subterfuge take several forms in negotiation. Researchers have been working to identify the nature of these tactics, and their underlying structure, for over two decades (e.g., Lewicki and Robinson, 1998).⁵ They have extensively explored the nature and conceptual organization of ethically ambiguous negotiating tactics. The general approach has been to ask students and executives to rate a list of tactics on several dimensions: the appropriateness of the tactic, the rater's likelihood of using the tactic, and/or the perceived efficacy of using the tactic. Analyzing these questionnaire results, six clear categories of tactics emerged and have been confirmed by additional data collection and analysis (Fulmer, Barry, and Long, 2009; Robinson, Lewicki, and Donahue, 2000). These categories are listed in Table 5.2. It is interesting to note that of the six categories, two—emotional manipulation and the use of “traditional competitive bargaining” tactics—are viewed as generally appropriate and likely to be used. These tactics, therefore, while mildly inappropriate, are nevertheless seen as appropriate and effective in successful distributive bargaining. The other four categories of tactics—misrepresentation, bluffing, misrepresentation to opponent's network, and inappropriate information collection—are more widely regarded as inappropriate and unethical in negotiation. It is crucial to keep in mind that these judgments of ethicality are subjective, and there is a good amount of variance: For any given tactic, there are some people who see its use as ethically wrong and others who have little or no ethical problem with it.

Does Tolerance for Ethically Ambiguous Tactics Lead to Their Actual Use? As we indicated earlier, much of the research on these tactics has asked people to judge the ethical appropriateness of certain tactics and predict whether they would be likely to use them in a negotiation. Of course, saying you think a gambit is acceptable and actually using that tactic are two different things. To explore that link between thinking and doing, researcher Roger Volkema has run studies in which ethically ambiguous tactics are made available to

TABLE 5.2 | Categories of Marginally Ethical Negotiating Tactics

Category	Example
Traditional competitive bargaining	Not disclosing your walkaway; making an inflated opening offer
Emotional manipulation	Faking anger, fear, disappointment; faking elation, satisfaction
Misrepresentation	Distorting information or negotiation events in describing them to others
Misrepresentation to opponent's networks	Corrupting your opponent's reputation with his or her peers
Inappropriate information gathering	Bribery, infiltration, spying, etc.
Bluffing	Insincere threats or promises

Sources: Adapted from Robinson, Robert J., Lewicki, Roy J., and Donahue, Eileen M., “Extending and Testing a Five Factor Model of Ethical and Unethical Bargaining Tactics: The SINS Scale,” *Journal of Organizational Behavior*, 2000, 649–64; and Fulmer, Ingrid S., Barry, Bruce, and Long, Adam D., “Lying and Smiling: Informational and Emotional Deception in Negotiation,” *Journal of Business Ethics*, 2009, 691–709.

Stu's Views



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participants in two-party negotiation simulations (Volkema, 2001; Volkema, Fleck, and Hofmeister, 2010). In these studies, researchers measure attitudes toward using specific tactics (judging whether it was appropriate or not), the likelihood of using the tactics, and the actual use of the tactic in the simulation. Findings from these studies taken together suggest the following:

- There is a positive relationship between an attitude toward the use of each specific tactic and the intention to use it.
- For four of the five tactics studied, there is a positive relationship between an attitude toward the use of a specific tactic and actually using that tactic.
- Using unethical tactics early in a negotiation leads to greater frequency of use of these tactics, which elevates the likelihood that the other party will follow suit and engage in similar tactics.
- Hiding one's bottom line was the tactic most frequently used, exaggerating an opening offer was the second most commonly used, followed by stalling for time and misrepresenting information. Making empty promises was used only about 10 percent of the time.
- Hiding the bottom line improved negotiator performance in role-play. Negotiators also believed that making empty promises, misrepresenting information, and exaggerating their opening offer improved their performance, although there was no direct evidence that their performance was actually better.

Is It Acceptable to Use Ethically Ambiguous Tactics? The studies summarized here indicate that there are tacitly agreed-on rules of the game in negotiation. Some

minor forms of untruths—misrepresentation of one’s true position to the other party, bluffs, and emotional manipulations—may be seen by some negotiators as ethically acceptable and within the rules (but not by others). In contrast, outright deception and falsification are generally seen as outside the rules. However, we must place some strong cautionary notes on these conclusions. First, these statements are based on ratings by large groups of people (mostly business students); in no way do they, or should they, predict how any one individual negotiator will perceive and use the tactics or how any one target who experiences them will rate them. (We discuss reactions from the “victim’s” perspective later in this chapter.) Second, these observations are based primarily on what people said they would do, rather than what they actually did (the Volkema study we mentioned is a rare exception). Perceptions and reactions may well be different when the parties are making decisions in an actual negotiation, rather than rating the tactics on a questionnaire removed from any direct experience with another person in a meaningful social context. Third, by engaging in research on ethically ambiguous tactics (as the authors of this book have) and reporting these results, we do not mean to endorse the use of any marginally ethical tactic. Instead, our objective is to focus debate among negotiators on exactly when these tactics might be appropriate or should be used. Finally, we acknowledge that this is a Western view, in which individuals determine what is ethically acceptable; in some other cultures (e.g., Asia), a group or an organization would decide on ethics, while in other cultures (e.g., some nations with emerging free markets), ethical constraints on negotiated transactions may be minimal or hard to determine clearly, and “let the buyer beware” at all times!

Deception by Omission versus Commission

The use of deceptive tactics can be active or passive. To illustrate, consider a study by O’Connor and Carnevale (1997), who examined the tendency for negotiators to misrepresent their interests on a common-value issue—an issue for which both parties are seeking the same outcome. A negotiator using this tactic deceives the other party about what she wants on the common-value issue and then (grudgingly) agrees to accept the other party’s preference, which in reality matches her own. By making it look as though she has made a concession, she can seek a concession from the other party in return. Overall, 28 percent of O’Connor and Carnevale’s subjects misrepresented the common-value issue in an effort to obtain a concession from the other party. The researchers discovered that negotiators used two forms of deception in misrepresenting the common-value issue: misrepresentation by *omission* (failing to disclose information that would benefit the other) and misrepresentation by *commission* (actually lying about the common-value issue).

Schweitzer (1997; Schweitzer and Croson, 1999) also examined factors that affected the tendency of negotiators to lie about material facts. Students took part in a role-play involving the sale of a car with a defective transmission. Students could lie by omission—by simply failing to mention the defective transmission—or by commission—by denying that the transmission was defective even when asked by the other party. Far more students were willing to lie by omission (not revealing the whole truth) than by commission (falsely answering a question when asked). This finding points to an important insight

into human nature: Many people are willing to let another person continue to operate under false assumptions but will stop short of assertively making a false statement themselves. It clearly reinforces the norm of *caveat emptor* (let the buyer beware): It is up to each party to ask the right questions and be appropriately skeptical when accepting the other's pitch.

The Decision to Use Ethically Ambiguous Tactics: A Model

We conclude this section with a relatively simple model that helps explain how a negotiator decides whether to employ one or more deceptive tactics (see Figure 5.2). The model casts a negotiator in a situation where he or she needs to decide which tactics to use to influence the other party. The individual identifies possible influence tactics that could be effective in a given situation, some of which might be deceptive, inappropriate, or otherwise marginally ethical. Once these tactics are identified, the individual may decide to actually use one or more of them. The selection and use of a given tactic are likely to be influenced by the negotiator's own motivations and his or her judgment of the tactic's appropriateness. Once the tactic is employed, the negotiator will assess consequences on three standards: (1) whether the tactic worked (produced the desired result), (2) how the negotiator feels about himself or herself after using the tactic, and (3) how the individual may be judged by the other party or by neutral observers. Negative or positive conclusions on any of these three standards may lead the negotiator to try to explain or justify use of the tactic, and they will eventually affect a decision to employ similar tactics in the future.

Why Use Deceptive Tactics? Motives and Consequences

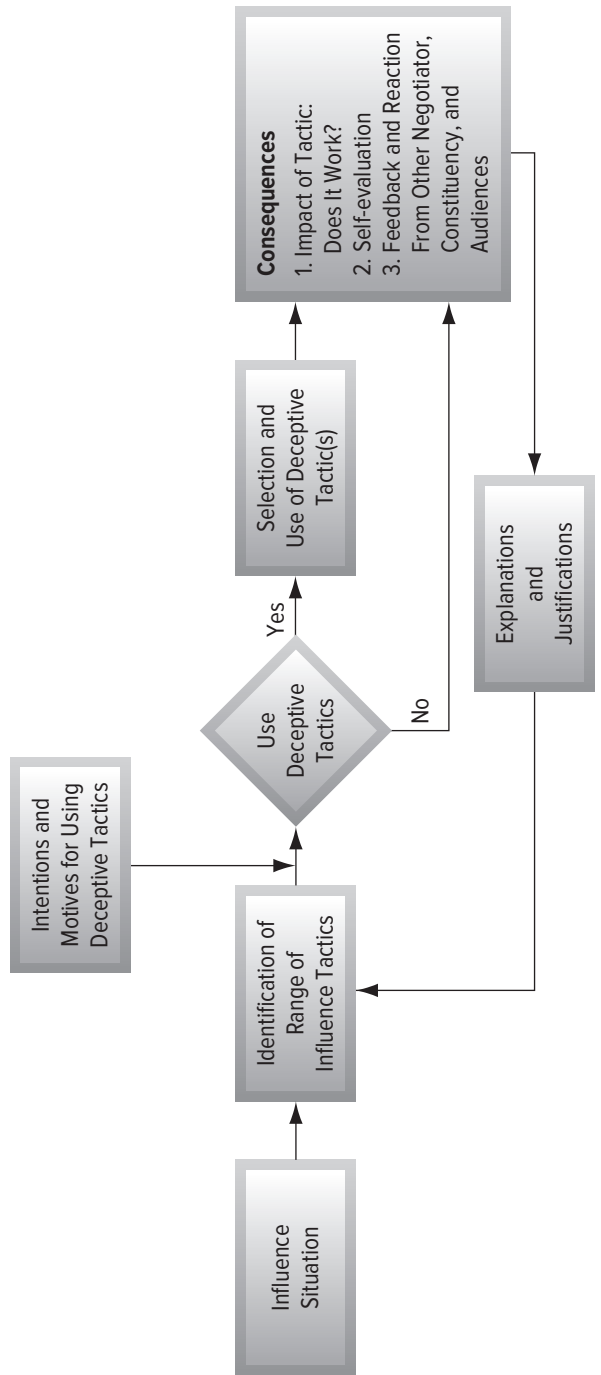
In the preceding pages, we discussed the nature of ethics and the kinds of negotiation tactics that might be regarded as ethically ambiguous. Now we turn to the reasons such tactics are tempting and the consequences of succumbing to that temptation. We begin with motives, and motives inevitably begin with power.

The Power Motive

The purpose of using ethically ambiguous negotiating tactics is to increase the negotiator's power in the bargaining environment. As we will discuss in Chapter 8, information is a major source of leverage in negotiation. Information has power, because negotiation is intended to be a rational activity involving the exchange of information and the persuasive use of that information. One view of negotiation is that it is primarily an exchange of facts, arguments, and logic between two wholly rational, information-processing entities. Often, whoever has better information, or uses it more persuasively, stands to "win" the negotiation.

Such a view assumes that the information is accurate and truthful. To assume otherwise—that it is not truthful—is to question the very assumptions on which daily social communication is based and the honesty and integrity of the presenter of that information. Of course, raising such questions openly might insult others and reduce the implied trust we placed in them. Moreover, investigating someone else's truthfulness and

FIGURE 5.2 | A Simple Model of Deception in Negotiation



honesty consumes time and energy. So any inaccurate and untruthful statements (i.e., lies) introduced into this social exchange manipulate information in favor of the introducer. Through the tactics we described earlier—bluffing, falsification, misrepresentation, deception, and selective disclosure—the liar gains advantage. In fact, it has been demonstrated that individuals are more willing to use deceptive tactics when the other party is perceived to be uninformed or unknowledgeable about the situation under negotiation, particularly when the stakes are high (Boles, Croson, and Murnighan, 2000). The receiver either accepts the information at face value or has to decide whether there is a basis for challenging the other person's accuracy, credibility, and intentions (and/or must attempt to independently verify that information).

If deception is a way to gain power, that could suggest that negotiators operating from a position of weakness are more likely to be tempted to engage in deception. Although we cannot point to research showing a consistent direct relationship between low negotiator power and the use of deception, some suggestive evidence surfaced in a study by Moran and Schweitzer (2008). In an experimental scenario involving competition with a co-worker for a desirable promotion, they varied the extent to which one person envied another's advantageous position and measured the likelihood that the person experiencing envy would use deceptive tactics in a subsequent negotiation. Envy, they found, "promotes deception by increasing psychological benefits and decreasing psychological costs of engaging in deceptive behavior" (p. 3). An intriguing implication of this finding is that success in prior negotiations may be a double-edged sword. We usually think of prior success at the negotiating table as conferring an advantage in later encounters with the same party. However, the authors of this study note that, if past success catalyzes envy, then it may have the unfortunate effect of catalyzing deception by the other party in subsequent deals.

A final observation about how power is related to ethical choices is that having power (or not having it) may affect the style of reasoning a person uses to judge the ethics of a situation. Findings in a study by Lammers and Stapel (2009) indicate that people with power are more likely to work their way through moral dilemmas with rule-based or principle-based thinking (deontological ethics) "because stability is in their interest and is therefore cognitively appealing" (p. 287). A lack of power, on the other hand, disposes individuals to focus more on consequences (end-results ethics) in deciding whether an action is right or wrong. Because of this difference, negotiators with unequal power may encounter frustration with each other when it comes to ethics: The more powerful party, with a focus on rules, comes off as rigid and unyielding, while the lower-power negotiator strikes the other party as overly focused on consequences at the expense of stable norms and principles.

Other Motives to Behave Unethically

The motivation of a negotiator can clearly affect his or her tendency to use deceptive tactics. (For example, see Box 5.2 for a discussion of the motives of cheaters in running.) Perhaps the simplest motivational hypothesis is an instrumental one: Negotiators will be inclined to deceive to achieve their goals and will avoid being deceptive when there are other ways to get there (Koning, Steinel, van Beest, and van Dijk, 2011; Koning, van Dijk, van Beest, and Steinel, 2010). In studies exploring this perspective, Koning and colleagues found support for this prediction but also noticed that many negotiators were hesitant to

The *Boston Globe* investigated incidents of cheating during the late 1990s in the Boston Marathon and other similar competitions around the country. The report listed the following explanations:

1. Some cheaters were angry or disturbed, often demonstrating a pattern of erratic, unethical, or illegal behaviors.
2. More typically, cheaters were described as middle-aged males who were often successful in many parts of their lives and found it difficult not to be equally successful in racing.
3. Some people were categorized as “unintentional cheaters”; these were people who

simply were caught up in the racing moment and did not fully realize what they were doing at the time.

4. Cheaters typically sought recognition rather than prize money or other material gain. Ironically, many reported that the negative publicity surrounding their cheating caused friends, neighbors, and even family members to view them negatively, even if they had never misbehaved before.

Source: Tye, Larry. “Sneakers Cheaters Wear a Scarlet ‘C’ for a Lifetime,” *The Boston Globe*, April 17, 1998, C1.

use deception even when it would yield financial benefits with limited risk or cost. “Apparently,” they concluded, “the unethical nature of deception restrains some bargainers from using it” (Koning et al., 2010, p. 71).

Goal pursuit aside, negotiators are motivated to avoid being exploited by another party and may use deception to diminish the risk. Research by Olekalns and Smith (2009) finds that concern about exploitation triggers decisions to deceive, especially when there is a lack of mutual dependence or trust between the parties. Importantly, this kind of trust is more than just a sense that the other party is a nice or likable person; according to Olekalns and Smith, to elicit accurate information rather than deception, negotiators need to “convey the impression that they will keep promises” (p. 360). (We will have more to say about the role of trust in negotiation in Chapter 10.)

When we consider individual differences in Chapter 15, we will point out how motivational orientation—whether negotiators are motivated to act cooperatively, competitively, or individualistically toward each other—can affect the strategies and tactics they pursue. In the study cited earlier, O’Connor and Carnevale (1997) manipulated negotiators’ motivational orientation to the situation, predisposing parties to either a competitive or a cooperative orientation toward the other. Competitive negotiators—those looking to maximize their own outcome, regardless of the consequences for the other—were more likely to use misrepresentation as a strategy. Similarly, Schweitzer, DeChurch, and Gibson (2005) found that negotiators who come to an interaction with a competitive mindset are more likely to deceive than negotiators who are cooperatively inclined. Cultural differences may also map onto motivational influences: Sims (2002) found that individuals in a highly individualistic culture (the United States) were more likely to use deception for personal gain than those in a more collectivist culture (Israel). (We say more about connections between culture and negotiator ethics later in the chapter.)

But the impact of motives may be more complex. In an early study on tactics, Lewicki and Spencer (1991) asked negotiators about their predisposition to use ethically ambiguous

tactics. Different versions of the questionnaire explicitly told respondents to assume either a competitive or a cooperative motivational orientation toward the other party and to assume that the other party would be taking either a competitive or a cooperative motivational orientation. The authors predicted that competitive motivations would elicit the strongest endorsement of ethically ambiguous tactics. The results revealed that differences in the negotiators' *own* motivational orientation—cooperative versus competitive—did *not* cause differences in their view of the appropriateness of using the tactics, but the negotiators' perception of the *other's* expected motivation did! In other words, negotiators were significantly more likely to see the ethically ambiguous tactics as appropriate if they anticipated that the other party would be competitive versus cooperative. This finding suggests that negotiators may rationalize the use of marginally ethical tactics in anticipation of the other's expected conduct rather than take personal responsibility for using these tactics in the service of their own competitive orientation.

People may be more motivated to *appear* moral, rather than to actually act morally, because to act morally (e.g., act with integrity) may have costs attached to it (Batson and Thompson, 2001). One potential cost is damage to your reputation if others become aware of and disapprove of your use of questionable tactics. In a survey of working adults from a range of industries and jobs, respondents were less likely to approve of the use of ethically ambiguous tactics when they believed that using these tactics would risk harming their reputations (Ma and McLean Parks, 2012).

Earlier we discussed four philosophical approaches to the discussion of ethics in business: end-result, duty, social contract, and personalistic ethics. While these approaches provide useful frameworks for scholars wishing to analyze ethical issues in business and other contexts, they also speak to the ways that individuals actually think about ethical dilemmas in practice. Perry and Nixon (2005) examined the extent to which an endorsement of each of these four philosophical frameworks predisposes individuals to engage in ethically ambiguous behavior during negotiations. They found that those who prefer an ends-based framework (consequentialist ethics) or a focus on community norms (social contract ethics) described themselves as more likely to engage in marginally unethical behavior such as making false promises or misrepresenting information. On the other hand, those inclined to adhere to rules and moral principles (duty-based ethics) were less comfortable with these tactics and, therefore, less likely to engage in ethically questionable practices.

The Consequences of Unethical Conduct

A negotiator who employs an unethical tactic will experience consequences that may be positive or negative, based on three aspects of the situation: (1) whether the tactic is effective; (2) how the other person, his or her constituencies, and audiences evaluate the tactic; and (3) how the negotiator evaluates the tactic. We discuss each in turn.

Effectiveness If *effectiveness* is taken to mean the production of economic benefit, then there is evidence pointing to the effectiveness of deceptive tactics in certain circumstances. O'Connor and Carnevale (1997), for example, found that misrepresenting one party's interest on an issue that both parties value in the same way can induce concessions

that lead to favorable outcomes. This is most likely to occur when negotiators are focusing on individual outcomes rather than seeking mutual benefit. Schweitzer and colleagues (2005, p. 2141) showed in their study using a two-party bargaining simulation how this happens: “When senders used deception, they distorted responders’ beliefs, influenced responders’ actions, and ultimately increased their own profit and harmed responders’ profit.”

Let us next consider the consequences that occur based on whether the tactic is successful or not. We know that people are more likely to rate an action as unethical when that action results in a negative rather than a positive outcome (Gino, Shu, and Bazerman, 2010). If a lie in negotiation yields individual economic benefit for the deceiver and becomes known to the other party, it stands to reason that the party who was deceived will view the outcome negatively and accordingly will judge the tactic as unethical.

In addition to influencing the other party’s perceptions, a tactic’s effectiveness will have some impact on whether it is used in the future (essentially, a simple learning and reinforcement process). If using the tactic allows a negotiator to attain rewarding outcomes that would be unavailable if he had behaved ethically, and if others do not punish the unethical conduct, the frequency of unethical conduct is likely to increase, because the negotiator believes he or she can get away with it. Thus, consequences—rewards and punishments that arise from using a tactic or not using it—should not only motivate a negotiator’s present behavior but also affect his or her predisposition to use similar strategies in similar circumstances in the future. (For the moment, we will ignore the consequences of these tactics on the negotiator’s reputation and trustworthiness—impacts that deceptive negotiators unfortunately tend to ignore in the short term.)

These propositions about future behavior have not been tested in negotiating situations, but they have been examined extensively in research studies on ethical decision making. For example, research by Hegarty and Sims (1978) appears to support both assertions. In that study, when research participants expected to be rewarded for making an unethical decision by participating in a laboratory-simulated kickback scheme, they not only participated but also were willing to participate again when a second opportunity arose. Moreover, when there were also strong pressures on the research subjects to compete with others—for example, announcing how well each person had done on the task and giving a prize to the one with the highest score—the frequency of unethical conduct increased even further.

Reactions of Others A second set of consequences may arise from judgments and evaluations by those who are the “targets” of the tactic. These targets may include not just an individual negotiator but also others who observe or become aware of the tactic—for example, members of a negotiating team, a collection of individuals whose interests the negotiator represents (a “constituency”), or other bystanders. (We discuss constituencies and audiences in depth in Chapter 11). Depending on whether these parties recognize the tactic and whether they evaluate it as proper or improper to use, the negotiator may receive a great deal of feedback. If the target person is unaware that a deceptive tactic was used, he or she may show no reaction other than disappointment at having lost the negotiation. However, if the target discovers that deception has occurred, a stronger reaction is likely.

People who discover that they have been deceived or exploited are typically angry. In addition to perhaps having “lost” the negotiation, they feel foolish for having allowed themselves to be manipulated or deceived by a clever ploy. As a result of both the loss and embarrassment, victims are inclined to seek retaliation and revenge. The victim is unlikely to trust the unethical negotiator again, may seek revenge from the negotiator in future dealings, and may generalize this experience to negotiations with others. A strong experience of being exploited may thus sour a victim’s perception of negotiation contexts in the future (Bies and Moag, 1986; Werth and Flannery, 1986).

These negative consequences were apparent in a study by McCornack and Levine (1990), who examined people’s reactions to having been deceived (in many different types of relationships, not necessarily negotiating ones). They found that victims had strong emotional reactions to deception when they had an intimate relationship with the subject, when the information at stake was very important, and when they saw lying as an unacceptable type of behavior for that relationship (i.e., when strong expectations of truth telling were clearly violated). In a majority of cases, the discovery of the lie was instrumental in an eventual termination of the relationship with the other person, and in most cases, the victim initiated the termination. The more the deception was serious, personal, and highly consequential for trust between the parties, the more destructive it was to the relationship. In a similar vein, there is also evidence that individuals who are deceptive are regarded as less truthful and less desirable for future interactions (Boles, Croson, and Murnighan, 2000). We will have more to say about negotiator reputation in Chapter 10, but it is worth emphasizing here that damage to one’s reputation can be difficult to repair. A study by Schweitzer, Hershey, and Bradlow (2006) showed that the effects of untrustworthy actions on one’s credibility can be remedied with subsequent truthful behavior, as long as the untrustworthy actions that breached trust did not involve deception. When deception is the cause of the rift, attempts to restore trust through an apology or other behavior apology are ineffective.

One interesting exception to the tendency to resent a person who deceives is rooted in the relative power of the deceiver. Studying interaction in a laboratory bargaining task, Koning et al. (2010) found that when a party who was lying had little power in the situation, the deceived party regarded the lie as understandable. Those who were deceived by a powerful opponent didn’t want to interact further, but those who were lied to by a weak opponent were OK with subsequent interaction. This doesn’t mean that deception is more ethically acceptable when the liar is relatively powerless; it just means the person lied to may be a bit more forgiving if and when the deception is revealed. That narrow exception aside, the use of deception gives rise to some clear risks regarding future interaction. Although the use of unethical tactics may create short-term success for the negotiator, it may also create an adversary who is distrustful or, even worse, bent on revenge and retribution.

Reactions of Self Very little systematic research has explored the third set of consequences: the negotiator’s own reactions to the use of unethical tactics. Under some conditions—such as when the other party has truly suffered—a negotiator may feel some discomfort, stress, guilt, or remorse. This can lead a negotiator to seek ways to reduce the psychological discomfort. For example, Aquino and Becker (2005) found that individuals who had lied to their partner during the course of a simulated business negotiation made larger concessions

later in the negotiation to compensate. This compensation for an earlier lie was especially common among study participants who rated themselves highly on “moral attributes” (e.g., honesty, fairness, benevolence) and among those who were told they were negotiating on behalf of an organization that “prides itself on being fair and honest in its business dealings.” Of course, negotiators who see no problem with using deceptive tactics may be inclined to use them again and may begin to ponder how to use them more effectively. In Aquino and Becker’s study, those who had no personal qualms about lying behaved no differently after lying than those who did not lie, meaning they were not inclined to compensate for the lie with a subsequent concession. On the one hand, although the use of ethically questionable tactics may have severe consequences for the negotiator’s reputation and trustworthiness, parties seldom appear to take these outcomes into consideration in the short term. On the other hand, and particularly if the tactic has worked, the negotiator may be able to rationalize and justify the use of the tactic. We explore these rationalizations and justifications in the next section.

Explanations and Justifications

When a negotiator has used an ethically ambiguous tactic that may elicit a reaction, the negotiator must prepare to defend the tactic’s use to himself or herself (e.g., “I see myself as a person of integrity, and yet I have decided to do something that might be viewed as unethical”), to the victim, or to constituencies and audiences who may express their concerns. The primary purpose of these explanations and justifications is to rationalize, explain, or excuse the behavior—to verbalize some good, legitimate reason this tactic was necessary. Rationalization is often motivated by the desire to ease distress or dissonance over what the individual has just done (Aquino and Becker, 2005). Most of the following rationalizations have been adapted from the philosopher and ethicist Sissela Bok’s (1978) seminal treatise on lying:

- *The tactic was unavoidable.* Negotiators frequently justify their actions by claiming that the situation made it necessary for them to act the way they did. The negotiator may feel that she was not in full control of her actions or had no other option; hence, she should not be held responsible. Perhaps the negotiator had no intent to hurt anyone but was pressured to use the tactic by someone else.
- *The tactic was harmless.* The negotiator may say that what he did was really trivial and not very significant. People tell white lies all the time. For example, you may greet your neighbor with a cheery “Good morning, nice to see you” when, in fact, it may not be a good morning, you are in a bad mood, and you wish you hadn’t run into your neighbor because you are angry about his dog barking all night. Exaggerating, bluffing, or peeking at the other party’s private notes during negotiations can be easily explained away as a harmless action. Note, however, that this particular justification interprets the harm from the actor’s point of view; the victim may not agree and may have experienced significant harm or costs as a result.
- *The tactic will help avoid negative consequences.* When using this justification, negotiators are arguing that the ends justify the means. In this case, the justification is that the tactic helped avoid greater harm. It is OK to lie to an armed robber about where you

have hidden your money to avoid being robbed. Similarly, negotiators may see lying (or any other questionable tactic) as justifiable if it protects them against even more undesirable consequences, should the truth be known.

- *The tactic will produce good consequences, or the tactic is altruistically motivated.* Again, the end justifies the means, but in a positive sense. As we stated earlier, a negotiator who judges a tactic on the basis of its consequences is acting in accord with the idea that the moral quality of any action is judged by its consequences. Utilitarians may argue that certain kinds of lies are appropriate because they may provide for the larger good. In reality, most negotiators use deceptive tactics for their own advantage, not for the general good, and as we mentioned earlier, deceptive tactics are more likely to be effective in the service of selfish motives (e.g., Schweitzer et al., 2005).
- *“They had it coming,” “They deserve it,” and “I’m just getting my due.”* These are all variations on the theme of using lying and deception either against an individual who may have taken advantage of you in the past or against some generalized source of authority (i.e., “the system”). For many years, polls have documented an erosion of honesty in the United States—people increasingly think it appropriate to take advantage of the system in various ways, including tax evasion, petty theft, shoplifting, improper declaration of bankruptcy, journalistic excesses, and distortion in advertising, to name a few. As one writer of a book on the decline of honesty in America puts it, “Most of us lie and are lied to on a regular basis” (Keyes, 2004, p. 6; see also Callahan, 2004).
- *“They were going to do it anyway, so I will do it first.”* Sometimes a negotiator legitimizes the use of a tactic because he or she anticipates that the other intends to use similar tactics. This anticipation may reflect a general sense of others’ dishonesty: a recent series of experiments showed that negotiators tend to overestimate the likelihood that others will embrace deception (Mason, Wiley, and Ames, 2018). Alternatively, the anticipation may be based on specific judgments about the other party. Investigating Brazilian and American negotiators, Volkema and Fleury (2002) found that people were most willing to use deception when negotiating with a partner who had a reputation for being unethical. In other words, individuals who expected their partner to behave unethically were more likely to match that behavior. In an insightful study, Tenbrunsel (1998) also linked a person’s own inclination to deceive and judgments of the other party’s integrity. She found that the more an individual was tempted to engage in misrepresentation, the more he or she believed that the other would also misrepresent information. Thus, a person’s own temptation to misrepresent creates a self-fulfilling logic in which he or she believes in the need to misrepresent because the other is likely to do it as well.
- *“He started it.”* This is a variation on the anticipatory justification discussed in the last point. In this case, the rationale is that others have *already* violated the rules, therefore legitimizing the negotiator’s right to violate them as well. In such cases, unethical tactics are employed in a tit-for-tat manner, to restore balance, or to give others their due. Justifications such as “an eye for an eye” or “he started it and I’m going to finish it!” are commonly heard as a defense for resorting to unethical tactics in these cases. Research has shown that negotiators do tend to reciprocate

ethically questionable tactics—for instance, matching the other’s exaggeration with exaggeration of one’s own (Fleck et al., 2013), so this justification is probably a common one in negotiation settings.

- *The tactic is fair or appropriate to the situation.* This approach uses a kind of moral (situational) relativism as a rationale or justification. Most social situations, including negotiations, are governed by a set of generally well-understood rules of proper conduct and behavior. For example, recall the arguments of Carr (1968), that business is a game and that the game has a special ethos to it that legitimizes normally unethical actions. Bowie (1993) and Koehn (1997) have countered these arguments, contending that deceit in business is just as immoral as it is in other areas of life and that the game analogy of business no more legitimizes unethical conduct than other analogies. As a general matter, ethical relativism—the idea that moral standards shift with changing circumstances—frequently comes under fire as an unacceptable take on morality. As Hosmer (2003, p. 89) puts it, “If all ethical systems are equally valid, then no firm moral judgments can be made about individual behavior, and we are all on our own to do as we like to others, within economic limits and legal constraints.” We leave it to the reader to decide if this is a good thing or a bad thing.

As self-serving rationalizations for one’s own conduct, explanations allow the negotiator to convince others—particularly the victim—that conduct that would ordinarily be wrong in a given situation is acceptable. Rationalizations have the most impact when the victim is persuaded that the explanation is adequate or that the deception is unintentional; they have less impact when the victim sees the deception as selfishly motivated (Shapiro, 1991). Explanations and justifications help people rationalize the behavior to themselves as well. But there is a risk: We surmise that the more frequently negotiators engage in this self-serving process, the more their judgments about ethical standards and values will become biased, diminishing their ability to see the truth for what it is. The tactics involved may have been used initially to gain power in a negotiation, but negotiators who use them frequently may experience a loss of power over time. These negotiators will be seen as having low credibility or integrity, and they will be treated accordingly as people who will act exploitatively if the opportunity arises. Good reputations are easier to maintain than to restore once damaged.

What Factors Shape a Negotiator’s Predisposition to Use Unethical Tactics?

Earlier we talked about the use of ethically ambiguous tactics in terms of the simple model presented in Figure 5.2. That model describes a rational calculation process in which the negotiator selects a tactic, uses the tactic, evaluates the consequences, and attempts to manage the consequences (if the tactic is detected) through explanations and justifications. A number of other factors can affect the sequences described in the model:

- The background and demographic characteristics of the negotiators.
- The personality characteristics and level of moral development of the negotiators.
- The elements of the social context (the situation in which the negotiators find themselves) that encourage or discourage unethical conduct.

In this section, we briefly mention how each of these factors might influence the predisposition to use ethically questionable tactics. The factors are included in an expanded version of the model, presented in Figure 5.3. As we discuss this model, it should be clear that the fundamental debate here is the “nature versus nurture” argument about what causes individuals to behave as they do. Many believe that making ethical decisions is completely determined by the moral standards of the individual actor; others, however, believe that situational factors (such as group and organizational norms, accountability pressures, and reward systems) can cause even ethical people to do unethical things. We expect the debate to continue for a long time. However, when social scientists try to hold individual differences constant, or randomize them across large groups of people, it becomes clear that situational influences can predispose ethical people to do marginally ethical things.

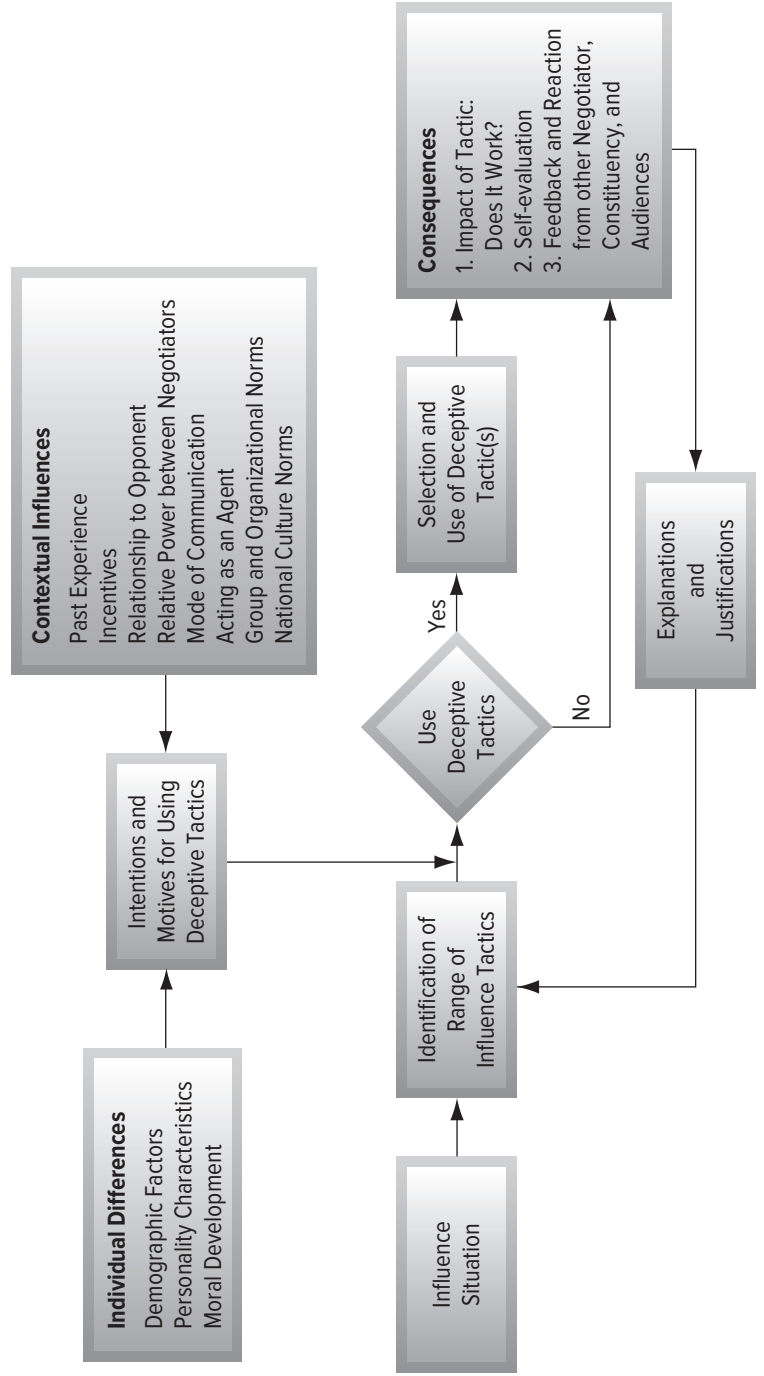
Demographic Factors

A number of survey-oriented studies on ethical behavior have attempted to relate differences in ethical conduct to differences in individual background, religious orientation, age, gender, nationality, and education. A few studies have investigated the relationship between demographic factors and the use of unethical tactics in negotiation. In reporting these research findings, *we are not suggesting that all people of a particular group will necessarily act in a specified manner*. Thus, for example, studies that show that young people tend to use more deceptive negotiating tactics than other people do not imply that every young person will use those tactics. We discuss these demographics because the trends appear to be reliable and consistent across a number of different ethical choice situations.

Sex A number of studies have shown that women tend to make more ethically rigorous judgments than men. For example, Volkema (1999b) found in comparing Brazilian and American women that those from both cultures were significantly more ethical than men, revealing less willingness to use ethically ambiguous negotiation tactics. Dawson (1997) asked men and women to respond to a number of decision-making scenarios involving ethics. Half the scenarios were relational, in that the actor's decision clearly affected the interests of others, while the other half were nonrelational, in that the consequences did not affect anyone else and were only matters of individual conscience. Dawson found that women were significantly more ethical than men when the decision affected others but that there were no differences on the nonrelational situations. Hence, according to this study, women may make more ethical judgments, but only when the consequences of their decisions affect someone else.

Returning to the ethically ambiguous tactics described earlier in this chapter, studies have shown that men are more egocentric in their moral reasoning about ethics in negotiation, and hence more lenient in their judgments about the ethical appropriateness of these tactics (Kray and Haselhuhn, 2012). There is also evidence that men are more likely than women to harbor intentions to use some unethical tactics (Lewicki and Robinson, 1998; Robinson, Lewicki, and Donahue, 2000). This did not hold for tactics classified as “traditional competitive bargaining” (e.g., making an excessively high opening offer and stalling for time); there was no gender difference in the perceived appropriateness of these aggressive (but not deceptive) tactics.

FIGURE 5.3 | A More Complex Model of Deception in Negotiation



However, a later study suggests differences may exist in the way that men and women are perceived as ethical decision makers. Schminke, Ambrose, and Miles (2003) created scenarios that described an individual (male or female) faced with an ethical dilemma, and they had participants rate their perceptions of that action as well as the ethical framework that the actor employed. Overall, female actors were perceived to be formalistic in their decision—they were thought to pay more attention to rules or principles than actual outcomes of the situation. In contrast, male actors were perceived to be more end-result-oriented—to give greater attention to outcomes in the form of net social good rather than rely on rules or principles.

The work just described explores how men and women differ in their use of unethical tactics. There is also new research insight into a parallel question: Do men and women differ as recipients (or victims, you might say) of unethical tactics? Analyzing simulated negotiations conducted by graduate business students, Kray (2012) found that female negotiators are lied to more than male negotiators. When asked, however, these same female negotiators do not perceive their opponents as any less honest than do male negotiators. Other research has found that the inclination to be deceptive varies with the gender composition of the negotiating dyad. In a study by Olekalns, Kulik, and Chew (2014), when at least one negotiator was female, the use of deception varied with levels of trust and other strategic considerations. In contrast, when men negotiated with men, the use of deception did not vary with context or strategy. These researchers concluded that negotiators are more “morally pragmatic” in mixed-sex and all-female pairs (p. 24).

Age and Experience In the Dawson (1997) and Volkema (1999b) studies cited earlier, both men and women behaved more ethically as they aged. In the Anton (1990) study, where categories of deceptive tactics were rated, older parties tended to see bluffing as more acceptable and deception as less acceptable. Finally, Robinson, Lewicki, and Donahue (2000) reported a strong negative correlation between age and the endorsement of unethical negotiating tactics. Overall, older individuals were less likely than younger ones to see marginally ethical tactics as appropriate. Moreover, individuals with more general work experience, and with more direct work experience, were less likely to use unethical negotiating tactics.

Professional Orientation Anton (1990) compared ratings by MBA students, business alumni, and clergy of perceived appropriateness of categories of deceptive negotiation tactics. All groups indicated that traditional competitive bargaining and misrepresentation were ethically acceptable, but clergy were the most ethically conservative in their ratings. Deception was seen as moderately unethical, and all groups believed that outright falsification was highly unethical. Garcia, Darley, and Robinson (2001) conducted an interesting study of district attorneys and public defenders and their use of these tactics. They found that public defenders saw ethically ambiguous tactics as more appropriate than district attorneys, that both groups increased their approval of the tactics when they thought the other party was likely to use them, and that public defenders increased their approval as a “defensive move” more than district attorneys. Thus, these findings are actually more about which role a person plays—defender versus challenger of the status quo—than about the attorney role that one occupies.

Nationality and Culture It is apparent that there are cultural differences in attitudes toward ethically ambiguous tactics in negotiation, although there has not been enough research to create a coherent overall picture. Here are some of the findings (drawn from Elahee and Brooks, 2004; Erkus and Banai, 2011; Lewicki and Robinson, 1998; Rivers and Volkema, 2013; Sims, 2002; Volkema, 1997, 1998, 1999b; Volkema and Fleury, 2002):

- Americans and Asians were significantly more likely to use bluffing, and eastern Europeans were less likely to do so.
- Students with a Middle Eastern heritage were more likely to endorse misrepresentation to an opponent's network, and Americans were less likely to do so.
- Managers from the United States and Brazil both rated traditional competitive bargaining tactics as acceptable, but managers from Brazil were more likely to rate other ethically ambiguous tactics involving deception or subterfuge as acceptable.
- Managers from the United States and Brazil were similar in their use of tactics involving third parties (e.g., gathering or disseminating information through a network), but Brazilians were willing to be more deceptive in dealing with their immediate opponent.
- Mexican managers saw the same tactics as less appropriate than American managers did.
- People in a more individualistic culture (the United States) were more likely to use deception for personal gain than people in a more collectivist culture (Israel).
- Negotiators were more likely to endorse the use of ethically ambiguous tactics when negotiating with someone from another country than with someone from the same country.

The difficulty is knowing what to do with the information that comes from these research findings. Clearly there are cultural differences in perceptions of what is or isn't appropriate in negotiation—differences that we can uncover statistically in a research study looking at many individuals. But it is just as clearly hazardous—and wrong—to assume that because a researcher can find a cultural trend in a sample of many individuals that any one individual would actually behave in a certain way. Furthermore, our understanding of cultural effects will naturally be limited by the range of cultures that researchers choose to study. For instance, as Banai et al. (2014) observed, “business ethics and negotiation have been very sporadically and unsystematically studied in the Middle Eastern and Central Asian regions” (p. 682).

Not everyone acts in ways that are culturally representative; in fact, some negotiators may go out of their way to avoid doing so. An American attorney we know who negotiates business deals in Latin America tells us he has noticed that some Mexican negotiators he meets with will adopt an extreme U.S. style of interaction rather than exhibit communication patterns that are “typical” of Mexico, presumably to adapt to the American counterpart across the table. When it comes to negotiator ethics, differences across cultures may be a function not so much of different beliefs about ethics per se, but rather variations in the role of personal relationships in different societies. Rivers and Lytle (2007) illustrate this point: “A Chinese negotiator may not realize that a Western counterpart does not share their view of the importance of obligation to a friend and may be perplexed to be labeled ‘unethical’

when they are acting honorably within their ethical principles, and offer gift money to establish a stronger relationship. . . . Judging actions used by a culturally different other party as 'unethical' can elicit potent negative responses in a negotiator" (p. 23).

The complications involved in understanding ethics in cross-cultural negotiation are illustrated in Box 5.3. We return to a richer treatment of cross-cultural differences in Chapter 16.

Personality Differences

The inclination to simply be honest and direct may itself represent a kind of stable personality trait. Recent research has examined this inclination in the form of a personality facet labeled "straightforwardness," defined as the "tendency to behave in ways that are frank, sincere, and ingenuous" (DeRue, Conlon, Moon, and Willaby, 2009). These researchers find that straightforwardness leads negotiators to act with greater concern for the other party's interests, which can enhance integrative outcomes.

Researchers have identified several other dimensions of personality that may predict the likelihood that negotiators will endorse the use of ethical ambiguous tactics or actually behave unethically. We discuss four of them here.

Competitiveness versus Cooperativeness Lewicki and Robinson (1998) found that students who rated themselves as aggressive were significantly more likely to use bluffing, misrepresentation, and a variety of other dishonest tactics than students who rated themselves as cooperative. Similarly, Robinson, Lewicki, and Donahue (2000) reported that students who rated themselves as competitive were significantly more likely to use ethically ambiguous tactics than those who rated themselves as cooperative. It is also not surprising that individuals are more likely to lie to a competitor (Ross and Robertson, 2000).

Steinel and de Dreu (2004) examined how an individual's "social value orientation" influences his or her use of deceptive tactics using a mixed-motive decision game that resembles a prisoner's dilemma game. Social value orientations are preferences people have for acting cooperatively (a "pro-social" orientation) or competitively (a "pro-self" orientation) in a given situation. Not surprisingly, pro-social individuals in Steinel and de Dreu's study were more honest with a cooperative partner than were pro-self individuals. Interestingly, when interacting with a competitive partner, pro-social individuals used even more deceptive tactics than did pro-self actors. The researchers attributed this odd inconsistency to an "over-assimilation" on the part of pro-social individuals. In other words, their reaction to competitive parties might have been a punitive effort to hold the other party responsible for his or her competitive orientation.

Empathy and Perspective Taking A negotiator acts with empathy when he or she feels compassion and concern for the other party and takes the other's feelings into account when formulating beliefs and actions. Empathy is an aspect of personality in the sense that we can measure a stable tendency to experience feelings of compassion, sympathy, and concern for others (Davis, 1983). In two studies, Cohen (2010) found that individuals high in empathy were more inclined to reject the use of lying and misrepresentation in negotiation and to disapprove of gaming emotions to gain an advantage. In these studies, Cohen also looked at the related personality trait of perspective-taking, which is the tendency to imagine

People who conduct business in countries other than their own encounter not only different languages but different cultural mores and practices as well. They may find that local business practices reflect ethical standards that are dictated by cultural norms that are dissimilar to their own. Such a situation can lead to an ethical dilemma: Which system of ethics should guide the interaction? Is it more appropriate to adopt the ethical system of the host country or to remain true to one's own ethical standards? Henry Lane, Joseph DiStefano, and Martha Maznevski argue that there are some guidelines for decision makers that bridge cultural differences. They offer this list of general advice that can guide businesspeople through interactions in a variety of cultural settings:

1. Identify the stakeholders that have an interest in or will be affected by the decision. This might include the home-country or host-country governments, suppliers, employees, unions, and customers. What are your responsibilities and obligations to each of these stakeholders?
2. Ask yourself whether you have the best information possible and whether it is reliable.
3. Do not avoid making ethical decisions that are your responsibility, but also do not accept responsibility for decisions that are not your responsibility.
4. Enter into dependent relationships with care. Be certain that you retain enough power to maintain your own standards.
5. Do the best for all involved stakeholders, fulfill your obligations, observe laws and contracts, do not use deception, and avoid knowingly doing harm (physical, psychological, economic, or social).
6. Remember the “billboard,” or “light-of-day,” test: When you drive to work tomorrow morning, would you be happy to see your decision on a billboard at the side of the road? Would your action appear reasonable then?

Source: Adapted from Lane, Henry W., DiStefano, Joseph J., and Maznevski, Martha L., *International Management Behavior*. Cambridge, MA: Blackwell, 1996.

yourself in the other person's position and entertain his or her point of view. Interestingly, while people who were high in *emotional* empathy were apt to disapprove of ethically questionable tactics, the more *cognitive* trait of perspective-taking was not related to approval or disapproval of these tactics.

Machiavellianism In Chapter 15, we discuss the personality variable called Machiavellianism. Machiavellians adhere to a pragmatic and expedient view of human nature—“The best way to handle people is to tell them what they want to hear” or “It is hard to get ahead without cutting corners here and there.” A number of studies have shown that individuals who are high in Machiavellianism are more willing and able con artists, are more likely to lie when they need to, are better able to tell a lie without feeling anxious about it, and are more persuasive and effective in their lies (Christie and Geis, 1970).⁶ Machiavellianism thus appears to be a predictor of unethical conduct—or at least of a tendency to be tolerant of the use of ethically questionable strategies in order to achieve desired goals.

Locus of Control Individuals differ in their locus of control—that is, the degree to which they believe that the outcomes they obtain are largely a result of their own ability and effort (internal control) versus fate, chance, or circumstance (external control). Studies have

generally predicted that people who are high in internal control are more likely to do what they think is right (i.e., they have a stronger personal value system or ethical code) and to feel that they had more control over producing the outcomes they wanted to achieve in a situation in which there were temptations to be unethical. Evidence from studies of cheating and ethical decision making has supported this prediction (Lefcourt, 1982; Trevino and Youngblood, 1990), although it is important to note that locus of control seems most important when individuals can also exert control over outcomes. Thus, locus of control appears to be a moderately powerful contributor to ethical decision making, although it has yet to be tested as a factor in tactic selection in negotiation. We discuss its role in negotiation more generally in Chapter 15.

Moral Development and Personal Values

Many researchers have explored the relationship of an individual's level of moral development to ethical decision making. Kohlberg (1969) proposed that an individual's moral and ethical judgments are a consequence of achieving a particular developmental level or stage of moral growth. Kohlberg proposed six stages of moral development, grouped into three levels:

1. A preconventional level (stages 1 and 2), where the individual is concerned with concrete outcomes that meet his or her own immediate needs, particularly external rewards and punishments.
2. A conventional level (stages 3 and 4), where the individual defines what is right on the basis of what his or her immediate social situation and peer group endorses or what society in general seems to want.
3. A postconventional level (stages 5 and 6), where the individual defines what is right on the basis of some broader set of universal values and principles.

The higher the stage people achieve, the more complex their moral reasoning should be and the more ethical their decisions should be. In addition, there may be sex differences in this ethical reasoning process—as noted earlier, women's ethical reasoning may be more relational and less individualistic than men's (Gilligan, 1982).

Many studies have demonstrated the power of measuring ethical orientation in this way (see Trevino, 1986, and Trevino and Youngblood, 1990, for reviews). The results have indicated that higher levels of moral development are associated with more ethical decisions, less cheating behavior, more helping behavior, and more resistance to authority figures who are attempting to dictate unethical conduct. Other studies have investigated value differences, defined more broadly. Glover, Bumpus, Logan, and Ciesla (1997) conducted an extensive study of honesty/integrity and other values such as achievement, fairness, and concern for others on ethical decision making. They found that fairness and achievement selectively predicted some ethical decisions, while honesty did not predict any ethical choices. These mixed findings are reasonably consistent with the growing literature that attempts to measure individual values and morality and relate them to ethical decisions.

Contextual Influences on Unethical Conduct

The last set of factors that should influence a negotiator's willingness to act unethically are contextual factors—aspects of the situation that elicit or encourage the use of ethically troubling

behaviors. We briefly examine a number of contextual elements: the negotiator's past experience with using unethical tactics, incentives to use the tactics, characteristics of the other party, the quality of the relationship with the other party, differences in power and status between the parties, types of negotiation situations, modes of communication, whether a negotiator is acting as the principal actor or an agent, and the social norms that govern the negotiation process.

Past Experience The simple impact of past experience—particularly failure—can increase the likelihood that a negotiator might attempt to use unethical tactics. Schweitzer, Ordóñez, and Douma (2004) gave students different kinds of goals (do your best, meet a specific goal, or exceed a specific goal), then asked them to solve puzzles and manipulated their success or failure at the puzzle task. First, having specific goals clearly influenced reporting of accomplishment; if told to “do your best,” parties reported more honestly than if they had a specific goal to meet. Participants who had to meet specific goals were more likely to overstate their productivity than those who did not have specific goals, were more likely to overstate their success when their actual performance was closer to the goal, and were more likely to overstate in those situations where they thought they “deserved” the reward based on overall productivity.

Role of Incentives A second factor that can influence a negotiator's tendency to use ethically ambiguous tactics is the role of incentives in place in a given situation. Tenbrunsel (1998) demonstrated that greater incentives influenced a negotiator's inclination to misrepresent to the other party, and they enhanced the negotiator's expectation that the other party would misrepresent. However, it is difficult to determine whether the negotiator's heightened sensitivity to misrepresentation was due to an expectation that the other was going to misrepresent or was because the negotiator intended to misrepresent himself.

Characteristics of the Other Party Negotiators may not necessarily plan to use deceptive or ethically ambiguous behavior during a negotiation, but may do so when it is perceived that the other party is vulnerable to such tactics. The work of Olekalns and Smith (2007) suggests that negotiators often use these tactics opportunistically. When a partner was perceived as benevolent, trustworthy, or having integrity, a negotiator was more likely to deceive her by omitting or misrepresenting information. The authors argued that this pattern may represent opportunistic betrayal, whereby negotiators use ethically ambiguous tactics because the potential cost of detection or punishment from the other party is low. Ironically, the authors also found that information was misrepresented more often when the other party was perceived as powerful. Power, in this context, was not defined as relative power, but rather as having a powerful disposition. In this circumstance, deception may not have been used opportunistically, but rather defensively. Olekalns and Smith argued that the perceived risk of exploitation is higher when the other party is powerful; hence, the decision to distort information may be seen as a way of leveling the playing field.

Relationship between the Negotiator and the Other Party Two aspects of the negotiator's relationship with the other party affect the tendency to use certain tactics:

what the relationship has been like in the past and what the parties would like it to be in the future. The negotiators' *past* relationship will affect current behavior if the parties have been previously competitive or cooperative, are friends or enemies, feel indebted to each other, or hold grudges toward each other. For example, research by Gruder (1971) showed that negotiators were likely to make deceptive arguments, negotiate for a longer period of time, and make fewer concessions when they had previously experienced the other party as exploitative than when the other party had been cooperative. Similarly, Schweitzer (1997) demonstrated that students were more likely to lie to strangers than they were to friends, and they were particularly more likely to lie to strangers who did not ask any probing questions.

An analogous argument can be made for a negotiator's expectations about how the other party will behave in the present or future. If you view the other party with suspicion—as exploitative, competitive, dishonest—you can then justify a relativistic approach to strategy and claim that anticipatory self-defense legitimizes your actions. However, you can see how this form of rationalization may be easily distorted by fear and suspicion and hence create a self-fulfilling prophecy to justify use of an unethical tactic. All a negotiator needs is to experience some mildly competitive or exploitative bit of behavior from the other party, or even to imagine that it is going to occur. Naturally, this will motivate the other party to seek revenge and act exactly as the negotiator anticipated. On the other hand, the presence of interpersonal trust among the parties tends to inhibit the use of competitive or distributive tactics (Kong, Dirks, and Ferrin, 2014), diminishing the urge to be dishonest.

A factor that can balance this self-fulfilling dynamic is whether the negotiator expects the relationship to be short-term or long-term. In the Lewicki and Spencer (1991) study discussed earlier, participants were told to expect either a short-term or long-term working relationship with the other party. Participants who expected to be in a short-term relationship were more likely to see ethically ambiguous tactics as appropriate than those expecting a long-term relationship, regardless of their own and the other party's motivations. This is consistent with research showing that the prospect of future negotiations with an individual motivates negotiators to act ethically (Volkema and Fleury, 2002). Taken together, these findings indicate that negotiators are more willing to use ethically precarious tactics if they do not anticipate having to live with the consequences of doing so.

Relative Power between the Negotiators We discussed the link between power and ethics earlier in this chapter, observing that negotiators use deception as a way to gain temporary information power over the other party. This might seem to suggest that lower-power negotiators are more likely to act unethically in order to overcome a disadvantage. However, the evidence on this is mixed. In one study (Koning et al., 2011), bargainers confronted with an ultimatum were especially likely to use deception to try to get a better offer when they were in a low-power position. But in another study (Cross, Kayser, and Lamm, 1980), negotiators with *more* power bluffed more often and communicated less with their counterpart than those with less power. This latter result might seem paradoxical: Why should negotiators with more power, who can presumably get what they want by using their power legitimately, use unethical tactics that increase their power even more? The answer may lie in an “intoxication” theory of power, which holds that power corrupts the thinking of the

powerful; results confirming the theory have been consistently observed both in laboratory research and in the power dynamics between “haves” and “have nots” in society. A balance of power should lead to more ethical conduct than an imbalance does. (In Chapter 19, we explore the role of third parties, such as mediators, who often must address power differences between disputants to produce a level playing field.)

Types of Negotiation The structure of the negotiation situation—for instance, whether the task at hand is distributive or integrative—may alter the ethics that negotiators bring to the table. In a field study of how sales and purchasing representatives in Germany approached their business-to-business negotiations, Moosmayer, Niemand, and Siems (2016) found some intriguing differences in what negotiators thought was ethical, depending on the kind of context involved. Many of the sales representatives who were interviewed regarded distributive price negotiations as appropriate venues for “opportunistic, ‘ethics-free’ behavior” emphasizing ends over means; in contrast, during integrative phases of negotiation, the same individuals were more inclined to be more deontological, more principled, and less deceptive.

Mode of Communication Advances in technology have affected the way negotiators can communicate with each other. As we discuss in some detail in Chapter 7, the evolution of email, texting, teleconferencing, and various social media platforms provides parties more ways to communicate back and forth than ever before (see Lewicki and Dineen, 2002, for a review of the overall impact of “virtuality” on negotiation). There is evidence that deception is viewed differently when it occurs over email compared with other modes of communication (Zhou, Burgoon, Nunamaker, and Twitchell, 2004). The relevant question for us here is whether negotiators are more or less likely to use ethically ambiguous tactics when they are physically removed from each other (using phone, email, voicemail, or texting) than when they are face-to-face. Research thus far points to mixed results. Volkema and colleagues (2010, p. 278) found that the frequency of unethical behavior was “considerably larger” in their email-based simulation than in other studies involving face-to-face negotiation. Schweitzer, Brodt, and Croson (2002), on the other hand, contend that negotiators lie more in face-to-face situations because they want to be able to monitor the other party’s reactions—to make sure that the lie is having its intended effect. Yet others have argued that interpersonal bonds are weaker (Friedman and Currall, 2003) and there is less trust and more suspicion (Fortune and Brodt, 2000) among negotiators when they are not face-to-face. Face-to-face situations compel a negotiator to be more honest and cooperative because of the personal and emotional consequences of being caught in a lie in the face-to-face context (Thompson, 1998). Interestingly, though, it is plausible that email is an advantageous medium when moral or ethical matters are themselves the subject of discussion. That’s because an email “conversation” features fewer interruptions, offers more time for reflection, and incorporates fewer emotional behaviors (van Es, French, and Stellmaszek, 2004). More work is necessary on the intersection between negotiation ethics and communication channels to refine these ideas.

Acting as an Agent versus Representing Your Own Views Acting as an agent for another party often puts you in a different ethical frame of mind than negotiating for yourself. As one author has put it,

Many negotiators fail to understand the nature of negotiation and so find themselves attempting to reconcile conflicts between the requirements of negotiation and their own sense of personal integrity. An individual who confuses private ethics with business morality does not make an effective negotiator. Those who serve as agents in a negotiation must learn to be objective and to subordinate their own personal goals to the prime purpose of securing the best possible deal for their constituents (Beckman, 1977, quoted in Lax and Sebenius, 1986, p. 363).

As we point out in Chapter 11, negotiators frequently find themselves representing others' views in negotiation rather than negotiating for their own personal goals and interests. A number of authors have suggested that when people act as an agent for someone else—particularly when the goals for that agent are to get the best possible agreement—they may be more willing to violate personal ethical standards (Bowie and Freeman, 1992). In essence, acting as an agent may release people from their own personal ethical code, giving them the moral latitude to do whatever is necessary to maximize the results for the constituent.

Group and Organizational Norms and Pressures Many negotiators look to the social norms of a particular situation to decide how to behave. Norms are the informal social rules—the dos and don'ts—that govern social behavior. Research suggests that group and organizational norms and pressures may play a key role in legitimizing inappropriate behavior (although, again, this research has not specifically involved negotiating situations). Here are some key findings and observations:

- Studies have shown that different companies can have distinctly different ethical climates or cultures (Newman, Round, Bhattacharya, and Roy, 2017; Victor and Cullen, 1988). Companies differ in how they value and endorse ethical conduct or appear to condone and tolerate marginally ethical behavior in the service of achieving corporate objectives at any price. In an experiment that simulated ethical climates in small groups, Stawiski, Tindale, and Dykema-Engblade (2009) found that while negotiating groups tend to be more likely to engage in deception than individuals, encouraging a group ethical norm around honesty can help to dampen this tendency.
- A company as a whole may have a strong statement of corporate ethics and values, but job-related pressures within particular work groups, departments, or divisions may create an environment where ethically ambiguous behavior is not only tolerated but even condoned. The actions and practices of key managers within work groups or departments play a large role in determining what employees believe is appropriate behavior (see Tomlinson, Dineen, and Lewicki, 2004, for one study and Murphy, 1992, for a broader review). The more loyalty and commitment people feel toward an organization, the more likely they may be to suspend their own ethical judgment and engage in any and all behavior—even unethical or illegal behavior—to demonstrate that loyalty.
- Norms have to be salient—that is, immediate and relevant to the negotiator—to have an impact. In a study of the impact of ethical climate on negotiations, Aquino (1998) showed that when specific ethical standards were made salient and relevant to negotiators, the use of deception by negotiators diminished and more ethical agreements ensued. Similarly, Ross and Robertson (2000) found that individuals were less likely

Many corporations publish, for their employees and stakeholders, guides to what they regard as ethical business conduct or practice. It is not unusual for these corporate “codes of conduct” to mention negotiation practices, usually in connection with relationships with suppliers and customers. On the subject of negotiation, these codes typically do not go into the nuances of negotiator ethics as we have been discussing them in this chapter. Mostly they stick with sweeping statements that assert, in effect, “we are fair and honest.” Here are a few examples from large U.S. companies.

Policies on Business Conduct, Pfizer Inc. (2003, p. 13):

At Pfizer, we are committed to fair competition. This means, among other things, abiding by all laws that apply to our marketing activities. Under these laws, it is illegal to use unfair methods of competition or unfair or deceptive acts or practices in commerce. This prohibition includes, but is not limited to: false or misleading advertising, or any other form of misrepresentation made in connection with sales.

Code of Ethics and Business Conduct, Lockheed Martin (2006, p. 23):

If you are involved in proposals, bid preparations, or contract negotiations, you must be certain that all statements, communications, and representations to prospective customers are accurate and truthful.

Statement of Ethics, Walmart (2005, p. 17):

Walmart bases its relationships with suppliers on lawful, efficient and fair business practices. . . . You must treat Walmart suppliers with respect, fairness and honesty and not take undue advantage of a supplier by using WalMart’s business influence.

Code of Business Conduct, The Coca-Cola Company (2006, p. 20):

Consistent with the obligation we all have to act with integrity and honesty at all times, you should deal fairly with the Company’s customers, suppliers, competitors and employees. No director, officer or employee should take unfair advantage of anyone through misrepresentation or any unfair business practice.

to lie when their organization provided clear ethical guidelines about behavior. (Many corporations do provide guidelines on ethical behavior for their employees, although their coverage of ethics in negotiation rarely goes beyond broad statements touting the importance of honesty; see Box 5.4 for some examples.)

The pressure to obey authority is very strong, as anyone who has read about Stanley Milgram’s famous obedience experiments will recall (Milgram, 1974). Such pressure is real in organizations, and social scientists have documented how thoroughly it can undermine individual integrity (e.g., Brief, 1992; Kelman and Hamilton, 1989). Moreover, the more complex an individual’s moral reasoning capability, the more he or she may experience conflict between personal standards and typical organizational demands (Mason and Mudrack, 1997). In its most extreme forms, organizational pressure leads individuals to commit egregious crimes against humanity, such as the Holocaust during the 1940s, the infamous My Lai massacre in 1968 during the Vietnam war, or the events at the Abu Ghraib prison in Iraq in the early 2000s. Other authors (e.g., Street, Robertson, and Geiger, 1997) have argued that the pressures of escalating commitment, which involve pressures to throw good money after bad or increase commitment to a failing course of action, may also predispose parties to commit ethically dubious actions they might otherwise avoid.

Making decisions in situations involving ethics may require a quick response to a complex set of issues. Author and consultant Michael Rion argues that managers can benefit from having at hand an efficient way of thinking through these kinds of situations. His system of guidelines for ethical decision making is built around asking yourself a series of questions about the situation at hand:

- Why is this situation bothering me?
- Who else matters in this situation, and how are they affected by it?

- Is it *my* responsibility? What are my obligations?
- What is the *ethical* issue here (role of law/fairness/honesty/etc.)?
- What would others say about this situation?
- Am I being true to my values and those of my organization?

Source: Adapted from Rion, Michael, *The Responsible Manager: Practical Strategies for Ethical Decision Making*. Amherst, MA: Human Resource Development Press, 1996.

Section Summary Research shows that a number of individual attributes and situational factors can lead negotiators to suspend their own personal and ethical standards and commit acts that are ethically questionable. These forces include the negotiators' backgrounds and demographic characteristics, aspects of their personality and moral development, and aspects of the social context—the situation in which negotiators find themselves. Some examples of situational factors include the negotiators' past experiences with ethically ambiguous tactics, incentives operating in the situation, nature and quality of the relationship with the other party, type of negotiation, modes of communication used for interaction, and independence of the negotiator (is the negotiator the principal actor involved or acting as someone else's agent?).

Any of these forces appear to be sufficient, under the right circumstances, to trigger individuals to suspend their own good moral judgment in the service of doing what the organization appears to need, want, or request. However, understanding unethical negotiation behavior requires a more complex perspective. As Olekalns, Horan, and Smith (2014, p. 97) observed, various social and structural factors are “more likely to work together than to work independently to shape negotiators' use of deception.” See Box 5.5 for a way to grapple with ethical dilemmas that arise unexpectedly.

How Can Negotiators Deal with the Other Party's Use of Deception?

People lie—quite frequently, in fact (Adler, 2007)—so a chapter such as this would be incomplete without briefly noting some of the things that you can do as a negotiator when you believe the other party is using deceptive tactics. (We will return to this issue in Chapter 17, when we examine a wide range of strategies for damage control.) Table 5.3 presents a variety of verbal strategies for trying to determine if others are being deceptive. And what if they are? Here are some options:

Ask Probing Questions Many negotiators fail to ask enough questions, yet asking questions can reveal a great deal of information, some of which the negotiator might otherwise

TABLE 5.3 | Detecting Deception

Researchers have identified a number of verbal tactics that you can use to determine whether the other party is acting deceptively.

Tactic	Explanation and Examples
Intimidation	Force the other to admit he is using deception by intimidating him into telling the truth. Make a no-nonsense accusation of the other. Criticize the other. Hammer the other with challenging questions. Feign indifference to what he has to say (“I’m not interested in anything you have to say on the matter”).
Futility portrayal	Emphasize the futility and impending danger associated with continued deceit: “The truth will come out someday,” “Don’t dig the hole deeper by trying to cover it up,” “If you try to cover it up, it will only be worse in the future,” “You are all alone in your deception.”
Discomfort and relief	State the maxim “Confession is good for the soul.” Help the other reduce the tension and stress associated with being a known deceiver.
Bluffing	Lie to the other to make her believe you have uncovered her deception: “Your sins are about to be uncovered.” Indicate that you know what she knows but will not discuss it.
Gentle prods	Encourage the other to keep talking so that he gives you information that may help you separate true facts from deceptions. Ask him to elaborate on the topic being discussed. Ask questions but indicate that you are asking because “other people want to know.” Play devil’s advocate and ask playful questions. Praise the other so as to give him confidence and support that may lead to information sharing.
Minimization	Play down the significance of any deceptive act. Help the other find excuses for why she was deceptive; minimize the consequences of the action; indicate that others have done worse; shift the blame to someone else.
Contradiction	Get the other to tell his story fully in order to discover more information that will allow you to discover inconsistencies and contradictions in his comments or reports. Point out and ask for explanations about apparent contradictions. Ask the speaker the same question several times and look for inconsistencies in his response. Present contradictions back and ask the speaker to explain. Put pressure on the speaker and get him to slip up or say things he doesn’t want to say.
Altered information	Alter information and hopefully trick the other into revealing deception. Exaggerate what you believe is the deception, hoping that the other will jump in to “correct” the statement. Ask the suspected deceiver a question containing incorrect information and hope she corrects you.
A chink in the defense	Try to get the other to admit a small or partial lie about some information, and use this to push for admission of a larger lie: “If you lied about this one little thing, how do I know you have not lied about other things?”

(Continued)

TABLE 5.3 | (Continued)

Tactic	Explanation and Examples
Self-disclosure	Reveal a number of things about yourself, including, perhaps, dishonesty on your own part, hoping the other will begin to trust you and reciprocate with disclosures of dishonesty.
Point of deception cues	Point out behaviors you detect in the other that might be an indication he is lying: sweating, nervousness, change of voice, inability to make eye contact, and so on.
Concern	Indicate your true concern for the other's welfare: "You are important to me," "I care deeply about you," "I feel your pain."
Keeping the status quo	Admonish the other to be truthful in order to maintain her good name. "What will people think?" Appeal to her pride and desire to maintain a good reputation.
Direct approach	"Simply tell me the truth." "Let's be honest here." "Surely you have no objection to telling me everything you know."
Silence	Create a "verbal vacuum" that makes the other uncomfortable and gets him to talk and disclose information. When he tells a lie, simply maintain direct eye contact but remain silent.

Source: Adapted from Kalbfleisch, Pamela J., "The Language of Detecting Deceit," *Journal of Language and Social Psychology*, vol. 13, no. 4, December 1, 1994, 469–96.

have intentionally left undisclosed (Schweitzer, 1997; Schweitzer and Croson, 1999). In an experimental simulation of a negotiation over the sale of a computer (Schweitzer and Croson, 1999), buyers were either strongly prompted to ask questions of the seller about the condition of the computer or not prompted to ask questions. Across the board, asking questions about the condition of the computer reduced the number of the seller's deceptive comments (lies of commission). However, under some conditions, asking questions also increased the seller's use of lies of omission about other aspects of the computer. Thus, while questions can help a negotiator determine whether another is being deceptive, cross-examination may actually increase the seller's tendency to be deceptive in areas where questions are not being asked.

Phrase Questions in Different Ways Robert Adler (2007), a scholar in law and ethics, points out that what negotiators engaged in deception are usually doing is not outright lying (which risks liability for fraud); instead, "they dodge, duck, bob, and weave around the truth, assuming that their statements will be misconstrued or not challenged" (p. 72). A question posed a certain way may elicit an answer that is technically true but skirts the actual truth the questioner seeks to uncover. Consider this example: As a prospective house buyer, I ask "How is the heating system?" and the seller replies, "It works fine," so I draw the conclusion that there's no problem. Alternatively, I could have asked, "When was the last time the heating system was inspected, and what was the result?" (and perhaps gone even further and asked for written documentation of the inspection). I might learn that although the system is in reasonable working order at the moment ("it works fine"), the inspection revealed it's on its last legs and will need replacement within the next year—different question, different answer, and less of an evasion.

Force the Other Party to Lie or Back Off If you suspect the other party is being cagey or deceptive about an issue but is not making a clear statement in plain language, pose a question that forces him or her to tell a direct lie (if the assertion is false) or else abandon or qualify the assertion. For instance, if the seller of a piece of property alludes to other interested buyers and implies there are other offers, ask a question about other offers in a clear way that calls for a yes or no answer. This can be a useful strategy because, as we noted earlier, research shows people are more inclined to lie by omission than by commission. Some people are comfortable being cagey or misleading, but they will run headlong into their conscience if forced to flatly lie while looking someone in the eye. Conscience aside, this kind of question may also make the other party nervous about liability for fraudulent negotiator behavior. Hence, the timely use of a sharp, direct question will induce some adversaries to back off rather than fib to your face. (Granted, a pathological liar may well rise to the challenge.)

Test the Other Party Not sure if the other party is the kind of person who would lie? Adler (2007) suggests asking a question to which you already know the answer. If the answer you get is evasive or deceptive, you have learned something important about the other party and his or her trustworthiness. And when you do think your opponent's allegiance to the truth is shaky, Adler counsels taking good notes during the negotiation (and invite the other side to confirm the accuracy of your notes) in order to create and preserve accountability later.

"Call" the Tactic Indicate to the other side that you know he or she is bluffing or lying. Do so tactfully but firmly, and indicate your displeasure. Keep in mind, however, that spotting lies is not always easy—see Box 5.6. Mistakenly calling the other party a liar or an unethical negotiator is certainly not the path to a constructive process and fruitful outcome.

Ignore the Tactic If you are aware that the other party is bluffing or lying, simply ignore it, especially if the deception concerns a relatively minor aspect of the negotiation. Some may lie or bluff out of an expectation that this is what they "should" be doing—that it's part of the ritual or dance of negotiation—rather than out of a sinister sense of ethics or morality. Negotiators at times make unwise commitments—statements they later regret promising things or ruling out options—and it is sometimes in the best interest of the other party to help that negotiator escape the commitment and save face. A similar logic can apply to deceptive statements when the motive is closer to naïveté than depravity: Let it pass, avoid embarrassing the other person, and move on. (Table 5.3 has additional suggestions for dealing with situations where you suspect that the other party is engaged in deception.)

Discuss What You See and Offer to Help the Other Party Shift to More Honest Behaviors This is a variation on calling the tactic, but it tries to assure the other party that telling the truth is, in the long term, more likely to get him what he wants than any form of bluffing or deception will.

Although people in general are not particularly good at spotting lies, some people continue to believe that they can tell by looking into someone’s face if that person is inclined to be dishonest or truthful on a regular basis. But how accurate are such assessments?

A study asked participants to view photographs of the same people as children, adolescents, and adults and to rate their attractiveness and honesty based on an assessment of their faces.

These results were compared to self-reports of honest behavior provided by the people in the photographs. The results demonstrated that structural qualities of the face, such as attractiveness, “babyfacedness,” eye size, and symmetry each individually contributed to perceptions of greater honesty in observers. The self-reports revealed that men who looked more honest early

in life actually were more honest as they grew older. On the other hand, women whose behavior was less honest when they were young grew to appear more honest as they aged, even though their behavior did not change significantly. Study participants were able to correctly identify the most honest men in the group as they aged, but their assessment of women was largely inaccurate.

The researchers concluded that men’s faces accurately reflected their tendency toward honesty, but women’s faces were not particularly valid indicators of their truthfulness.

Source: Adapted from Zebrowitz, Leslie A., Voinescu, Luminita, and Collins, Mary Ann, “Wide-Eyed and Crooked-Faced: Determinants of Perceived and Real Honesty Across the Life Span,” *Personality and Social Psychology Bulletin*, vol. 22, no. 12, December 1, 1996, 1258–69.

Respond in Kind If the other party bluffs, you bluff more. If she misrepresents, you misrepresent. We do not recommend this course of action at all, because it simply escalates the destructive behavior and drags you into the mud with the other party, but if she recognizes that you are lying, too, she may also realize that the tactic is unlikely to work. Of course, if the other party’s lies are so direct and extreme as to constitute legally actionable fraud, then it is not an approach you would want to mimic under any circumstances. In general, the respond-in-kind approach is best treated as a last-resort strategy.

Chapter Summary

The process of negotiation raises frequent and critical ethical issues. In this chapter, we have discussed factors that negotiators consider when they decide whether particular tactics are deceptive and unethical. Although a lot of writing on negotiation is strongly normative about ethical dos and don’ts, we prefer an analytical approach that focuses on how negotiators actually make decisions about when and where to use specific tactics. Accordingly, we approached the study of ethically ambiguous tactics from a decision-making framework, examining the ethical overtones of the choices that negotiators make.

We began by drawing on a set of hypothetical scenarios to discuss how ethical questions are inherent in

the process of negotiation. We then presented four fundamental approaches to ethical reasoning and showed how each might be used to make decisions about what is ethically appropriate in negotiations. We proposed that a negotiator’s decision to use ethically ambiguous (or flatly unethical) tactics typically grows out of a desire to increase one’s negotiating power by manipulating the landscape of (presumably accurate) information in the negotiation. We discussed the different forms that ethically ambiguous tactics take, and we reviewed relevant research about the use of those tactics.

Working from a simple model of ethical decision making, we analyzed the motives for and consequences

of engaging in unethical negotiation behavior. We then expanded the model to identify individual differences and contextual factors that influence the likelihood that negotiators will use such tactics. Finally, we addressed how negotiators can respond to another party that may be using tactics of deception or subterfuge.

In closing, we suggest that negotiators who are considering the use of deceptive tactics should ask themselves the following questions:

- Will they really enhance my power and help me achieve my objective?

- How will the use of these tactics affect the quality of my relationship with the other party in the future?
- How will the use of these tactics affect my personal and professional reputation as a negotiator?

Negotiators frequently overlook the fact that although unethical or expedient tactics may get them what they want in the short run, these same tactics typically lead to tarnished reputations and diminished effectiveness in the long run.

Endnotes

¹ See Boatright (2000); De George (2006); Donaldson and Werhane (2008); Green (1994); Rachels (2003) for elaborations of these approaches.

² *The American Heritage Dictionary of the English Language* (3rd edition), 1992, © Boston, MA: Houghton Mifflin.

³ See Kelley (1966).

⁴ The accompanying box (5.1) on the legality of lying in negotiation addresses U.S. law. Obviously, legal systems vary

from country to country, and so will legal doctrine regarding deception and fraud in negotiation.

⁵ See also Fulmer, Barry, and Long (2009); Lewicki (1983); Lewicki and Spencer (1990); Lewicki and Stark (1995); Robinson, Lewicki, and Donahue (2000).

⁶ See also Braginsky (1970); Exline, Thibaut, Hickey, and Gumpert (1970); Geis and Moon (1981); Ross and Robertson (2000).



Perception, Cognition, and Emotion

Objectives

1. Examine the important role played by perceptions, cognitions, and emotions in negotiation.
 2. Explore how perceptions can become distorted and lead to biases in negotiation and judgment.
 3. Consider the ways that cognitions (information processing) in negotiation can be affected by biases and framing processes.
 4. Understand the role that emotions and mood play in shaping negotiation processes and outcomes.
 5. Gain advice on how to manage perception, cognition, and emotions in negotiation situations.
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CHAPTER OUTLINE

Perception

Perception Defined

Perceptual Distortion

Framing

Types of Frames

How Frames Work in Negotiation

Another Approach to Frames: Interest, Rights, and Power

The Frame of an Issue Changes as the Negotiation Evolves

Cognitive Biases in Negotiation

1. *Irrational Escalation of Commitment*

2. *Mythical Fixed-Pie Beliefs*

3. *Anchoring and Adjustment*

4. *Issue Framing and Risk*

5. *Availability of Information*

6. *The Winner's Curse*

7. *Overconfidence*

8. *The Law of Small Numbers*

9. *Self-Serving Biases*

10. *Endowment Effect*

11. *Ignoring Others' Cognitions*

12. *Reactive Devaluation*

Managing Misperceptions and Cognitive Biases in Negotiation

Mood, Emotion, and Negotiation

Chapter Summary

Perception, cognition, and emotion are the basic building blocks of all social encounters, including negotiation, in the sense that our social actions are guided by how we perceive, analyze, and feel about the other party, the situation, and our own interests and positions. A working knowledge of how humans perceive the world around them, process information, and experience emotions is important to understanding why people behave the way they do during negotiations.

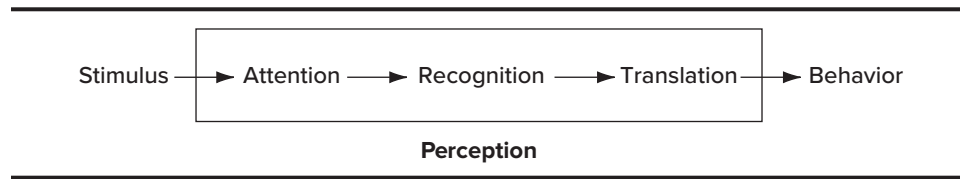
We begin the chapter by examining how psychological **perception** is related to the process of negotiation, with particular attention to forms of perceptual distortion that can cause problems of understanding and meaning making for negotiators. We then look at how negotiators use information to make decisions about tactics and strategy—the process of **cognition**. Our discussion here pursues two angles. First, we focus on *framing*—the strategic use of information to define and articulate a negotiating issue or situation. Second, we discuss the various kinds of systematic errors, or *cognitive biases*, in information processing that negotiators are prone to make and that may compromise negotiator performance. We will also consider how negotiators can manage misperceptions and cognitive biases in order to maximize strategic advantage and minimize their adverse effects.

Social encounters are, however, more than just occasions for perception and cognition. We experience and express **emotion** when we interact with others, and negotiating is certainly no exception. In the final major section of this chapter, we discuss the role of moods and emotions in negotiation—both as causes of behavior and as consequences of negotiated outcomes.

Perception

Perception Defined

Perception is the process by which individuals connect to their environment. We are interested here in perceptions that connect a person with a social environment such as a negotiation encounter. Negotiators approach each situation guided by their perceptions of past situations and current attitudes and behaviors. Many things influence how a person understands and assigns meaning to messages and events, including the perceiver's current state of mind, role, and comprehension of earlier communications.¹ In negotiation, the goal is to perceive and interpret with accuracy what the other party is saying and meaning. Perception is a complex physical and psychological enterprise. It has been defined as “the process of screening, selecting, and interpreting stimuli so that they have meaning to the individual” (Steers, 1984, p. 98). Perception is a “sense-making” process; people interpret their environment so that they can respond appropriately (see Figure 6.1). Environments are typically complex—they present a large number and variety of stimuli, each having

FIGURE 6.1 | The Perceptual Process

different properties such as magnitude, color, shape, texture, and relative novelty. This complexity makes it impossible to process all the available information, so as perceivers we become selective, tuning in on some stimuli while tuning out others. This selective perception occurs through a number of perceptual “shortcuts” that allow us to process information more readily. Unfortunately, the perceptual efficiencies that result may come at the expense of accuracy. We turn next to forms of perceptual distortion that are particularly relevant for negotiation.

Perceptual Distortion

In any given negotiation, the perceiver’s own needs, desires, motivations, and personal experiences may give rise to preconceived notions about the other party. This is cause for concern when they lead to biases and errors in perception and subsequent communication. Research on perception and communication goes back several decades (e.g., Bruner and Tagiuri, 1954), with attention to this topic in the negotiation domain coming much later (e.g., Thompson, 1995). We discuss four major perceptual errors: stereotyping, halo effects, selective perception, and projection. Stereotyping and halo effects are examples of perceptual distortion by generalization: Small amounts of information are used to draw large conclusions about individuals. Selective perception and projection are, in contrast, forms of distortion that involve anticipating certain attributes and qualities in another person. The perceiver filters and distorts information to arrive at a predictable and consistent view of the other person.

Stereotyping *Stereotyping* is a very common distortion of the perceptual process. It occurs when one individual assigns attributes to another solely on the basis of the other’s membership in a particular social or demographic category. Stereotypes are formed about a wide variety of groups; examples include the younger generation, males or females, Italians or Germans, or people of different races, religions, or sexual orientations. In each case, stereotypes tend to be formed in the same way. People assign an individual to a group based on one piece of perceptual information (e.g., the individual is young or old); then they assign a broad range of other characteristics of the group to this individual (e.g., “old people are conservative; this person is old and therefore is conservative” or “young people are disrespectful; this person is young and therefore is disrespectful”). There may be no factual basis for the conclusion that this particular older individual is conservative; the conclusion is based on the generalization of qualities that have been attributed—accurately or not—to the larger group. Applying other traits associated with the category to this particular individual may further compound the error.

Once formed, stereotypes can be highly resistant to change. The simple process of using a single criterion—even an arbitrary one—to divide people into groups encourages group members to begin to define themselves as “we” and the other group as “they” and then to make evaluative comparisons between them. Individuals are more likely to resort to stereotyping under certain conditions. Examples include time pressure, cognitive stress, and mood, which have all been linked to greater reliance on stereotypes (de Dreu, 2003; Forgas and Fiedler, 1996; Devine, 1989). In addition, conflicts involving values, ideologies, and direct competition for resources among groups increase the likelihood that stereotyping will occur (Sherif, Harvey, White, Hood, and Sherif, 1988).

Halo Effects *Halo effects* in perception are similar to stereotypes. Rather than using a person’s group membership as a basis for classification, however, halo effects occur when people generalize about a variety of attributes based on the knowledge of one attribute of an individual (Cooper, 1981). A smiling person is judged to be more honest than a frowning or scowling person, for example, even though there is no consistent relationship between smiling and honesty. Halo effects may be positive or negative. A good attribute may be generalized so that people are seen in a very positive light, whereas a negative attribute has the reverse effect. The more prominent the attribute is in influencing the overall judgment about an individual, the more likely that it will be used to cast further information in a light that is consistent with the initial judgment. Research shows that halo effects are most likely to occur in perception (1) when there is very little experience with a person along some dimension (and so the perceiver generalizes about that person from knowledge acquired in other contexts), (2) when the person is well known, and (3) when the qualities have strong moral implications (Bruner and Tagiuri, 1954).

Halo effects and stereotypes are common hazards in negotiation. Negotiators are apt to (and may well be under pressure to) form rapid impressions of each other based on very limited initial information, such as appearance, group membership, or initial statements. Negotiators tend to maintain these judgments as they get to know each other better, fitting each piece of new information into some consistent pattern. Finally, as Bruner and Tagiuri suggest, the mere suggestion that the other party can be viewed in moral terms—for example, honest or dishonest, ethical or unethical—is likely to affect the perception of a wide variety of their other attributes.

Selective Perception *Selective perception* occurs when the perceiver singles out certain information that supports or reinforces a prior belief and filters out information that does not conform to that belief. Selective perception has the effect of perpetuating stereotypes or halo effects: After forming quick judgments about someone on the basis of limited information, a person may then filter out further evidence that might disconfirm the judgment. An initial smile from the other party, which leads the negotiator to believe that he or she is honest or cooperative, might also lead the negotiator to downplay any of that party’s statements that demonstrate an intention to be crafty or competitive. If the negotiator perceives the same initial smile as a smirk, then the negotiator may downplay the other party’s offers to establish an honest and cooperative relationship. In both cases, the negotiator’s own biases—the predisposition to view the smile as honest or dishonest—may affect how the other party’s behavior is perceived and interpreted.

Projection *Projection* occurs when people assign to others the characteristics or feelings that they possess themselves. Projection usually arises out of a need to protect one's own self-concept—to see oneself as consistent and good. Negotiators may assume that the other party will respond in the same manner they would if positions were reversed. For instance, if a negotiator expects that he or she would be frustrated if the two parties' positions were reversed, then that negotiator is likely to perceive that the other party is frustrated. People respond differently to similar situations, however, and projecting one's own feelings and beliefs onto the other negotiator may be incorrect. For instance, if a negotiator is very bothered by delays in negotiations but needs to tell the other party that there will be an unavoidable delay, the negotiator may expect the other party to exhibit frustration at the announcement. While it is possible that the other party will be frustrated, it is also possible that he or she will welcome the delay as an opportunity to complete work on a different project and that any frustration was only a projection from the negotiator's mind. The tendency to project also may lead a negotiator to overestimate how much the other party knows about his or her preferences or desires. In other words, negotiators tend to think their preferences are more obvious to the other party than they actually are (Van Boven, Gilovic, and Medvec, 2003).

Section Summary Perceptual distortions can influence many aspects of the negotiation process and can be quite persistent once they are formed. These shortcuts help individuals make sense of complex environments and situations, but they come with significant costs—perceptual errors, which typically occur without people being aware that they are happening and which can have unfortunate consequences. For example, distortions affect expectations about the other party and lead to assumptions about his or her position, willingness to cooperate or make concessions, and so on. These assumptions, in turn, may lead negotiators to assume a competitive, defensive stance early in a negotiation. The problem with this chain of events is that if the initial assumptions are incorrect, then negotiators may not be able to reverse their effects; by the time a negotiator is in a position to judge the other party accurately, the other party may have interpreted the initial competitive mood and defensive posture of the negotiator as aggressive and antagonistic. This problem may be most acute between groups that have longstanding hostile relationships: unions and management that have been plagued by bitter strikes, ethnic groups with ongoing disagreements, or marital partners in divorce proceedings.

Framing

A key issue in perception and negotiation is framing. A frame is the subjective mechanism through which people evaluate and make sense out of situations, leading them to pursue or avoid subsequent actions (Bateson, 1972; Goffman, 1974). Framing helps explain “how bargainers conceive of ongoing sets of events in light of past experiences” (Putnam and Holmer, 1992, p. 129). Framing is about focusing, shaping, and organizing the world around us. It is about making sense of a complex reality and defining it in terms that are meaningful to us. Frames, in short, define a person, an event, or a process and separate it from the complex world around it (Buechler, 2000).

Framing is a popular concept among social scientists who study cognitive processes, decision making, persuasion, and communication. The importance of framing stems from the fact that two or more people who are involved in the same situation or in a complex problem often see it or define it in different ways (Thompson, 1998). For example, two individuals walk into a room full of people and see different things: One (the extrovert) sees a great party; the other (the introvert) sees a scary and intimidating, unfriendly crowd. Because people have different backgrounds, experiences, expectations, and needs, they frame people, events, and processes differently. Moreover, these frames can change depending on perspective, or they can change over time. What starts out as a game of tag between two boys may turn into a fistfight. A football quarterback is a “hero” when he throws a touchdown but a “loser” when he throws an interception.

Frames are important in negotiation because disputes are often nebulous and open to different interpretations as a result of differences in people’s backgrounds, personal histories, and prior experiences (Roth and Sheppard, 1995). A frame is a way of labeling these different individual interpretations of the situation. Frames emerge and converge as the parties talk about their preferences and priorities; they allow the parties to begin to develop a common definition of the issues related to a situation and a process for resolving them. The frame that ultimately takes hold in a given situation matters because individuals’ perceptions and reactions will likely be affected (Caputo, 2013).

Frames are critical in negotiation because how parties frame and define a negotiating issue or problem is a clear and strong reflection of what they define as central and critical to negotiating objectives, what their expectations and preferences are for certain possible outcomes, what information they seek and use to argue their case, the procedures they use to try to present their case, and the manner in which they evaluate the outcomes actually achieved.² Frames are inevitable; we cannot avoid framing. By choosing to define and articulate an aspect of a complex social situation, we have already implicitly “chosen” to use certain frames and to ignore others. This process often occurs without any real intention by the negotiator; we can frame a situation based on deeply buried past experiences, deep-seated attitudes and values, or strong emotions. Frames can also be shaped by the type of information chosen or the setting and context in which the information is presented.

In the next few pages, we will discuss several aspects of frames:

- Different types of frames.
- How frames work in negotiation situations.
- The interests/rights/power approach to negotiation framing.
- How frames change as a negotiation encounter evolves.

Types of Frames

Several researchers have studied different types of frames in various contexts. Drawing on extensive work on framing in the area of environmental disputes (Gray, 1997; Gray and Donnellon, 1989; Lewicki, Gray, and Elliott, 2003) and other contexts (Trötschel et al., 2015), we offer the following examples of frames that parties use in disputes:

1. *Substantive*—what the conflict is about. Parties taking a substantive frame have a particular disposition about the key issue or concern in the conflict.

2. *Outcome*—a party’s predisposition to achieving a specific result or outcome from the negotiation. To the degree that a negotiator has a specific, preferred outcome he or she wants to achieve, the dominant frame may be to focus all strategy, tactics, and communication toward getting that outcome. Parties with a strong outcome frame that emphasizes self-interest and downplays concern for the other party are more likely to engage primarily in distributive (win–lose or lose–lose) negotiations than in other types of negotiations.
3. *Aspiration*—a predisposition toward satisfying a broader set of interests or needs in negotiation. Rather than focusing on a specific outcome, the negotiator tries to ensure that his or her basic interests, needs, and concerns are met. Parties who have a strong aspiration frame are more likely to be primarily engaged in integrative (win–win) negotiation than in other types.
4. *Process*—how the parties will go about resolving their dispute. Negotiators who have a strong process frame are less concerned about the specific negotiation issues and more concerned about how the deliberations will proceed, or how the dispute should be managed. When the major concerns are largely procedural rather than substantive, process frames will be strong.
5. *Identity*—how the parties define “who they are.” Parties are members of a number of different social groups—gender (male), religion (Roman Catholic), ethnic origin (Italian), place of birth (Brooklyn), current place of residence (London), and the like. These are only a few of the many categories people can use to construct an identity frame that defines them and distinguishes them from others.
6. *Characterization*—how the parties define the other parties. A characterization frame can clearly be shaped by experience with the other party, by information about the other party’s history or reputation, or by the way the other party comes across early in the negotiation experience. In conflict, identity frames (of self) tend to be positive; characterization frames (of others) tend to be negative.
7. *Loss or gain*—how the parties define the risk or reward associated with particular outcomes. For example, a buyer in a sales negotiation can view the transaction in loss terms (the monetary cost of the purchase) or in gain terms (the value of the item). This form of frame is discussed in more detail later in this chapter when we address cognitive biases.

How Frames Work in Negotiation

Although the concept of frames and their role in negotiation is compelling, research in this area is difficult to conduct. It is difficult to know what frame a party is using unless that party tells you (you might listen to or read his or her exact words) or unless you make inferences from the party’s behavior. Even then, such interpretations may be difficult and prone to error. Also, the frames of those who hear or interpret communication may create biases of their own. For example, researchers who are coding the messages of parties in a dispute may have their own frames, which may bias their judgment about the negotiators’ frames. Nevertheless, research exploring frames is important as a window on how parties define what a negotiation is about, how they use communication to argue for their own frames and

try to shape the other's orientation, and how they resolve differences when the two parties are clearly operating from different frames. Here are some insights drawn from linguistic analyses of negotiation transcripts (Gray, 1991, 1997; Lewicki, Gray, and Elliott, 2003) and other studies of framing effects:

1. *Negotiators can use more than one frame.* A land developer discussing a conflict over a proposed golf course that will fill in a wetland can speak about the golf course (the substantive issue), his preferences for how the land should be filled in (an outcome frame), and how much input neighborhood and environmental groups should be able to have in determining what happens to that wetland on his private property (a procedural frame), as well as whether he views these groups favorably or unfavorably (a characterization frame).



"Apparently, we don't negotiate for a pay rise anymore. We have to put forward a case for not taking a pay cut."

2. *Mismatches in frames between parties are sources of conflict.* Two negotiators may be speaking to each other from different frames (e.g., one has an outcome frame and the other has a procedural frame), using different content in the same frame (e.g., they both have a procedural frame but have strong preferences for different procedures), or using different levels of abstraction (e.g., a broad aspiration frame versus a specific outcome frame). Such mismatches cause ambiguity, which may create misunderstanding, lead to conflict escalation and even stalemate, or lead one or both parties to reframe the conflict into frames that are more compatible and that may lead to resolution. For highly polarized disputes, mutual reframing may not occur without the help of a third party (see Chapter 19).
3. *Parties negotiate differently depending on the frame.* Frames may evoke certain strategies or cognitive and emotional responses from negotiators (Caputo, 2013). For example, when parties are prompted to frame a negotiation in emotional terms, they tend to be more highly involved and behave competitively, leading to higher impasse rates (Conlon and Hunt, 2002; Hunt and Kernan, 2005). Likewise, those using an identity frame tend to employ strategies that protect that identity while negotiating; they resist information or proposals perceived as threatening or compromising their personal or social identity (Cohen et al., 2007).
4. *Specific frames may be likely to be used with certain types of issues.* In a negotiation over a job offer, for instance, parties discussing salary may be likely to use outcome frames, while parties discussing relationship issues may be likely to use characterization frames.
5. *Particular types of frames may lead to particular types of agreements.* For example, parties striving for integrative agreements will benefit from using aspiration frames and discussing a large number of issues during their deliberations. In contrast, parties who use outcome or negative characterization frames may be likely to hold negative views of the other party and a strong preference for specific outcomes, which may in turn lead to intensified conflict and distributive outcomes (or no agreement at all).
6. *Parties are likely to assume a particular frame because of various factors.* Value differences between the parties, differences in personality, power differences, and differences in the background and social context of the negotiators may lead the parties to adopt different frames. As an example, see Box 6.1. Many of these factors will receive further attention in later chapters, including Chapter 8 (leverage), Chapter 15 (individual differences), and Chapter 16 (international negotiation).

Another Approach to Frames: Interests, Rights, and Power

Ury, Brett, and Goldberg (1988) proposed an approach to framing disputes that view parties in conflict as using one of three frames:

Interests. People are often concerned about what they need, desire, or want. People talk about their negotiating positions, but often what is at stake is their underlying interests. A person says he “needs” a new smartphone to track fitness goals, but what he really wants is the latest electronic gadget because all his friends have one. Parties who focus on interests in a dispute are often able to find ways to resolve that dispute.

Although skilled negotiators know that their and their opponents' negotiation frames are shaped through experience and culture, few stop to critically examine the cultural elements that shape others' perceptions about conflict. For example, Catherine Tinsley of Georgetown University identified five concepts from Chinese culture that those attempting to negotiate in China should recognize:

- *Social linkage.* The Chinese believe that people should be viewed in the context of their larger social groups rather than as isolated individuals.
- *Harmony.* Because people are inherently imbedded in their social network, peaceful coexistence is highly valued.
- *Roles.* To maintain social harmony, people must understand and abide by the requirements of their role in the relationship network. Roles specify duties, power, and privileges while specifying where in the relational hierarchy an individual falls.
- *Reciprocal obligations.* Each role specifies the obligations that people expect to fulfill and receive within the social network. These obligations persist over time, solidifying the relational network across generations.
- *Face.* The value the Chinese place on "saving face" is central to their perception of social interaction. Face is lost if an individual acts in

a manner that is inconsistent with his or her role or fails to fulfill reciprocal obligations. Face is so valued that the threat of losing it is the primary force that ensures fulfillment of obligations and, consequently, continuance of the relational hierarchy.

Negotiators approaching discussions with the Chinese would do well to consider the perspective on conflict that these cultural realities have created. For example, individual negotiators often rely on the power of their personal network to achieve desired ends. This perspective, which Tinsley called the "relational bargaining frame," encourages parties to augment their power by both soliciting the support of powerful people and arguing for the social legitimacy of their position. While those from a more individualistic culture might reject out of hand the argument that a proposed settlement would be unpopular, such an argument would have great power in the more collectivist Chinese culture. Similarly, parties in the relational frame would be more likely to solicit outside opinions. A powerful strategy might be to encourage parties to align their positions to be compatible with the goals of a greater social collective.

Source: Tinsley, C. H., "Understanding Conflict in a Chinese Cultural Context," in Lewicki, R. J. Bies, R. J., and Sheppard, B. H., eds., "Research on Negotiation in Organizations," *JAI Press*, vol. 6, January 1997, 209-25.

Rights. People may also be concerned about who is "right"—that is, who has legitimacy, who is correct, or what is fair. Disputes about rights are often resolved by helping the parties find a fair way to determine who is right, or that they can both be right. This resolution often requires the use of some standard or rule such as "taking turns," "split the difference," or "how we've done it in the past" to settle the dispute. Disputes over rights are sometimes referred to formal or informal arbitrators to decide whose standards or rights are more appropriate (see Chapter 19).

Power. People may elect to frame a negotiation on the basis of power. Negotiations resolved by power are sometimes based on who is physically stronger or is able to coerce the other, but more often it is about imposing other types of costs—economic pressures, expertise, legitimate authority, and so on. Disputes framed as contests of power usually create clear winners and losers, with all the consequences that come from polarizing the dispute and resolving it in this manner.

Parties have a choice about how they approach a negotiation in terms of interests, rights, and power; the same negotiation can be framed in different ways and will likely lead to different consequences. For example, consider the situation of a student who has a dispute with a local car repair shop near campus over the cost of fixing an automobile. The student thinks she was dramatically overcharged for the work—the garage did more work than requested, used the most expensive replacement parts, and didn’t give her the chance to review the bill before the work was done. The student might “frame” the dispute in one of these three ways:

Interests. The student might argue, “Well, small businesses have a right to charge a fair price for good quality work. I will go in and try to understand the shop owner’s system for pricing repair work; we will talk about what is a fair price for the work and I will pay it, and I will probably go back to the shop again.”

Rights. The student worked in a garage herself one summer and knows that car repairs are priced on what standard manuals state it will generally cost for the labor (hours of work × payment per hour), plus the cost of the parts. “I will ask to see the manual and the invoice for the parts. I will also go to the garage where I worked myself and ask the owner of that garage if he thinks this bill is inflated. I’ll propose to pay for the parts at cost and the labor based on the mechanic’s hourly pay rate.”

Power. “I’ll go in and start yelling at the owner about gouging, and I’ll threaten to tell all my friends not to use this garage. I’ll write letters to the student newspaper about how bad this repair shop is. My mom is a lawyer and I’ll have her call the owner. I’ll teach them a thing or two!”

Note that the different frames are likely to lead to very different discussions between the student and the garage owner. Moreover, the way the student approaches the problem with the garage owner will probably influence how the garage owner responds. The more the student uses power, the more likely the garage owner is to respond with power of his own (e.g., keep the car until the student pays, not reduce the price at all, and call his own lawyer); the confrontation could become angry and lead the parties into small claims court. In contrast, the more the student uses interests, the more the garage owner may be inclined to use interests. The parties will have a discussion about what is fair, given the services rendered; while the student may wind up paying more (than if she “won” the power argument), the tone of the discussion is likely to be far different, and the student may be in a much better position to receive discounts or consideration in the future.

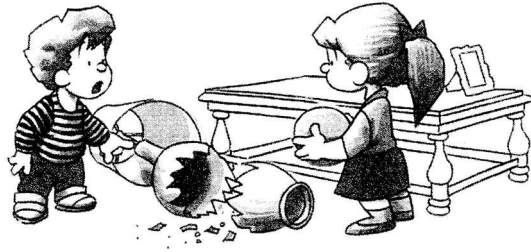
The Frame of an Issue Changes as the Negotiation Evolves

The definition of issues at stake in a negotiation may change as the discussion evolves. Rather than focus only on the dominant frames that parties hold at the beginning of a negotiation, it is also important to consider patterns of change (transformation) that occur as parties communicate with each other. For example, in a classic study of legal disputes and grievances, Felstiner, Abel, and Sarat (1980–81) suggested that these disputes tend to be transformed through a process of “naming, blaming, and claiming.” *Naming* occurs when

parties in a dispute label or identify a problem and characterize what it is about. *Blaming* occurs next, as the parties try to determine who or what caused the problem. Finally, *claiming* occurs when the individual who has the problem decides to confront, file charges, or take some other action against the individual or organization that caused the problem.

Frames are shaped by conversations that the parties have with each other about the issues in the bargaining mix. Although both parties may approach the negotiation with initial frames that resemble the categories described earlier, the ongoing interaction between them shapes the discussion as each side attempts to argue from his or her own perspective or counterargue against the other's perspective. Several factors can affect how conversations and frames are shaped:

1. Negotiators tend to argue for stock issues, or concerns that are raised every time the parties negotiate. For example, wage issues or working conditions may always be discussed in a labor negotiation; the union always raises them, and management always expects them to be raised and is ready to respond. Jensen (1995) reports that negotiations over stock issues can be restructured to include more or fewer issues, increasing the likelihood that a resolution can be found. Discussing international negotiations, Spector (1995) suggests that conflicts framed as "nationalist, ethnic, or ideological" may be quite difficult to resolve, and a major task for mediators in these types of disputes is to provide creative new frames (see Chapter 19).
2. Seeking to make the best possible case for his or her preferred perspective, one party may assemble facts, numbers, testimony, or other evidence to persuade the other party of the validity of his or her argument or perspective. Early in a negotiation, it is not uncommon for the parties to "talk past each other," with each trying to control the conversation with a certain frame or perspective rather than listening to and engaging with the other's case. Eventually, arguments and frames begin to shift as the parties focus on either refuting the other's case or modifying their own arguments on the basis of the other's (Putnam and Wilson, 1989; Putnam, Wilson, and Turner, 1990).
3. Frames may define major shifts and transitions in a complex overall negotiation. Iklé (1964), discussing diplomatic negotiations, suggested that successful bargaining results from a two-stage process he called "formula/detail." In this process, parties start by developing a broad framework of principles and objectives upon which they can agree. Only after that is accomplished do they work toward detailed points of agreement. As Lewicki, Weiss, and Lewin (1992, p. 225) put it, "The framework defines the subset of points that is debatable, while the detail phase permits the debate and packaging of specific issues to construct a settlement acceptable to both sides." William Zartman and his colleagues (Zartman, 1977; Zartman and Berman, 1982) elaborated on the formula/detail model to propose three stages: (a) *diagnosis*, in which the parties recognize the need for change or improvement, review relevant history, and prepare positions; (b) *formula*, in which the parties attempt to develop a shared perception of the conflict, including common terms, referents, and fairness criteria; and (c) *detail*, in which the parties work out operational details consistent with the basic formula.



**“Now, when we explain this to Mom and Dad,
let’s make sure we give it the right spin.”**

Source: ©2013. Reprinted courtesy of Bunny Hoest.

4. Finally, multiple agenda items operate to shape issue development. Although parties usually have one or two major objectives, priorities, or core issues, there are often a number of secondary items. When brought into the conversation, these secondary concerns can transform the conversation about the primary issues (Putnam and Geist, 1985). Analyzing teacher negotiations in two school districts, Putnam (1994) showed how issues became transformed throughout a negotiation. For instance, an issue of scheduling was reframed as an issue of teacher preparation time, and a concern about the cost of personal insurance shifted to an issue about the extent of insurance benefits (Putnam, 1994).

Critical to issue development is the process of *reframing*—changes to the thrust, tone, and focus of a conversation as the parties engage in it. Issues are shaped and reframed by several things, including (1) arguments attacking the significance or stability of problems or the feasibility of solutions, (2) the ways parties “make a case” to others concerning the logic of needs or positions, and (3) the management and interaction (e.g., addition, deletion, packaging) of multiple issues on the negotiation agenda. Reframing is a dynamic process that may occur many times in a conversation as parties challenge each other or search for ways to reconcile seemingly incompatible perspectives. Reframing can also occur as one party uses metaphors, analogies, or specific cases to illustrate a point, leading the other to use the metaphor or case as a new way to define the situation. Reframing may be done intentionally by one side, or it may emerge from the conversation as one person’s challenges fuel the other’s creativity and imagination. In either case, the parties often propose a new way to approach the problem. Research by Mara Olekalns and her colleagues shows that negotiators alter their own message strategies (e.g., away from a competitive orientation) as they come to understand that an opponent’s frame has shifted (Olekalns, Robert, Probst, Smith, and Carnevale, 2005).

Section Summary Framing is about focusing, shaping, and organizing the world around us—making sense of complex realities and defining them in ways that are meaningful to us. We discussed the different types of frames and their importance for understand-

ing strategic choices in negotiation. The way a negotiation problem is defined and the manner in which a conversation between negotiators leads to a reframing of the issues are critical elements to consider as negotiators develop and implement their strategy. We can offer the following prescriptive advice about problem framing for the negotiator:

- *Frames shape what the parties define as the key issues and how they talk about them.* To the extent that the parties have preferences about the issues to be covered, outcomes to be achieved, or processes to be addressed, they should strive to ensure that their own preferred frames are accepted and acknowledged by the others.
- *Both parties have frames.* When the frames match, the parties are more likely to focus on common issues and a common definition of the situation; when they do not match, communication between the parties is likely to be difficult and incomplete. Negotiators who are communicating from different frames should first recognize that they may be talking past each other, raise the issue with each other, and work to reframe their dialogue so that they are communicating on a more compatible wavelength. Of course, matching frames do not guarantee a cooperative process: If both parties have competitive win-lose frames, the frames may match but the negotiation might still be contentious and combative.
- *Frames are controllable, at least to some degree.* If negotiators understand what frame they are using and the frame the other party is using, they may be able to shift the conversation toward the frame they would like the other to adopt.
- *Conversations transform frames in ways negotiators may not be able to predict but may be able to manage.* As parties discuss an issue, introduce arguments and evidence, and advocate a course of action, the conversation changes and the frame may change. It is critical for negotiators to be ready for and track these shifts, and to understand where they might lead.
- *Certain frames are more likely than others to lead to certain types of processes and outcomes.* For example, parties who are competitive are likely to have positive identity frames of themselves, negative characterization frames of each other, and a preference for win-lose approaches to resolving their dispute. Recognizing these tendencies empowers negotiators to reframe their views of themselves, the other, or the dispute resolution mechanism in play in order to pursue a process that will resolve the conflict more productively.

Cognitive Biases in Negotiation

So far in this chapter, we have examined how information is perceived, filtered, distorted, and framed. In this section, we examine how negotiators use information to make decisions during the negotiation. Rather than being perfect processors of information, it is quite clear that negotiators (like all decision makers) have a tendency to make systematic errors when they process information.³ These errors, collectively labeled *cognitive biases*, are numerous; decision-making research has identified more than 20 of them (see Caputo, 2013). In the following pages, we will discuss a dozen cognitive biases that are particularly apt to interfere with negotiator performance: (1) the irrational escalation of commitment, (2) the mythical

belief that the issues under negotiation are all fixed-pie, (3) the process of anchoring and adjustment in decision making, (4) issue framing and risk, (5) the availability of information, (6) the winner's curse, (7) negotiator overconfidence, (8) the law of small numbers, (9) self-serving biases, (10) the endowment effect, (11) the tendency to ignore others' cognitions, and (12) the process of reactive devaluation. The biases we discuss in this section are summarized in Table 6.1.

1. Irrational Escalation of Commitment

Negotiators sometimes remain committed to a course of action even when that commitment constitutes irrational behavior on their part. This is an example of a broader psychological phenomenon known as “escalation of commitment,” which is the tendency for an individual to make decisions that stick with a failing course of action (Brockner, 1992; Sleesman et al., 2012; Staw, 1981). Classic examples include a country that continues to pour military resources into an unwinnable armed conflict and an investor who continues to put more money into a declining stock in hopes its fortunes will turn (“throwing good

TABLE 6.1 | Cognitive Biases in Negotiation

Form of Bias	Definition
Escalation of commitment	Tendency for an individual to make decisions that persist in pursuing a failing course of action
Mythical fixed-pie beliefs	Tendency to see negotiation as a zero-sum or win–lose situation with parties' interests diametrically opposed
Anchoring and adjustment	Being overly influenced by a standard or reference point (an anchor) and failing to make adjustments from it
Issue framing and risk	Tendency to be unduly influenced by the positive or negative frame through which risks are perceived
Information availability	Tendency to overweight information that is easily recalled or otherwise readily available at the expense of information that is critical but less salient
The winner's curse	Tendency to settle quickly on an outcome and then feel discomfort about a negotiation win that comes too easily
Negotiator overconfidence	Tendency to believe that one's ability to be correct or accurate is greater than is actually the case
The law of small numbers	Tendency to draw inappropriate conclusions based on small data samples or a small number of examples
Self-serving bias	Tendency to make attributions about causes of behavior that are self-serving (take personal credit for successes, blame aspects of the situation for negative results)
Endowment effect	Tendency to inflate the value of something you own or have in your possession
Ignoring others' cognitions	Failure to consider the other party's thoughts and perceptions, inhibiting an accurate understanding of their interest and goals
Reactive devaluation	Placing less value on concessions made by the other simply because the other party offered them

money after bad,” as escalation of commitment is sometimes colloquially described). Escalation of commitment situations are defined by “repeated (rather than one-shot) decision making in the face of negative feedback about prior resource allocations, uncertainty surrounding the likelihood of goal attainment, and choice about whether to continue” (Brockner, 1992, p. 40).

Escalation of commitment is due in part to biases in individual perception and judgment. Once a course of action is decided, negotiators often seek supportive (confirming) evidence for that choice while ignoring or failing to seek disconfirming evidence. Initial commitments become set in stone (see the later section on anchoring and adjustment), and a desire for consistency prevents negotiators from changing them. This desire for consistency is often exacerbated by a desire to save face and to maintain an impression of expertise or control in front of others (see Chapter 11). No one likes to admit error or failure, especially when the other party may perceive doing so as a weakness. Escalation of commitment is common when a union goes on strike and expects management to capitulate eventually, in competitive bidding or auction situations, or when negotiators make a threat in anger and then find that they have to follow through on it.

Overconfidence is another factor that can result in escalation of commitment. One study (Ronay et al., 2017) found that escalation is more likely when the decision maker is chronically overconfident about the rightness of his or her decisions. However, this occurs only when the decision is made publicly; the overconfident person is less likely to escalate when deciding in private. There is an interesting lesson here for negotiators: When contemplating your next move in a situation that carries the risk of escalation of commitment, do your analysis and strategizing alone, away from the table, not in the more public setting of the negotiation itself.

Another way to combat these tendencies is to have an adviser serve as a reality check-point—someone who is not consumed by the heat of the moment and can warn negotiators when they inadvertently begin to behave irrationally. Also, a study by Ku (2008) found that decision makers are less likely to escalate if they experienced regret following a previous escalation situation. Unfortunately, many negotiators and decision makers may not have previously experienced such a situation to learn from, so it is important to highlight Ku’s finding in a follow-up experiment: Even just having people *imagine* escalation-related regret before making a crucial decision induces them to de-escalate.

2. Mythical Fixed-Pie Beliefs

Many negotiators assume that all negotiations involve a fixed pie (Thompson, 1990b). Negotiators often approach integrative negotiation opportunities as zero-sum situations or win-lose exchanges. Those who believe in the mythical fixed pie assume that parties’ interests stand in opposition, with no possibility for integrative settlements and mutually beneficial trade-offs, so they suppress efforts to search for them (see Pinkley, Griffith, and Northcraft, 1995; Thompson and Hastie, 1990a, 1990b). In a hiring negotiation, a job applicant who assumes that salary is the only issue may insist on \$75,000 when the employer is offering \$70,000. Only when the two parties discuss the possibilities further do they discover that moving expenses and starting date can also be negotiated, which may facilitate resolution of the salary issue.

The tendency to see negotiation in fixed-pie terms varies depending on how people view the nature of a given conflict situation. This was shown in a clever experiment by

Michele Gelfand and Sophia Christakopoulou investigated whether the tendency to view negotiations in fixed-pie terms might vary according to cultural values held by negotiators. They argued that fixed-pie judgments are commonly experienced across cultures at the start of negotiations but are stronger in some cultures than others by the end of a negotiation encounter. Gelfand and Christakopoulou compared negotiators in an individualistic culture, where cultural norms emphasize individual rights, accomplishments, and competition, with negotiators in a collectivistic culture, where the emphasis is on group accomplishment, interdependence, and harmony. They predicted that negotiators from individualistic cultures would focus more on their own interests and priorities, which may diminish the negotiator's ability to accurately gauge the other party's interests, leading to persistent assumptions that the pie is fixed.

Gelfand and Christakopoulou tested this prediction in a simulated business negotiation involving students from an American university (a highly individualistic culture) and students from a university in Greece (a highly collectivistic culture). Participants were asked both before and after the negotiation, which took place via email, to record their judgments of the other party's interests and

desires. With this method, fixed-pie perceptions are present to the extent that an individual regards the other party's interests as directly opposed to his or her own interests. (Such perceptions were inaccurate in this study because the negotiation task did incorporate some integrative potential.)

As expected, the researchers found that there was no difference in the level of fixed-pie error between U.S. and Greek negotiators at the start of the negotiations. After the negotiation, however, Americans were significantly more likely than Greeks to make errors in judging the other party's interests, indicating a bias toward assuming a fixed pie. Transcripts of the negotiations revealed that Greek negotiators made more statements about insight into and awareness of the other party's interests. Curiously, although American negotiators made more judgment errors, they expressed more confidence after the negotiation than Greek negotiators that their understanding of the other party's interests was accurate!

Source: Adapted from Gelfand, Michele J. and Christakopoulou, Sophia, "Culture and Negotiator Cognition: Judgment Accuracy and Negotiation Processes in Individualistic and Collectivistic Cultures," *Organizational Behavior and Human Decision Processes*, vol. 79, no. 3, September 1999, 248–69.

Harinck, de Dreu, and Van Vianen (2000) involving a simulated negotiation between prosecutors and defense lawyers over jail sentences. Some participants were told to view their goals in terms of personal gain (e.g., arranging a particular jail sentence will help your career), others were told to view their goals in terms of effectiveness (a particular sentence is most likely to prevent recidivism), and still others were told to focus on values (a particular jail sentence is fair and just). Negotiators focusing on personal gain were most likely to come under the influence of fixed-pie beliefs and approach the situation competitively. Negotiators focusing on values were least likely to see the problem in fixed-pie terms and more inclined to approach the situation cooperatively. Stressful conditions such as time constraints contribute to this common misperception, which in turn may lead to less integrative agreements (de Dreu, 2003). Fixed-pie beliefs may also vary with cultural values that negotiators bring to the exchange (see Box 6.2).

In Chapter 3, we provided advice on minimizing this fixed-pie belief through procedures for inventing options. We mention two additional approaches here. First, by focusing on underlying interests rather than merely on the issues being negotiated, negotiators are

more likely to see that their fixed-pie perception is misguided (Giacomantonio, de Dreu, and Mannetti, 2010). Second, fixed-pie perceptions can be diminished by holding negotiators accountable for the way they negotiate. In one experiment (de Dreu, Koole, and Steinel, 2000), some negotiators were told that they would be interviewed afterward by experts to discuss what happened. Fixed-pie perceptions were weaker for these negotiators than for negotiators who were not expecting an “accountability interview.” Negotiators operating under accountability also reached agreements having higher joint value for the two parties. But what are negotiators to be held accountable for? A study by Chang, Cheng, and Trotman (2013) showed that the fixed-pie bias is more effectively defused when negotiators are held accountable for how they negotiate (the process) than when they are held accountable for what they achieve (the outcome). It appears that introducing accountability into the negotiation context is one way to increase the chances that individuals will overcome fixed-pie beliefs and strive for more integrative agreements.

3. Anchoring and Adjustment

Cognitive biases in anchoring and adjustment are related to the effect of the standard (or anchor) against which subsequent adjustments are made during negotiation. A classic example of an anchor in negotiation is hearing the other side’s first offer and then thinking, “Gee, that offer was much lower than I expected; perhaps I’ve misconstrued the value here and should reconsider my goals and tactics.” Anchors like this set a potentially hazardous trap for the negotiator on the receiving end because the choice of an anchor (e.g., an initial offer or an intended goal) might well be based on faulty or incomplete information and thus be misleading in and of itself. However, once the anchor is defined, parties tend to treat it as a real, valid benchmark by which to adjust other judgments, such as the value of the thing being negotiated or the size of one’s counteroffer (Kristensen and Garling, 1997, 2000).⁴ A study of real estate agents, for example, showed that agents appraising the value of a house were very strongly affected by its asking price (Northcraft and Neale, 1987). The asking price served as a convenient anchor.

Goals in negotiation—whether set realistically or carelessly—can serve as anchors. These anchors may be visible or invisible to the other party (a published market price versus an uncommunicated expectation), and, similarly, the person who holds them may do so consciously or unconsciously (a specific expectation versus an unexamined, unquestioned expectation or norm). Anchors also can arise from information about prior deals or trading prices in an existing market for the item being negotiated (Phillips and Menkhous, 2010). There is also evidence that anchors operate differently in different cultural settings; in one study, opening offers induced anchoring and hindered joint gains among American negotiators but facilitated mutually beneficial outcomes among Japanese negotiators (Adair, Weingart, and Brett, 2007). Thorough preparation, along with the use of a devil’s advocate or reality check, can help prevent errors of anchoring and adjustment.

4. Issue Framing and Risk

As we discussed earlier in this chapter, a frame is a perspective, or point of view, that people use when they gather information and solve problems. The framing process can cause people to engage in certain types of behavior while avoiding others. Frames can

lead people to seek, avoid, or be neutral about risk in negotiation. The way a negotiation is framed can make negotiators more or less risk-averse or risk-seeking. For instance, people respond quite differently when they are negotiating to “gain” something than when negotiating to “not lose” something (Schurr, 1987).⁵ Simply focusing on the target price during negotiations rather than the lower boundary can lead to higher outcomes (Galinsky, Mussweiler, and Medvec, 2002), although the exact nature of how framing and risk propensity influence negotiation outcomes seems to be influenced by the negotiation task (Bottom, 1998).

The way an issue is framed influences how negotiators perceive risk and behave in relation to it. A basic finding from research that led to the development of what is known as “prospect theory” (Kahneman and Tversky, 1979) is that people are more risk-averse when a decision problem is framed as a possible *gain*, and they are risk-seeking when it is framed as a *loss*. To illustrate, consider this typical salary negotiation (adapted from Bazerman and Neale, 1992):

1. Your current salary (\$57,000).
2. Your potential employer’s initial offer to you (\$62,000).
3. The least amount you are willing to accept (\$65,000).
4. Your estimate of the most the company is willing to offer to you (\$67,000).
5. Your initial salary request (\$72,000).

The tendency to either seek or avoid risk may be based on the *reference point* against which offers and concessions are judged. The reference point is important because it is the number against which you may evaluate negotiation progress and success. In the salary example, there are various possible reference points. If you adopt your current salary (\$57,000) as your reference point, then you view (frame) an offer of \$62,000 as a gain in relation to your current salary. But as your standard of comparison moves down the list, the same offer of \$62,000 becomes progressively framed as a loss (e.g., if your reference point is your reservation price of \$65,000). This distinction is important because if you frame the employer’s offer as a gain, you are more apt to settle (be risk-averse) rather than take a chance (be risk-seeking) that a better outcome can be obtained. But if the offer is framed as a loss, you are more likely to take risks for a better deal. In an experiment illustrating this effect, Ghosh and Boldt (2006) asked corporate managers to focus on either the profit that would be earned or the profit that would be forgone in a prospective transaction. They found that managers primed with a negative frame (profit forgone) were less flexible, held higher expectations, and claimed a larger share of the profit available compared with those primed with a positive frame.

Two things to keep in mind about the effect of frames on risk in negotiation are (1) negotiators are not usually indifferent to risk, but (2) they should not necessarily trust their intuitions regarding it (Neale and Bazerman, 1992a). In other words, negotiators may overreact to a perceived loss when they might react more positively to the same situation if it is framed as a perceived gain. Hence, as a negotiator you must “avoid the pitfalls of being framed while, simultaneously, understanding positively and negatively framing your opponent” (Neale and Bazerman, 1992a, p. 50). When negotiators are risk-averse, they are more likely to accept any viable offer simply because they are afraid of losing. In

contrast, when negotiators are risk-seeking, they are apt to wait for a better offer or for further concessions.

This positive/negative framing process is important because, as we saw in the preceding salary negotiation example, the same offer can elicit markedly different courses of action depending on how it is framed in gain-loss terms. Negotiations in which the outcomes are negatively framed tend to produce fewer concessions and reach fewer agreements, and negotiators perceive outcomes as less fair than negotiations in which the outcomes are positively framed (Bazerman and Neale, 1992). Remedies for the potentially pernicious effects of framing are similar to those for other cognitive biases (e.g., awareness of the bias, sufficient information, thorough analysis, and reality checks) but can be difficult to achieve because frames are often tied to deeply held values and beliefs or to other anchors that are hard to detect.

5. Availability of Information

Negotiators must also be concerned with the potential bias caused by the availability of information or how easy information is to retrieve—that is, how easily it can be recalled and used to inform or evaluate a process or a decision (Tversky and Kahneman, 1982). One way the availability bias operates in negotiation is through presenting of information in vivid, colorful, or attention-getting ways; making it easy to recall; and making it central and critical in evaluating events and options. Information presented through a particularly clear message, diagram, or formula (even one that is oversimplified) will likely be believed more readily than information presented in a confusing or detailed format—regardless of the accuracy of each.

The availability of information also affects negotiation through the use of established search patterns. If negotiators have a favorite way of collecting information or looking for key signals, they will use these patterns repeatedly and may overvalue the information that comes from them. In Chapter 4, we noted that many negotiators fail to plan and that the planning they do tends to focus on a limited subset of information that is easily available. Negotiators who do not plan properly run the risk of being overwhelmed by the availability bias and thus losing the benefits of thorough analysis. The remedy for this is clear: Don't assume that the first information that comes your way, however persuasive it might seem, is complete information or the best information.

6. The Winner's Curse

The winner's curse is the tendency of negotiators, particularly in an auction setting, to settle quickly on an item and then subsequently feel discomfort about a negotiation win that comes too easily (Bazerman and Samuelson, 1983).⁶ If the other party capitulates too quickly, the negotiator is often left wondering, "Could I have gotten this for less?" or asking, "What's wrong with the item/product/option?" The negotiator may suspect that the other party knows too much or has insight into an unseen advantage—thus, either "I could have done better" or "This must be a bad deal."

For example, in an antique store several years ago, one of the authors of this book saw a clock that he and his wife fell in love with. After spending the afternoon in the neighborhood deciding on a negotiation strategy (opening offer, bottom line, timing, feigned disinterest,

the good guy/bad guy tactic), the author and his wife returned to the store to enact their strategy. The store owner accepted their first offer. Upon arriving home, suffering from the winner's curse, they left the clock in the garage, where it remains, collecting dust.

Recent research suggests that the winner's curse stems, in part, from counterfactual thought processes. Counterfactual thoughts involve entertaining the possibility of "what might have been" if that offer hadn't been accepted (Kahneman and Miller, 1986). The easier it is to imagine a better alternative to an agreement, the less satisfied the negotiator will be (Naquin, 2002). Thinking counterfactually about what might have been doesn't just create dissatisfaction in the wake of a bad outcome; it also affects future behavior. One study showed that negotiators who were dissatisfied after having their first offer accepted reported that they would be less likely to make the first offer in future negotiations (Galinsky, Seiden, Kim, and Medvec, 2002). Another study found that negotiators encouraged to engage in counterfactual thinking were less likely to reach integrative agreements that satisfy mutual interests (Kray, Galinsky, and Markman, 2009). This decline in collaboration may depend, however, on the kind of counterfactual thinking that occurs: Kray and colleagues found in a follow-up experiment that negotiators who dwelled on mistakes they had made ("things I shouldn't have done") were less likely to reach integrative agreements than those who thought about forgone opportunities ("things I could have done").

The best remedy for the winner's curse is to prevent it from occurring in the first place by doing the advance work needed to avoid making an offer that is unexpectedly accepted. Thorough investigation and preparation can provide negotiators with independent verification of appropriate settlement values. Negotiators can also try to secure performance or quality guarantees from the other party to make sure the outcome is not faulty or defective.

7. Overconfidence

Overconfidence is the tendency of negotiators to believe that their ability to be correct or accurate is greater than is actually true. Overconfidence has a double-edged effect: (1) It can solidify the degree to which negotiators support positions or options that are incorrect or inappropriate, and (2) it can lead negotiators to discount the worth or validity of the judgments of others, in effect shutting down other parties as sources of information, interests, and options necessary for a successful integrative negotiation. For instance, Neale and Bazerman (1983) found that negotiators who were not trained to be aware of the overconfidence heuristic tended to overestimate their probability of being successful, and they were significantly less likely than trained negotiators to compromise or reach agreements.

Lim (1997) also studied overconfident negotiators. Before negotiations began, those negotiators who had been identified as overconfident estimated that agreements would be more likely and that they would have higher profits than did realistically confident negotiators. Lim also reported that the overconfident individuals were more persistent and were more concerned about their own outcomes than were the realistically confident negotiators. As mentioned earlier in this section, overconfidence can lead to a particularly troublesome form of persistence: escalation of commitment, in which a negotiator sticks with a course of action despite evidence that it may be time to do something different (Ronay et al., 2017).

Thus, it appears that negotiators have a tendency to be overconfident about their own abilities and that this overconfidence affects a wide variety of perceptions and behavior during negotiations. In particular, overconfidence can undermine the prospects for finding and exploiting integrative potential. This does not mean, however, that negotiators should always seek to suppress confidence or optimism. Bottom and Paese (1999), in a study of distributive bargaining, found that negotiators biased toward optimism achieved more profitable settlements compared with negotiators with accurate perceptions or with a bias toward pessimism. Clearly, more research is needed on the interplay of optimism, overconfidence, and negotiation outcomes.

8. The Law of Small Numbers

In decision theory, the law of small numbers is the tendency to draw conclusions from small sample sizes. In negotiation, the law of small numbers applies to the way negotiators learn and extrapolate from their own experience. If that experience is limited in time or scope (e.g., if all of one's prior negotiations have been hard-fought and distributive), the tendency is to extrapolate prior experience onto future negotiations (e.g., all negotiations are distributive). This tendency will often lead to a self-fulfilling prophecy, as follows: People who expect to be treated in a distributive manner will (1) be more likely to perceive the other party's behavior as distributive and (2) treat the other party in a more distributive manner. The other party will then likely interpret the negotiator's behavior as evidence of a distributive tendency and will therefore respond in kind. The smaller the prior sample (i.e., the more limited the negotiation experience), the greater the possibility that past lessons will be erroneously used to infer what will happen in the future. Styles and strategies that worked in the past may not work in the future, and they certainly will not work if future negotiations differ significantly from past experiences. (Box 6.3 summarizes some intriguing research insights into how time influences negotiation behavior.)

An interesting example of the law of small numbers in action is the "hot hand" fallacy—the incorrect belief that a streak of events is due to momentum and will continue. This fallacy results in a tendency to believe that a small sequence of events is representative, while ignoring base rate data from a larger universe of events (Tversky and Kahneman, 1971). Research examining the presence of hot-hand streaks in sports such as baseball, basketball, and hockey shows no statistical evidence of this phenomenon (e.g., Gilovich, Vallone, and Tversky, 1985; Koehler and Conley, 2003). A study by Vergin (2000) looked at winning and losing streaks during an entire season for all 28 professional Major League Baseball teams and all 29 National Basketball Association teams. Analyses showed that winning and losing streaks were no longer than would be expected under random conditions, and no evidence was found that a win or loss was correlated with the outcome of a preceding game.

9. Self-Serving Biases

People often explain another person's behavior by making attributions, either to the person (i.e., the behaviors were caused by internal factors such as ability, mood, or effort) or to the situation (i.e., the behaviors were caused by external factors such as the task, other people, or fate)

How are negotiations affected by time delays between a negotiation encounter and the later occasion when the negotiated agreement will be implemented? The classic negotiation problem of a couple planning a vacation illustrates the issue:

A couple might have opposing preferences for the vacation and they might set a date in the near or distant future to sit down and try to resolve their differences for the vacation. Moreover, a couple might try settling their differences for a vacation that is set to occur in the near or distant future. In both cases, when temporal distance is increased, the realization of whatever agreement that is reached is also pushed farther into the future. (Henderson, Trope, and Carnevale, 2006, p. 714)

A series of experiments by Okhuysen, Galinsky, and Uptigrove (2003) looked at how delays between agreements and their implementation affect the efficiency and quality of those agreements. These researchers found clear evidence that when negotiators believe that there is more time (one year versus two weeks in their experiments) between the negotiation and the onset of its outcome, agreements yield better results for both parties, and negotiators regard the experience afterward as less contentious and their opponent as less aggressive. Why would this happen? Okhuysen and colleagues suggest that with more time to implementation, the pressure to maximize

self-interest is lessened, making it easier for negotiators to make the kinds of concessions and compromises that lead to better agreements.

If this is true, then we would expect negotiators with lots of time between encounter and implementation to exhibit the kinds of behaviors during the negotiation that foster mutual gain. Henderson, Trope, and Carnevale (2006) ran three experiments seeking evidence on this point. They found that with more time between settlement and implementation, negotiators are more likely to (1) hold firm on high-priority issues but make concessions on low-priority issues; (2) make multi-issue offers rather than adopt a single-issue focus; and (3) be willing to logroll (trade off priorities with the other party). These are precisely the sorts of negotiation behaviors that we know (see Chapter 2) contribute to integrative settlements.

Time, it appears, is indeed on your side when mutual gains and integrative outcomes are desired.

Sources: Adapted from Okhuysen, Gerardo A., Galinsky, Adam D., and Uptigrove, Tamara A., "Saving the Worst for Last: The Effect of Time Horizon on the Efficiency of Negotiating Benefits and Burdens," *Organizational Behavior and Human Decision Processes*, Elsevier, vol. 91 2003, 269–79; and Henderson, Marlone D., Trope, Yaacov, and Carnevale, Peter J., "Negotiation from a Near and Distant Time Perspective," *Journal of Personality and Social Psychology*, vol. 91, no. 4, October 2006, 712–29.

(Heider, 1958). In explaining another person's behavior, the tendency is to overestimate the causal role of personal or internal factors and underestimate the causal role of situational or external factors. This tendency is known as the *fundamental attribution error* (Ross, 1997). For example, consider the student who arrives late for a morning class. Perhaps she is lazy (an internal, dispositional explanation), or perhaps she had a flat tire driving to campus (an external, situational explanation). The fundamental attribution error suggests a tendency for the professor, absent other information, to be biased toward the internal explanation (she's lazy). Perceptual biases are often exacerbated by the actor–observer effect, in which people tend to attribute their own behavior to situational factors but attribute others' behaviors to personal factors (Jones and Nisbett, 1976), saying in effect, "If I mess up, it's bad luck [the situation, someone else's fault, etc.]; if you mess up, it's your fault!"

Research has documented the effects of self-serving biases on several aspects of the negotiation process. We point to four findings:

- Babcock, Wang, and Loewenstein (1996) found that negotiators in different school districts chose comparison school districts in a self-serving way; that is, the districts they chose as comparison standards for their own district's activities were those that made their districts look most favorable.
- de Dreu, Nauta, and van de Vliert (1995) found that negotiators believed that they used more constructive tactics than their counterparts and that the strength of this self-serving bias increased with the strength of the conflict between the parties.
- Two studies showed that people involved in a negotiation saw things in self-serving ways compared to individuals who were merely observing the negotiation. Thompson (1995) found that participants in a negotiation were less accurate than observers in estimating the other party's preferred outcomes. Dickson (2009) found that negotiators on the receiving end of an unappealing offer rated the other party's intentions more negatively than did uninvolved observers evaluating the same bad offer. He concluded that negotiation participants "form beliefs about one another in systematically different ways than a disinterested observer would" (Dickson, 2009, p. 929), and clearly self-serving motives are a part of the explanation for the difference.
- Self-serving biases influence perceptions of fairness in negotiation. In a study by Michele Gelfand and colleagues (Gelfand et al., 2002), participants believed that their own actions were more fair than the actions of others, and they predicted that their own actions would be deemed more fair by a third party than the actions of counterparts. Findings revealed a link between these self-serving fairness biases and negotiation outcomes: Those with more egocentric perceptions achieved lower profits and reached fewer agreements.

Perceptual error of a self-serving nature may also involve distortions in the evaluation of information. Here are three examples:

- The *false-consensus effect* is a tendency to overestimate the degree of support and consensus that exists for one's own position, opinions, or behaviors (Ross, Greene, and House, 1977).
- The *base-rate fallacy* (Bar-Hillel, 1980) occurs when a person ignores statistical information about the likelihood that some event will occur and instead is swayed by other information that isn't really relevant (such as isolated examples of recent or past experience). This fallacy can also arise when a person encounters messages that run counter to the statistics, leading him or her to overlook or ignore compelling evidence (Allen, Preiss, and Gayle, 2006).
- We have a tendency to assume that our own personal beliefs or opinions are based on credible information, while opposing beliefs are based on misinformation (Fragale and Heath, 2004). This tendency suggests that although individuals may desire judgment accuracy, this desire can often result in perceived accuracy rather than objective accuracy.

Any of these self-serving biases can seriously damage a negotiation effort—negotiators subject to them would make faulty judgments regarding tactics or outcome probabilities.

10. Endowment Effect

The endowment effect is the tendency to overvalue something you own or believe you possess. Kahneman, Knetsch, and Thaler (1990) demonstrated the existence of the endowment effect rather dramatically in a series of experiments involving coffee mugs. In one experiment, some participants were asked whether they would prefer a sum of money or the mug at various possible dollar levels. Based on their responses, it could be determined that they assigned an average value of just over \$3.00 to the mug. Other participants were asked to value the mug as a potential buyer; the average value they assigned to the mug was just under \$3.00. Members of a third group were actually given the mug and then asked if they would sell the mug for various amounts. Their answers indicated that they placed a value of more than \$7.00 on the mug!⁷ Thus, the simple act of possessing something seems to induce people to elevate its perceived value, even when its actual value is known. Although multiple explanations for why this occurs have been proposed, the most widely accepted has to do with loss aversion: The owner frames the sale of an item as a loss and as a result assigns it higher value than a buyer does (Morewedge and Giblin, 2015; see also Ericson and Fuster, 2014).

In negotiation, the endowment effect can lead to inflated estimations of value that interfere with reaching a good deal. Bazerman, Moore, and Gillespie (1999) discussed endowment effects in the context of negotiations over environmental issues. Viewing the endowment effect as an inflated personal attachment to the status quo, Bazerman and colleagues argue that the status quo serves as a “potentially dysfunctional anchor point, making mutually beneficial trades more difficult” (p. 1288). They illustrate with a hypothetical environmentalist who places excessive value on preserving existing wilderness at the expense of pursuing opportunities to protect or restore other lands. “The result,” say Bazerman and colleagues, “is likely to be a steep, sticky slope in which environmentalists will fight to preserve natural areas they perceive as being pristine but in which, once lost, wilderness is unlikely to be restored” (p. 1288).

A similar process occurs upon accepting an offer in a negotiation. Curhan, Neale, and Ross (2004) demonstrated that once accepted, a proposal was liked more by negotiators than other proposals that they themselves had offered during the negotiation process. This finding can be interpreted in light of cognitive dissonance theory (Festinger, 1957), which holds (in general terms) that inconsistencies between cognitions, attitudes, beliefs or behaviors within a person generate feelings of psychological discomfort. In this case, dissonance results from inconsistency between a negotiator’s desired outcomes and the outcomes actually received. To reduce this discomfort, individuals add more subjective value to the outcomes just received.

11. Ignoring Others’ Cognitions

Negotiators often don’t ask about the other party’s perceptions and thoughts, which leaves them to work with incomplete information and thus produces faulty results. Failure to consider others’ cognitions allows negotiators to simplify their thinking about otherwise complex processes; this usually leads to a more distributive strategy and causes a failure to recognize the contingent nature of both sides’ behaviors and responses. In contrast, when negotiators are able to consider things from the other party’s viewpoint—cognitive capacity known as “perspective

taking”—the risk of impasse is reduced and the chances for achieving integrative outcomes via logrolling are enhanced (Trötschel, Hüffmeier, Loschelder, Schwartz, and Gollwitzer, 2011).

Although this “failure to consider” might be attributed to some basic, underlying bias against the other party, research suggests that it is more often a way to make the complex task of decision making under conditions of risk and uncertainty more manageable (Carroll, Bazerman, and Maury, 1988). Research also suggests that training and awareness of this trap reduces its effects only modestly (Carroll, Delquie, Halpern, and Bazerman, 1990). The drive to ignore others’ cognitions is very deep-seated, and it can be avoided only if negotiators explicitly focus on putting in the effort needed to form an accurate understanding of the other party’s interests, goals, and perspectives.

12. Reactive Devaluation

Reactive devaluation is the process of devaluing the other party’s concessions simply because the other party made them (Stillenger, Epelbaum, Keltner, and Ross, 1990). Such devaluation may be based in emotionality (“I just don’t like him”) or on distrust fostered by past experience. Reactive devaluation leads negotiators to minimize the magnitude of a concession made by a disliked other, to reduce their willingness to respond with a concession of equal size, or to seek even more from the other party once a concession has been made (Neale and Bazerman, 1992b). In a compelling illustration of this effect drawn from the tumult of Middle East conflict, researchers (Maoz et al., 2002) had Israeli Jews and Israeli Arabs evaluate a peace plan whose authorship was attributed either to the Israeli government or to Palestinians. As reactive devaluation would predict, both Jews and Arabs devalued the plan when it was said to have come from the “other side.” One study found this effect even when there were no negative emotions directed toward the other party (Moran and Ritov, 2002). Reactive devaluation may be minimized by maintaining an objective view of the process, by assigning a colleague to do this task, by clarifying each side’s preferences on options and concessions before any are made (Stillenger et al., 1990), or by using a third party to mediate or filter concession-making processes (see Chapter 19).

Managing Misperceptions and Cognitive Biases in Negotiation

Misperceptions and cognitive biases typically arise out of conscious awareness as negotiators gather and process information. The more complex the situation, the more opportunities that exist for information bias and distortion to hinder judgment and decision making (Hammond, Keeney, and Raiffa, 1998). Box 6.4 presents a sizable inventory of the variety of decision traps that can occur. The result for negotiators can be overreliance on faulty assumptions and data, ultimately leading to deals that are suboptimal.

The question of how best to manage perceptual and cognitive bias is a difficult one. Certainly the first level of managing such distortions is to be aware that they can occur. However, awareness by itself may not be enough; research evidence shows that simply telling people about misconceptions and cognitive biases does little to counteract their effects (Babcock and Loewenstein, 1997; Thompson and Hastie, 1990a). For example, Foreman and Murnighan (1996) tried to teach students to avoid the winner’s curse in a series of auction simulations. They told students about the results of 128 auctions over a four-week period but found that the training had little impact on reducing the winner’s curse.

1. *Plunging in* involves reaching a conclusion to a problem before fully identifying the essence or crux of the problem (e.g., forcing negotiations into the end stage prematurely by pushing for a quantitative or substantive resolution to a problem that has been incompletely defined or is basically relational).
2. *Overconfidence in one's own judgment* involves blocking, ignoring, or failing to seek factual information that might contradict one's own assumptions and opinions (e.g., strictly adhering to a unilateral strategy, regardless of other information that emerges during the course of the negotiation).
3. *Frame blindness* involves perceiving, then solving, the wrong problem, accompanied by overlooking options and losing sight of objectives because they do not fit the frame being used (e.g., forcing resolution of a complex, mixed-motive dispute into some simplistic, concrete measure of performance such as money).
4. *Lack of frame control* involves failing to test different frames to determine if they fit the issues being discussed or being unduly influenced by the other party's frame (e.g., agreeing to a suboptimal outcome because the other party has taken advantage of our aversion to not reaching an agreement—see Neale and Bazerman, 1992a).
5. *Shortsighted shortcuts* involve misusing heuristics or rules of thumb, such as convenient (but misleading) referent points (e.g., accepting the other party's commitment to turning over a new leaf when past experience suggests that he or she is really unlikely to do so).
6. *Shooting from the hip* involves managing too much information in one's head rather than adopting and using a systematic process of evaluation and choice (e.g., proceeding on gut feelings or eye contact alone in deciding to accept a resolution, trusting that problems will not occur or that they will be easily worked out if they do).
7. *Group failure* involves not managing the group process effectively and instead assuming that smart and well-intentioned individuals can invariably produce a durable, high-quality group decision (see Janis's 1982 work on "groupthink"; e.g., in order to move stalled decisions, a group might take a vote on accepting a resolution, thereby disenfranchising the minority who do not vote for the resolution and stopping the deliberative process short of achieving its integrative possibilities).
8. *Fooling yourself about feedback* involves failing to use feedback correctly, either to protect one's ego or through the bias of hindsight (e.g., dealing with the embarrassment of being outmaneuvered by the other party because of a lack of good information or a failure to prepare rigorously).
9. *Not keeping track* involves assuming that learning occurs automatically and thus not keeping systematic records of decisions and related outcomes (e.g., losing sight of the gains and deals purchased with concessions and trade-offs made during the negotiation, or not applying the lessons of one negotiation episode to future negotiations).
10. *Failure to audit one's own decision processes* involves failing to establish and use a plan to avoid the traps mentioned here or the inability or unwillingness to fully understand one's own style, warts and all (thus, doggedly adhering to a flawed or inappropriate approach to negotiation, even in the face of frequent failures and suboptimal outcomes).

Source: Adapted from Russo, Edward, and Schoemaker, Paul J. H., *Decision Traps: The Ten Barriers to Brilliant Decision Making and How to Overcome Them*. New York, NY: Simon & Schuster, 1989.

Whyte and Sebenius (1997) took a different approach to trying to reduce the effects of the anchoring and adjustment bias. They had negotiators participate in a group discussion to see if the group process reduced the use of inappropriate anchors to set initial offers, aspiration levels, and bottom lines for an upcoming real estate negotiation. The results showed that both individuals and groups used inappropriate anchors to set their initial offers, aspiration levels, and bottom lines and that groups were as susceptible to the effects of anchoring and adjustment as were individuals. This suggests that merely discussing how to set opening offers, aspiration levels, and bottom lines with team members will not reduce the effects of anchoring and adjustment.

Some of the biases we have discussed pertain to the framing of negotiations, such as the effects of positive (gain) and negative (loss) frames on how negotiators deal with risk. When these frames are mismatched between negotiators, agreement can be difficult to achieve. Reframing is a potentially effective remedy. For instance, rather than treating a particular possible outcome as a loss, the negotiator might reframe it as an opportunity to gain (e.g., Kahneman and Tversky, 1979)—that is, as a bright-side alternative to approaching a given situation. Negotiators can also reframe by trying to perceive or understand the situation in a different way or from a different perspective. For instance, they can constructively reframe a problem by defining it in terms that are broader or narrower, bigger or smaller, riskier or less risky, or subject to a longer or shorter time constraint. Because reframing requires negotiators to be flexible during the negotiation itself, they should anticipate—during planning—that multiple contingencies may arise during negotiations and be prepared for shifts in the discussion.

Clearly, telling people about a perceptual or cognitive bias, or having them discuss things in a group setting, does not make the bias go away. Unfortunately, there has been little other research done on managing perceptual biases. An exception is a study by Arunachalam and Dilla (1995), who had subjects participate in a simulated negotiation to set transfer prices between two divisions of the same company, in either an unstructured or a structured communication condition. In the unstructured communication condition, participants were given their role-play information and asked to prepare for the negotiation. Before bargaining in the structured communication condition, however, participants were also asked to complete a questionnaire asking them to identify what they thought their counterpart's priorities were in the negotiation. They then received training on how to identify and discuss issues and priorities in negotiation effectively. Finally, participants in both conditions negotiated either face to face or via computer terminals. Arunachalam and Dilla found that (1) negotiators in the structured communication condition negotiated higher profit outcomes and made fewer fixed-pie errors than negotiators in the unstructured communication condition, and (2) negotiators in the face-to-face condition negotiated higher profits and had fewer fixed-pie errors than negotiators in the computer terminal condition. These findings suggest that both problem definition and problem evaluation are important components of reducing fixed-pie bias. Careful discussion of the issues and preferences by both negotiators may reduce the effects of perceptual biases.⁸

Another avenue for overcoming cognitive biases involves the intervention of outside parties. In a recent exploratory study involving experienced managers, Caputo (2016) found that when third parties were involved as mediators, negotiators were less susceptible to judgment biases (in particular, the fixed-pie error) and perceived the process as more value-creating and more fair. (We examine the role of third parties more comprehensively in Chapter 19.)

More research is needed to provide negotiators with advice about how to overcome the negative effects of misperception and cognitive biases in negotiation. Until then, the best advice that negotiators can follow is simply to (1) be aware of the existence of these biases, (2) understand their negative effects, and (3) be prepared to discuss them when appropriate with one's own team and with counterparts.

Mood, Emotion, and Negotiation

Research on negotiation has been dominated by views that have favored rational, cognitive, economic analyses of the negotiation process. These approaches have tended to analyze the rationality of negotiation, examine how negotiators make judgment errors that deviate from rationality, or assess how negotiators can optimize their outcomes. Negotiators are portrayed as rational beings who seem calculating, calm, and in control. But, as noted by Barry (2008), Olekalns and Druckman (2014), and others, an emphasis on cognition and rationality overlooks the role played by emotions in the negotiation process. While cognitive and emotional processes have a strong relationship to each other (see Fiske and Taylor, 1991; Kumar, 1997), the emotional component and its role have received considerably less attention.

The role of mood and emotion in negotiation has been the subject of an increasing body of theory and research during the last two decades, and there are several helpful reviews of this literature (e.g., Barry, Fulmer, and Goates, 2006; Martinovski, 2010).⁹ The distinction between mood and emotion is based on three characteristics: specificity, intensity, and duration. Mood states are more diffuse, less intense, and more enduring than emotion states, which tend to be more intense and directed at more specific targets (Forgas, 1992; Parrott, 2001). It is both theoretically reasonable and intuitively plausible to assume that emotions play important roles at various stages of negotiation interaction (Barry and Oliver, 1996). Like most accelerating areas of study, there are many new and exciting developments in the study of mood, emotion, and negotiation, and we can present only a limited overview here. The following are some selected findings.

Negotiations Create Both Positive and Negative Emotions Negotiation processes and outcomes may create both positive and negative feelings. Positive emotions can result from being attracted to the other party, feeling good about the development of the negotiation process and the progress that the parties are making, or liking the results that the negotiations have produced (Carver and Scheir, 1990; Curhan, Elfenbein, and Xu, 2006). Thus, a cognitive assessment of a "good outcome" leads parties to feel happy and satisfied (Lazarus, 1991). Conversely, negative emotions can result from being turned off by the other party, feeling bad about the development of the negotiation process and the progress being made, or disliking the results. As noted by Kumar (1997), many positive emotions tend to be classified under the single term *happiness*, but we tend to discriminate more precisely among negative emotions. Some negative emotions may tend to be based in dejection, while others are based in agitation. Dejection-related emotions result from feeling disappointed, frustrated, or dissatisfied, while agitation-related emotions result from feeling anxious, fearful, or threatened (Higgins, 1987). Most researchers agree that emotions tend to move the parties toward some form of action in their relationship, such as initiating a

relationship, maintaining or fixing the relationship, or terminating the relationship. Dejection-related emotions may lead negotiators to act aggressively (Berkowitz, 1989), while agitation-related emotions may lead negotiators to try to retaliate or to get out of the situation.

Positive Emotions Generally Have Positive Consequences for Negotiations

Positive emotions generally lead to four sets of consequences: improving the negotiating (decision-making) process, creating positive feelings toward the other negotiator(s), making negotiators more persistent, and setting the stage for future interaction. Let us briefly review each:

- *Positive feelings are more likely to lead the parties toward more integrative processes.* Researchers have shown that negotiators who feel positive emotions toward each other are more likely to try, and feel successful at, shaping integrative agreements (Carnevale and Isen, 1986; Hollingshead and Carnevale, 1990). In addition, negotiators who feel positive emotions are more likely to be flexible in how they arrive at a solution to a problem and hence may be less likely to get caught up in escalating their commitment to a single course of action (Isen and Baron, 1991).
- *Positive feelings also create a positive attitude toward the other side.* When negotiators like the other party, they tend to be more flexible in the negotiations (Druckman and Broome, 1991). In addition, having a positive attitude toward the other increases concession making (Pruitt and Carnevale, 1993) and lessens hostile behaviors (Baron, 1990). Findings from one study suggest that positive feelings build trust among the parties, although the tendency toward positive emotion on the part of the more powerful party mattered more than the emotionality of the less powerful party (Anderson and Thompson, 2004). Another way to build trust is through empathy directed toward the other side, which has been shown to yield better individual negotiation outcomes for the party conveying empathy (Olekalns, Lau, and Smith, 2007).
- *Positive feelings promote persistence.* If negotiators feel positively attracted, they are more likely to feel confident and, as a result, to persist in trying to get their concerns and issues addressed in the negotiation and to achieve better outcomes (Kramer, Pommerenke, and Newton, 1993). In one study of several hundred e-negotiations (bargaining through a computer-mediated, email-like system), participants who expressed positive emotion were more likely to reach a settlement rather than an impasse compared with those who did not express positive emotion (Hine, Murphy, Weber, and Kersten, 2009).
- *Positive feelings set the stage for successful subsequent negotiations.* Negotiators who come out of the interaction with positive feelings about the other party are more satisfied with how the negotiation went (Halpert, Stuhlmacher, Crenshaw, Litcher, and Bortel, 2010) and more apt to want to negotiate with the same party in the future (Reb, 2010). Moreover, Curhan, Elfenbein, and Eisenkraft (2010) found that negotiators who felt positively about how things went in the first of two negotiation rounds achieved greater individual and joint outcomes in the second round. Positive feelings arising from negotiation, these researchers concluded, “can evoke future economic success” (p. 690). In a compelling illustration of this effect, Curhan, Elfenbein, and

Kilduff (2009) found that MBA graduates' positive feelings about how their job offer negotiations went predicted their levels of satisfaction with the job and compensation a full year after the negotiation occurred. More generally, recent work by Mislin, Boumgarden, Jang, and Bottom (2015) developed a concept called "relational accounting," through which negotiators carry the emotions generated in one exchange to the strategy and tactics employed in a later negotiation.

Aspects of the Negotiation Process Can Lead to Positive Emotions Researchers are exploring the emotional consequences of negotiation. Here are two findings regarding how the negotiation process shapes emotion-related outcomes:

- *Positive feelings result from fair procedures during negotiation.* Hegtvedt and Killian (1999) explored how emotional responses are related to the experience of fairness during the negotiation process. Their findings indicated that negotiators who see the process as fair experience more positive feelings and are less inclined to express negative emotions following the encounter.
- *Positive feelings result from favorable social comparisons.* Novemsky and Schweitzer (2004) found that individual satisfaction after a negotiation is higher when the individual negotiator's outcomes compare favorably with others in similar situations. Interestingly, however, this finding for so-called *external* social comparisons (comparing your outcome to others outside the negotiation that just took place) do not hold for *internal* social comparisons (comparing your outcome to the counterpart with whom you just negotiated). This means that negotiators may be more dismayed to know how well their opponent did, even when the opponent did less well! Novemsky and Schweitzer believe that this occurs because comparisons with an opponent—even favorable ones—focus the negotiator's attention on missed opportunities to claim additional value in this negotiation.

Negative Emotions Generally Have Negative Consequences for Negotiations

As positive feelings have been generally shown to have positive consequences for negotiations, so negative emotions tend to have negative consequences. As we noted earlier, negative feelings may be based either in dejection or in agitation, one or both parties may feel the emotions, and the behavior of one may prompt the emotional reaction in the other. Some specific research findings follow. (See Box 6.5 for some advice on how to deal with an opponent who brings negative emotion to the table.)

- *Negative emotions may lead parties to define the situation as competitive or distributive.* Veitch and Griffith (1976) demonstrate that a negative mood increases the likelihood that the actor will increase belligerent behavior toward the other. In a negotiation situation, this negative behavior is most likely to take the shape of a more distributive posture on the issues.
- *Negative emotions may undermine a negotiator's ability to analyze the situation accurately, which adversely affects individual outcomes.* In a series of experiments, Gonzalez, Lerner, Moore, and Babcock (2004) found that angry negotiators were less accurate at judging the other party's interests and at recalling their own interests compared with negotiators

Emotions are inevitable in negotiations, and it isn't realistic to try to avoid them or eradicate them from the encounter. Negotiation scholar Barbara Gray argues that effective negotiators figure out how to handle emotional outbursts from others who may be simply trying to "push our hot buttons." She offers these suggestions for dealing with opponents who have expressed their feelings in a volatile or even hurtful way:

1. *Separate the emotion from its expression.*
Perhaps the emotion is really a way for the other person to signal an important interest. Why is the other person acting this way? What interest is important enough to justify it?
2. *Turn the table.* Put yourself in the other person's position, and ask, "Why would I behave that way?" This may help you identify a circumstance in which this sort of emotional outburst would be legitimate. The idea is not to accept the other person's (unacceptable) behavior but to view it as a reflection of some

identifiable need or interest to be addressed in the negotiation.

3. *Reflect the emotion being expressed back to the other party.* Sometimes strong feelings are an indication that the other party simply wants to be heard. Confirm that you are listening and that the concern that triggered the emotion is understood. This need not signal that you are agreeing with the concern or conceding anything; you are simply acknowledging that the other party is human and has feelings. This may be all the other party needs.
4. *Ask questions to uncover the issue or interest behind the emotion.* Grasping the underlying concern makes it possible for you to move on from emotion to substance, and to treat that concern (once you know what it is) as an issue on the table for negotiation.

Source: Adapted from Gray, Barbara, "Negotiating with Your Nemesis," *Negotiation Journal*, vol. 19, no. 04, October 2003, 299-310.

with neutral emotion. The angry negotiators earned lower outcomes for themselves in a simulation with integrative potential, although they were more satisfied than neutral-emotion negotiators with those outcomes. It is noteworthy that the experimental manipulation of anger in this study was unrelated to the negotiation itself—anger was aroused during what subjects believed was a separate experiment preceding the negotiation experiment. This carryover effect of anger highlights the power of negative emotion to divert attention and focus from the negotiation problem at hand.

- *Negative emotions may lead parties to escalate the conflict.* When the mood is negative—more specifically, when both parties are dejected and frustrated and blame the other—conflict is likely to become personal, the number of issues in the conflict may expand, and other parties may become drawn into the dispute (Kumar, 1997). In a study of online dispute resolution examining the mediation of disputes arising from eBay auction transactions, Ray Friedman and colleagues (2004) found that expressions of anger by one party triggered anger from the other party, reducing the chances for a successful settlement of the dispute. But anger expressed by one negotiator won't always elicit anger from the other; it depends on the distribution of power between parties. In one experiment (Lelieveld, van Dijk, van Beest, and van Kleef, 2012), negotiators responded to an angry opponent with anger of their own—but only when the other party lacked the ability to dictate settlement terms. In contrast, when anger

came from high-power opponents, negotiators were more likely to experience fear (rather than anger) in response and make more generous offers as a result.

- *Negative emotions may lead parties to retaliate and may thwart integrative outcomes.* When the parties are angry with each other, and when their previous interaction has already led one party to seek to punish the other, the other may choose to retaliate (Allred, 1998; Bies and Tripp, 1998). In one study, opponents' expression of anger led negotiators to make concessions outwardly, but also to seize an opportunity to engage in covert retaliation (Wang, Northcraft, and van Kleef, 2012). Negative emotions may also lead to less effective outcomes. The more a negotiator holds the other responsible for destructive behavior in a previous interaction, the more anger and less compassion he or she feels for the other party. This in turn leads to less concern for the other's interests and a lower likelihood of discovering mutually beneficial negotiated solutions (Allred, Mallozzi, Matsui, and Raia, 1997).
- *Not all negative emotions have the same effect.* Anger may tend to escalate conflict and foster retaliation, but what about less "hot" negative emotions, such as worry, disappointment, guilt, and regret? van Kleef, de Dreu, and Manstead (2006) examined how people react to negotiation opponents who are experiencing these kinds of emotions. They found that negotiators made smaller demands of worried or disappointed opponents, presumably feeling sorry for their situation, but made fewer concessions to guilty or regretful opponents. Negotiators did, however, report more favorable impressions of regretful opponents, viewing them as more interpersonally sensitive than opponents experiencing worry or disappointment. A study by Dehghani, Carnevale, and Gratch (2014) compared facial displays of anger and sadness in a negotiation task having moral significance (a negotiation over essential supplies in the wake of a natural disaster). Displays of anger reduced concessions by the other party, while expressions of sorrow increased concessions. Clearly, when it comes to negotiation, not all negative emotions are alike.

Aspects of the Negotiation Process Can Lead to Negative Emotions As with positive emotion, research exploring the negative emotional consequences of negotiation is somewhat limited. Here are three findings:

- *Negative emotions may result from a competitive mindset.* Negotiators with a fixed-pie perception of the situation tend to be less satisfied with negotiated outcomes than those with an integrative orientation. This may stem from the perception that when a negotiation is viewed as zero-sum, the other party's gains mean an equivalent loss for self (Thompson and DeHarpport, 1994). In a similar vein, individualistic (egoistic) parties report less satisfaction with their outcomes compared to those with a prosocial (altruistic) value orientation (Gillespie, Brett, and Weingart, 2000).
- *Negative emotions may result from impasse.* When a negotiation ends in impasse, negotiators are more likely to experience negative emotions such as anger and frustration compared with negotiators who successfully reach agreement (O'Connor and Arnold, 2001). These researchers found, however, that people with more confidence in their negotiating ability were less likely to experience negative emotion in the wake of impasse. This is important because impasse is not necessarily a bad thing—the goal is achieving a good outcome, not merely reaching an agreement.

- *Negative emotions may result merely from the prospect of beginning a negotiation.* We might assume that inexperienced negotiators are most prone to be nervous about an upcoming bargaining session. Wheeler (2004) points out that even experienced negotiators may feel anxiety going in to the encounter. He identifies several sources of anxiety at the outset of negotiation: doubts about one's competence, concerns about the opponents' attitudes or likely behaviors, and "the inevitable uncertainty about what path negotiation will take" (p. 153). Anxiety isn't all bad, however; Wheeler argues it may spark creativity that can help produce constructive outcomes.

The Effects of Positive and Negative Emotion in Negotiation It is possible for positive emotion to generate negative outcomes and for negative feelings to elicit beneficial outcomes:

- *Positive feelings may have negative consequences.* First, negotiators in a positive mood may be less likely to examine closely the other party's arguments. As a result, they may be more susceptible to a competitive opponent's deceptive tactics (Bless, Bohner, Schwartz, and Strack, 1988). In addition, because negotiators with positive feelings are less focused on the arguments of the other party, they may achieve less-than-optimal outcomes (Kumar, 1997). Finally, if positive feelings create strong positive expectations, parties who are not able to find an integrative agreement are likely to experience the defeat more strongly and perhaps treat the other party more harshly (Parrott, 1994).
- *Negative feelings may create positive outcomes.* Just as positive emotions can create negative outcomes, it is clear that negative emotions can create positive consequences for negotiation. As a general matter, expressions of anger in workplace settings that are low in intensity and are expressed verbally rather than nonverbally can lead to positive organizational outcomes (Gibson, Schweitzer, Callister, and Gray, 2009). In negotiation, specifically, negative emotion has information value. It alerts the parties that the situation is problematic and needs attention, which may motivate them to either leave the situation or resolve the problem (van de Vliert, 1985). There is also evidence that when a negotiator uses words that trigger negative emotions, others become more optimistic that the negotiation will be successfully resolved (Schroth, Bain-Chekal, and Caldwell, 2005). Schroth and her colleagues note that this optimism is justified if the intention of the party triggering emotion is to convey seriousness of purpose and a desire to focus the discussion, but not if the point is merely to wield (or match) power. In short, anger and other negative emotions can serve as a danger signal that motivates both parties to confront the problem directly and search for a resolution.

Anger, of course, may also signal that a person is tough or ambitious, and researchers have found that negotiators concede more often to an angry opponent than to a happy or unemotional partner (Sinaceur and Tiedens, 2006; van Kleef, de Dreu, and Manstead, 2004). Concessions are made because negotiators on the receiving end of anger construe in that anger the presence of an implied threat (Sinaceur, van Kleef, Neale, Adam, and Haag, 2011).

Anger doesn't necessarily induce the other party to give in, however. Sometimes it provokes an angry or competitive response, potentially leading to a counterproductive escalation



**In negotiations, he appeared to have ice
in his veins, but his tail betrayed him.**

Source: ©Andrew Toos/Cartoonstock

of the conflict (e.g., Friedman et al., 2004). So when will anger elicit conciliation and when will it breed a competitive response? Work by van Kleef and Côté (2007) indicates that it depends on the *appropriateness* of the anger: Negotiators in their study made lower demands and more concessions when they perceived their opponent's display of anger to be appropriate for the situation (i.e., when it appeared that the angry individual had a legitimate reason to be angry). But even if it sometimes pays to be angry in competitive negotiations (as a signal of toughness or reluctance to compromise), research also tells us when anger can backfire. Anger is less likely to elicit concessions when the party on the receiving end of anger either (1) has the opportunity to respond with deception (e.g., misrepresent his own interests) or (2) has little at stake, meaning little to fear from having the angry opponent say no to an offer (van Dijk, van Kleef, Steinel, and van Beest, 2008).

The findings we have been discussing in this section speak to the effect of a negotiator's negative emotion on the actions or emotions of the *other* party. But there is also evidence that negative emotion can benefit the negotiator who experiences the emotion. In a study focusing on the emotion of anger (Overbeck, Neale, and Govan, 2010), negotiators who were relatively powerful (by virtue of having a good alternative to the deal at hand) benefited from being angry: They were more cognitively focused and assertive and, as a result, claimed more value in the deal. For low-power negotiators (those without a good alternative), on the other hand, being angry made them less focused, leading to poorer outcomes.

Emotions Can Be Used Strategically as Negotiation Gambits Up to this point, we have been discussing emotions as though they were genuine. Given the power that emotions may have in swaying the other side toward one's own point of view, emotions

may also be used strategically and manipulatively as influence tactics within negotiation. For example, negotiators may intentionally manipulate emotion in order to get the other side to adopt certain beliefs or take certain actions. Barry (1999) asked negotiators to assess their own ability to manipulate emotions (such as anger, disgust, sympathy, enthusiasm, caring, and liking) and to judge the appropriateness of using such tactics in negotiation as a form of deception. The participants in Barry's study rated emotional manipulation as a highly appropriate tactic—more appropriate than deception about informational aspects of negotiation (such as goals, plans, or bottom lines). Negotiators also expressed greater confidence in their ability to use tactics of emotional manipulation effectively compared to other forms of deception. The success of these sorts of emotional gambits depends on whether the other party perceives the emotional display as authentic (Tng and Au, 2014). It is also important to keep in mind that there are ethical implications to the use of contrived emotion as a vehicle for deception, just as for any other form of deception (Fulmer, Barry, and Long, 2009). (We discuss ethical issues in negotiation in detail in Chapter 5.)

Kopelman, Rosette, and Thompson (2006) conducted a series of experiments examining how the strategic use of positive and negative emotion affects negotiation outcomes. In their study, negotiators who were coached to implement a positive emotional tone were more likely to reach agreements that incorporated a future business relationship between the parties compared to those implementing a negative or neutral emotional strategy. They also found that negotiators exhibiting positive emotionality were more likely to induce compliance with ultimatum offers. In a related vein, Sinaceur, Kopelman, Vasiljevic, and Haag (2015) found that a negotiator who displays sadness that elicits concern from the other party can extract concessions and claim value. In their study, the emotional tactic (displaying sadness) worked only when the negotiator using the tactic was perceived as having relatively low power. Apparently, high-power negotiators are less able to use emotional manipulation to arouse concern in the service of negotiation outcomes.

Recent evidence points to the effects of the emotions of the *other* party on a negotiator's choice of strategy. A study by van Kleef, de Dreu, and Manstead (2004) found that negotiators track the emotions of the other party and adjust their strategy accordingly. Specifically, when subjects negotiated with an angry party, they tended to make lower demands and smaller concessions when the other party's anger seemed to be threatening to the outcomes of the negotiation. Also, as we noted earlier, there is evidence that negotiators make lower demands of opponents who are worried or disappointed, but more demands of opponents experiencing guilt or regret (van Kleef, de Dreu, and Manstead, 2006). They also make smaller demands of negotiators who expressed anger in a *previous* negotiation, suggesting that the effect of negative emotions spills over from one encounter to the next (van Kleef and de Dreu, 2010).

Lastly, beyond the strategic expression of one's own (genuine or fabricated) emotions, negotiators may also engage in the regulation or management of the emotions of the other party. As noted by Thompson, Nadler, and Kim (1999), effective negotiators are able to adjust their messages to adapt to what they perceive as the other party's emotional state—a process they label “emotional tuning.” A compelling example of strategic management of the other party's emotions is found in work by Shirako, Kilduff, and Kray (2015) exploring

Daniel Shapiro, the author of *Beyond Reason: Using Emotions as You Negotiate*, observes that using emotions effectively to promote successful negotiation is inherently difficult because of the complex nature of human emotion. He illustrates this complexity by pointing to six features of emotions that influence how they play out at the negotiation table:

- Emotions are *unavoidable*. People can't avoid them any more than they can avoid thinking.
- Emotions are *numerous*. In a given situation, a negotiator can experience and encounter numerous emotional states, such as anger, frustration, enthusiasm, regret, and so forth.
- Emotions are *fluid*. They change from moment to moment, often without warning.
- Emotions are *multilayered*. People sometimes experience multiple emotions

simultaneously, even seemingly opposite emotions (e.g., liking and disappointment at the same time).

- Emotions are *varied in their impact*. Different people may react differently to the same emotion expressed in a similar situation. For instance, one person may be more easily angered by something than another.
- Emotions are *triggered by multiple causes*. The source of emotions can be hard to identify—triggered perhaps by a situation, by the actions of the other party, or even by one's biological state (e.g., neurochemicals present in the brain).

Source: Adapted from Shapiro, Daniel L., "Teaching Students How to Use Emotions as They Negotiate," *Negotiation Journal*, vol. 22, January 10, 2006, 105–09.

how negotiators can benefit from eliciting sympathy in their counterparts. In a series of studies, they found that appeals to sympathy, more than rational arguments, helped negotiators claim value when the context was distributive and create value when integrative potential existed. Some psychologists regard the ability to perceive and regulate emotions as a stable individual difference that has come to be known as emotional intelligence (Mayer, Salovey, and Caruso, 2000). Emotional intelligence has been studied extensively as a feature of work and workplaces (Zeidner, Matthews, and Roberts, 2003), with more recent research attention to its role in conflict and negotiation (Hopkins and Yonker, 2015; Katz and Sosa, 2015). We consider the potential role of emotional intelligence in negotiation within our broader treatment of individual differences in Chapter 15.

In summary, emotions are critical features of negotiation encounters that supplement the classical view that negotiation is primarily a rational process of decision making under risk and uncertainty. In the traditional view, we understand negotiation by looking at how negotiators weigh information and make judgments that optimize their outcomes. Negotiators, as we said at the outset of this chapter, are seen as rational actors who are calculating, calm, and in control. But as researchers have come to realize, negotiations involve humans who not only deviate from rational judgments but who inevitably experience and express emotions in circumstances where much is at stake. The role of emotions in negotiation is complex because, as Box 6.6 highlights, human emotions themselves are dynamic and complicated.

Chapter Summary

In this chapter, we have taken a multifaceted look at the role of perception, cognition, and emotion in negotiation. The first portion of the chapter presented a brief overview of the perceptual process and discussed four types of perceptual distortions: stereotyping, halo effects, selective perception, and projection. We then turned to a discussion of how framing influences perceptions in negotiation and how reframing and issue development both change negotiator perceptions during negotiations.

The chapter then reviewed the research findings from one of the most important areas of inquiry in negotiation, that of cognitive biases in negotiation. The effects

of 12 different cognitive biases were discussed: irrational escalation of commitment, mythical fixed-pie beliefs, anchoring and adjustment, framing, availability of information, the winner's curse, overconfidence, the law of small numbers, self-serving biases, endowment effects, ignoring others' cognitions, and reactive devaluation. This was followed by consideration of ways to manage misperception and cognitive biases in negotiation, an area that has received relatively little research attention. In a final section of the chapter, we considered mood and emotion in negotiation, which provides an important alternative to cognitive and perceptual processes for understanding negotiation behavior.

Endnotes

¹ See Babcock, Wang, and Loewenstein (1996); de Dreu and van Lange (1995); Thompson (1995); and Thompson and Hastie (1990a).

² Note that frames themselves cannot be "seen." They are abstractions, perceptions, and thoughts that people use to define a situation, organize information, determine what is important and what is not important, and so on. We can infer other people's frames by asking them directly about their frames, by listening to their communication, and by watching their behavior. Similarly, we can try to understand our own frames by thinking about what aspects of a situation we should pay attention to, emphasize, focus on, or ignore—and by observing our own words and actions. One cannot see or directly measure a frame, however.

³ For extensive reviews of research on cognitive biases in negotiation, see Bazerman and Carroll (1987); Caputo (2013); Neale and Bazerman (1992b); and Thompson and Hastie (1990b). Whether negotiators misperceive information or misprocess information remains a technical debate in the communication and negotiation literature that is beyond the scope of this book.

⁴ See also Diekmann, Tenbrunsel, Shah, Schroth, and Bazerman (1996); and Ritov (1996).

⁵ See also Bazerman, Magliozzi, and Neale (1985); de Dreu, Carnevale, Emans, and van de Vliert (1994); and Neale, Huber, and Northcraft (1987).

⁶ See also Ball, Bazerman, and Carroll (1991); and Foreman and Murnighan (1996).

⁷ In a replication, Kahneman and his colleagues left the price tags on the mugs, making the objective value of the mug clearly visible to participants. Nonetheless, results were consistent with those just described.

⁸ Arunachalam and Dilla did not study the consequences of only one negotiator following this strategy, however, so it is not clear what would happen if both negotiators did not agree to participate in the decision-making process.

⁹ Other reviews include Allred, Mallozzi, Matsui, and Raia (1997); Barry, Fulmer, and van Kleef (2004); Barry and Oliver (1996); and Kumar (1997).



Communication

Objectives

1. Understand the basic components of communication flow in a negotiation.
 2. Explore what is communicated in a negotiation and how people communicate.
 3. Consider the ways that communication might be improved in negotiation.
 4. Gain practical tools for how to improve communication processes in any negotiation.
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CHAPTER OUTLINE

Basic Models of Communication

Distortion in Communication

What Is Communicated during Negotiation?

1. *Offers, Counteroffers, and Motives*
2. *Information about Alternatives*
3. *Information about Outcomes*
4. *Social Accounts*
5. *Communication about Process*

Are Negotiators Consistent or Adaptive?

Does It Matter What Is Said Early in the Negotiation?

Is More Information Always Better?

How People Communicate in Negotiation

Characteristics of Language

Use of Nonverbal Communication

Selection of a Communication Channel

How to Improve Communication in Negotiation

The Use of Questions

Listening

Role Reversal

Special Communication Considerations at the Close of Negotiations

Avoiding Fatal Mistakes

Achieving Closure

Chapter Summary

Reduced to its essence, negotiation is a form of interpersonal communication. Communication processes, both verbal and nonverbal, are critical to achieving negotiation goals and resolving conflicts. According to Putnam and Poole (1987), the activity of having or managing a conflict occurs through communication. More specifically, communication undergirds the setting and reframing of goals; the defining and narrowing of conflict issues; the developing of relationships between disputants and among constituents; the selecting and implementing of strategies and tactics; the generating, attacking, and defending of alternative solutions; and the reaching and confirming of agreements (p. 550).

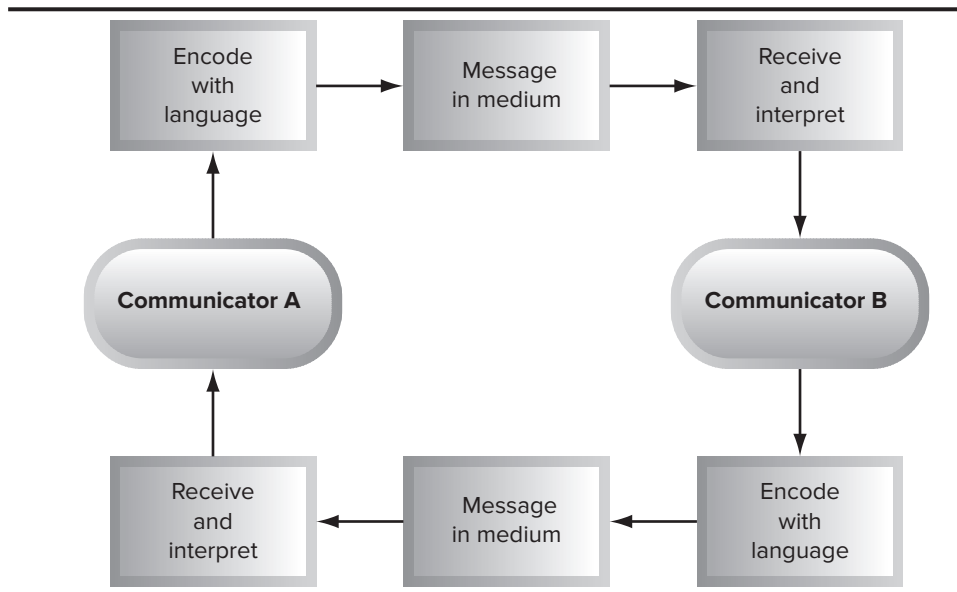
In this chapter, we examine the process by which negotiators communicate their own interests, positions, and goals—and in turn make sense of those of the other party and of the negotiation as a whole. Clearly, communication pervades the negotiation process; accordingly, research on communication sheds light on negotiation both as a process of interaction and as a context for communication subtleties that may influence processes and outcomes (Chatman, Putnam, and Sondak, 1991). This chapter opens with a discussion of the basic mechanisms through which messages are encoded, sent, received, and decoded. We then consider in some depth *what* is communicated in a negotiation, followed by an exploration of *how* people communicate in negotiation. The chapter concludes with discussions of how to improve communication in negotiation and of special communication considerations at the close of negotiations.

Basic Models of Communication

Most analyses of communication begin with a basic model of the communication process, and we do so here. An early and influential model developed by Shannon and Weaver (1948) conceptualizes communication as an activity that occurs between two people: a *sender* and a *receiver*.¹ A sender has a thought or *meaning* in mind. The sender *encodes* this meaning into a message that is to be transmitted to a receiver. For instance, the thought could be about the sender's preference for a particular outcome in a negotiation. The message may be encoded into verbal language (e.g., words and sentences), nonverbal expression (e.g., facial gestures, hand waving, and finger pointing), or both. Once encoded, the message is then transmitted (e.g., via voice, facial expression, or written statement) through a *channel* or *medium* (e.g., face-to-face interaction, telephone, email, text message, letter) to the receiver. The person to whom the message is directed receives the transmission and then *decodes* and *interprets* it, giving meaning and understanding to the receiver.

In one-way communication, from sender to receiver, this process would constitute a complete transmission. A sender who writes a message, reads it over to check its clarity, and sends it by email to the receiver generally assumes that the message is received and understood. This one-way view is simplistic, however, because most communication, particularly in negotiation, involves give-and-take, dialogue and discussion. Thus, it is more useful to analyze communication by treating the exchange between parties as a two-way process that continuously cycles back and forth between the individuals involved. Foulger (2004) proposed a “transactional model” (see Figure 7.1) that captures the bidirectional nature of two-party communication in ongoing conversations, as occurs routinely in negotiation. Foulger's model appropriately treats communicators as both creators and consumers of messages rather than one or the other.

In a two-party exchange like that depicted in Figure 7.1, a communicator is not a passive recipient of messages; the person who receives a message takes an active role in several ways.

FIGURE 7.1 | A Transactional Model of Communication Involving Two Parties

Source: Adapted from Foulger, Davis, "Models of the Communication Process," February, 2004. <http://davis.foulger.info/research/unifiedModelOfCommunication.htm>

First, the recipient receives the message (hears it, reads it, feels it) and then seeks to ascribe meaning to it by interpreting both its information content and the other party's motives for transmitting it. The recipient then becomes a sender, encoding a verbal and/or nonverbal response that may try to accomplish a number of things: convey to the other person information about how the original message was received—perhaps a nod of assent, a quizzical look of confusion, or maybe a grimace signaling dismay (but not always: In a negotiation, as in a poker game, the receiver at times prefers not to react in a way that is detectable by the communicator); respond in some way to the content of the message of the original sender; avoid a substantive response and change the subject; or any number of other possible goals. Importantly, the communicator responding to a message, like the one who sent the previous message, has the opportunity not only to choose how to encode the response but also to select a channel or medium to use for transmission. People often make a channel selection out of habit or convenience—"he sent me an email, so I'll reply by email" or "she left me a phone message, so I'll return the call." Effective communicators and negotiators, however, will often pause to consider the strategic implications of choices about communication channels (which we discuss later in this chapter) rather than simply respond in kind.

Thus, in negotiation, the *feedback* provided by the recipient of a message to its sender can take various forms: a nonverbal gesture, an expressed emotion, a question seeking clarification, a response to information presented, an attempt to build upon the first message, or a rebuttal to an argument, to name just a few, or some combination of these. In two-party communication, the entire transaction may range from something as simple as a routine question ("Want to go for a cup of coffee?") and an affirmative nod by another to complex statements

of fact and opinion and equally complex responses as negotiators shape a comprehensive agreement that requires acceptance by several contentious parties.

Having sketched this basic, transactional model of the communication process between two parties, we next use the elements of this model as a framework for understanding the distortions that can occur in communication.

Distortion in Communication

Communication works to the degree that a wide variety of information—facts, opinions, feelings, preferences, and experiences—is completely and thoroughly shared, and accurately received and decoded, leading to mutual understanding. As most of us know from experience, human communication systems seldom perform optimally. A variety of external factors can distort messages and their meaning, inhibiting comprehension and mutual understanding. In the following paragraphs, we explore how distortions occur in communication by looking at some of the individual elements of the communication process that we presented earlier (refer again to Figure 7.1).

1. *Individual communicators* (whether sender or receiver at a given point in the exchange) each have goals and objectives they want to accomplish. Communicator A may want to change Communicator B's mind about an issue or secure concessions toward a negotiated agreement. Communicator B may not want to have her mind changed or to make concessions; moreover, she is likely to want A to change or make concessions. The more diverse the goals of the two parties, or the more antagonistic they are in their relationship, the greater the likelihood that distortions and errors in communication will occur (de Dreu, Nauta, and van de Vliert, 1995). Similarly, the two communicators differ in their individual characteristics—they are likely to have different personal values, attitudes toward certain issues and objectives, previous experiences, life histories, and personality characteristics (not to mention communication skills). Each of these elements contributes to a different way of viewing the world.
2. *Messages* are the symbolic forms by which information is communicated. Humans are unique in their ability to use symbols—primarily written or spoken language—to transmit information. Some messages are direct expressions of meaning (e.g., I lean over the table and take the pencil I want), whereas others are symbolic representations (e.g., I say to the person seated across the table, "Please pass me the pencil"). The more prone we are to using symbolic communication, the more likely it is that the symbols we choose may not accurately communicate the meaning we intend. In the pencil example, if the other person does not understand English, or if there are several pencils on the table, the communication will be less effective.
3. *Encoding* is the process by which messages are put into symbolic form. The encoding process will be affected by varying degrees of skill in encoding (e.g., fluency in language, skill at written and oral expression). It will also be affected by earlier communication, including what both parties want to communicate and how they have reacted to earlier communications. One party may encode a message in a form that the other may not prefer (e.g., too complicated, too informal, or too cursory). Distortions are likely if the sender encodes the message in a way that impedes understanding or accurate interpretation by the recipient.

4. *Channels, or media*, are the means through which information is sent and received. The choices available to communicators exist at a couple of different levels. First, should the message be transmitted verbally (through spoken or written words), non-verbally (through body posture, hand and facial gestures, tone of voice, and the like), or symbolically (through pictures or graphics of some sort)? Second, having decided whether a message should involve words, symbols, graphics, or gestures, what should be the conduit for its transmission? Spoken words can be transmitted face-to-face, over the telephone, or online (with or without visual contact). For written words, there is paper, email, and texting, with wide variations in formality available to the writer. We tend to think of nonverbal gestures as requiring visual contact, but there are ways to convey reactions and emotions without actual words in a telephone conversation or an online exchange. Symbolic communication is also possible through various conduits, with technology making it possible to convey complex ideas in novel ways. There are numerous opportunities for communication distortion based on the channels used. A complex message may need to be written rather than spoken so that the recipient can consume it at his or her own pace and review it if need be. A face-to-face interaction might be unwise if it occurs in a noisy environment that fosters distraction or impedes comprehension. A communicator who wishes to convey an emotional appeal may risk message distortion in writing when a personal conversation would make it easier to convey emotion. Also, distortion of meaning can result when there is incongruence between multiple channels used at the same time. If a parent says to a child, “Don’t do that!” but simultaneously smiles or laughs, the incongruity of the messages can lead to confusion (“Do I stop, or do I keep doing it?”).
5. *Reception* is the process of comprehension: receiving messages in their verbal, nonverbal, or symbolic form and decoding them into a form that is understandable to the recipient of the message. If the parties speak the same language or use the same common nonverbal gestures to communicate messages, the process may be reasonably simple, although it is subject to perceptual and cognitive errors (see Chapter 6). When people speak different languages, decoding involves higher degrees of error. Although translators may help decode the other party’s messages, full translation may not be possible; that is, it may not be possible to capture fully the other party’s meaning or tone along with the words. In fact, translators introduce the possibility of additional error into the communication process.
6. *Interpretation* is the process of ascertaining the meaning and significance of decoded messages for the situation going forward. The facts, ideas, feelings, reactions, or thoughts that exist within individuals act as a set of filters for interpreting decoded messages. If one person has said to the other, “Please pass me that pencil,” and the other person has said, “No,” the encoded *no* is likely to stimulate a variety of reactions in the first person’s search for its exact meaning: Was the *no* a direct refusal of the request? Why did the other person say *no*? Does he need the pencil too? Is he being obstinate and intentionally blocking me? Was it a playful joke? Answers to these questions will vary depending on other aspects of the communication exchange and on the relationship between the parties, all of which lead the person to ascribe particular meanings to the word *no*. While clarity of interpretation is usually desirable,

there are times when vagueness of language is intended strategically as a way to preserve flexibility and gain an advantage (Shi, 2013).

An important way to avoid some of the problems in communication we have mentioned is by giving the other party *feedback*: Inform the sender that the message was received, encoded, and ascribed with the meaning the sender intended. The absence of feedback can contribute to significant distortions in communication, especially when a sender does not know whether the message has been received, much less understood. Those addressing a large audience may find themselves either speaking into space or directing comments to people who are nodding their heads to signify agreement, smiling, or otherwise acknowledging that the communication is being received and appreciated. The sender is unlikely to continue directing comments to receivers who are scowling, sleeping, or shaking their heads to signify disagreement, unless the comments are specifically designed to influence them to act otherwise. In negotiation, feedback can distort communication by influencing the offers negotiators make (e.g., Kristensen and Garling, 1997) or by leading them to alter their evaluations of possible outcomes (Larrick and Boles, 1995; Thompson, Valley, and Kramer, 1995). Although feedback is often genuinely intended to improve understanding, negotiators need to keep in mind that feedback can be used strategically to induce concessions, changes in strategy, or altered assessments of process and outcome.

What Is Communicated during Negotiation?

One of the fundamental questions that researchers in communication and negotiation have examined is, What is communicated during negotiation? This work has taken several different forms but generally involves audio or video recording of negotiation role-plays and analyzing the patterns of communication that occur in them. For instance, Alexander, Schul, and Babakus (1991) videotaped executives who participated in a 60-minute, three-person negotiation involving two oil companies. The recordings were classified into 6,432 verbal units, which were then coded into 24 different response categories. The researchers found that more than 70 percent of the verbal tactics that buyers and sellers used during the negotiation were integrative. In addition, buyers and sellers tended to behave reciprocally—when one party used an integrative tactic, the other tended to respond with an integrative tactic.

Most of the communication during negotiation is not about negotiator preferences (Carnevale, Pruitt, and Seilheimer, 1981). Although the blend of integrative versus distributive content varies as a function of the issues being discussed (Weingart, Hyder, and Prietula, 1996) and of the expectation parties have for their future relationship (Patton and Balakrishnan, 2010), it is also clear that the content of communication is only partly responsible for negotiation outcomes (Filzmoser, Hippmann, and Vetschera, 2016; Olekalns, Smith, and Walsh, 1996). For example, one party may choose not to communicate certain things (e.g., the reason she chose a different supplier), so her counterpart (e.g., the supplier not chosen) may be unaware why some outcomes occur. In the following sections, we discuss five categories of communication that take place during negotiations (summarized in Table 7.1). We then consider the question of whether more communication is always better than less communication.

TABLE 7.1 | What Is Communicated during Negotiation?

Category of Communication	Why It Is Important
Offers and counteroffers	Offers convey the negotiator's motives and preferences, which in turn influence actions of the other party.
Information about alternatives	Strong alternatives confer a strategic advantage, but only if the other party is aware of those alternatives.
Information about outcomes	Negotiators' evaluations of their own outcomes will vary depending on what they know about how well the other party did.
Social accounts/explanations	The negative effects of relatively poor outcomes can be alleviated when the other party offers social accounts.
Communication about process	When conflict intensifies, risking progress, conversation about process may interrupt a conflict spiral and restore a constructive tone or approach.

1. Offers, Counteroffers, and Motives

The most important communication during negotiation involves messages that convey the parties' offers and counteroffers (Tutzauer, 1992) and signal their preferences. A negotiator's preferences reflect in good measure his or her underlying motivations and priorities, which are also communicated during a negotiation, and they can have a powerful influence on the actions of the other party and on negotiation outcomes. Evidence for this comes from a study by Langner and Winter (2001) that examined historical examples of political crisis negotiations as well as experimental data. Findings indicate that negotiators with affiliation motives (a concern for friendly relations among people or groups) tend to convey "positive" concessions that de-escalate tensions or facilitate agreement. In contrast, negotiators with power motives (concern for impact, prestige, and reputation) are more likely to reject concessions and escalate conflict.

In addition to conveying offers and preferences, communication between negotiators may also convey emotions experienced in relation to the exchange of positions and offers. In a fascinating series of experiments, Lelieveld, Van Dijk, Van Beest, and Van Kleef (2013) showed that negotiators can help themselves by communicating disappointment, although this works only if that disappointment elicits a sense of guilt from the other party. Guilt is more likely to arise when the other party has concern for the disappointed negotiator, and when he or she does, the result is more generous offers by the party feeling guilt. As mentioned in our discussion of emotions in Chapter 6, more assertive emotions such as anger can elicit concessions by signaling power and dominance; this work on disappointment shows that conveying other, less aggressive emotions can have similar effects under the right circumstances.

A communication framework for negotiation is based on the assumptions that (1) the communication of offers is a dynamic process (offers change or shift over time), (2) the offer process is interactive (bargainers influence each other), and (3) various internal and

external factors (e.g., time limitations, reciprocity norms, alternatives, constituency pressures) drive the interaction and motivate negotiators to make adjustments to their offers (Tutzauer, 1992). In other words, the offer-counteroffer process is dynamic and interactive and is subject to situational and environmental constraints. This process constantly revises the parameters of the negotiation, eventually narrowing the bargaining range and guiding the discussion toward a settlement point.

2. Information about Alternatives

Communication in negotiation is not limited to the exchange of offers and counteroffers, however. Another important aspect that has been studied is how sharing information with the other party influences the negotiation process. For instance, Pinkley and her colleagues (Pinkley, 1995; Pinkley, Neale, and Bennett, 1994) examined the question of whether simply *having* a best alternative to a negotiated agreement (BATNA) is sufficient to give a negotiator an advantage over the other party or whether the BATNA needs to be communicated to the other person. The existence of a BATNA changed several things in a negotiation: (1) Compared to negotiators without attractive BATNAs, negotiators with attractive BATNAs set higher reservation prices for themselves than their counterparts did; (2) negotiators whose counterparts had attractive BATNAs set lower reservation points for themselves; and (3) when both parties were aware of the attractive BATNA that one of the negotiators had, that negotiator received a more positive negotiation outcome. Buelens and Van Poucke (2004) have shown that knowledge of the other party's BATNA is one of the strongest determinants of a negotiator's initial offer. These findings suggest that negotiators with an attractive BATNA should tell the other party about it if they expect to receive its full benefits. We hasten to add that the style and tone used to convey information about an attractive BATNA matter. Politely (even subtly) making the other party aware of one's good alternative can provide leverage without alienating the other party. On the other hand, waving a strong BATNA in the other party's face in an imposing or condescending manner may be construed as aggressive and threatening.

3. Information about Outcomes

In a simulation study, Thompson, Valley, and Kramer (1995) examined the effects of sharing different types of information, how the other party evaluated his or her success in the negotiation, and how this influenced negotiators' evaluations of their own success. The study focused on how winners and losers evaluated their negotiation outcomes (winners were defined as negotiators who received more points in the negotiation simulation). Thompson and her colleagues found that winners and losers evaluated their own outcomes equally when they did not know how well the other party had done, but if they found out that the other negotiator had done better, or was simply pleased with his or her outcome, then negotiators felt less positive about their own outcome. A study by Novemsky and Schweitzer (2004) suggests that even when negotiators learn that the other party did relatively poorly, they are less satisfied with the outcome than when they have no comparison information. Taken together, these findings suggest that negotiators should be cautious about sharing their outcomes or even their positive reactions to outcomes with the other party, especially if they are going to negotiate with that party again in the future. Another implication is that negotiators should evaluate their own success before learning about (and being unduly influenced by) the other party's evaluations of the outcomes.

4. Social Accounts

At times, communication during negotiation consists of “social accounts,” which are explanations made to the other party (see Bies and Shapiro, 1987; Shapiro, 1991), especially when negotiators need to justify bad news. Three types of explanations are important (Sitkin and Bies, 1993): (1) explanations of *mitigating circumstances*, where negotiators suggest that they had no choice in taking the positions they did; (2) explanations of *exonerating circumstances*, where negotiators explain their positions from a broader perspective, suggesting that while their current position may appear negative, it derives from positive motives (e.g., an honest mistake); and (3) *reframing* explanations, where outcomes can be explained by changing the context (e.g., short-term pain for long-term gain). Sitkin and Bies suggest that negotiators who use multiple explanations are more likely to have better outcomes and that the negative effects of poor outcomes can be alleviated by communicating explanations for them.

5. Communication about Process

Lastly, some communication is about the negotiation process itself—how well it is going or what procedures might be adopted to improve the situation. Some of this communication takes the form of seemingly trivial small talk that breaks the ice or builds rapport between negotiators. The effect need not be “small,” however; there is evidence that interaction giving rise to shared cognition and shared identity among negotiators before they immerse themselves in the task at hand leads to better integrative outcomes (Swaab, Postmes, van Beest, and Spears, 2007). Clearly, though, some communication about process is not just helpful but critical, as when conflict intensifies and negotiators run the risk of letting hostilities overtake progress. Brett, Shapiro, and Lytle (1998) examined communication strategies in negotiation that are used to halt conflict spirals that might otherwise lead to impasse or less-than-ideal outcomes. One such strategy involves calling attention to the other party’s contentious actions and explicitly labeling the process as counterproductive. More generally, Brett and her colleagues suggest that negotiators seeking to break out of a conflict spiral should resist the natural urge to reciprocate contentious communication from the other party. Negotiators, like other busy humans, may be tempted to forge ahead with offers and counteroffers in pursuit of an outcome rather than pause and “waste” time to discuss a process gone sour. Sometimes that break in the substantive conversation and attention to process is precisely what’s needed.

We conclude this section on *what* is communicated in negotiation with three key questions.

Are Negotiators Consistent or Adaptive?

A major theme of many guides to negotiation, including this book, is that effective negotiators are able to adapt their strategy and style to particular bargaining situations. But while this may be good advice, research indicates that when it comes to communication patterns, negotiators are more likely to be consistent in their strategies than to vary their approach. Taylor and Donald (2003) analyzed transcripts of divorce and hostage negotiations to examine patterns of behavioral interaction. The results showed that negotiations are a dynamic and interactive process with consistency over time; negotiators’ utterances were affected by the ones that preceded it and influenced those that followed. This analysis also showed that negotiators react to only a small proportion of the available cues communicated

by their partner and use only a small proportion of possible responses. Moreover, this proportion becomes smaller as the negotiation proceeds, meaning the longer a negotiation goes on, the less variety in forms of communication we see. Taylor and Donald conclude that negotiators tend to rely on set responses rather than adapt to variations in situations. It appears that when it comes to making choices about communication, many negotiators prefer sticking with the familiar rather than venturing into improvisation.

Does It Matter What Is Said Early in the Negotiation?

A relatively small amount of communication in a negotiation encounter can have large effects on the outcomes that result. Curhan and Pentland (2007) explored the idea that “thin slices” of negotiation—communication patterns during the first five minutes—have a large effect on the negotiated agreements that the parties eventually reach. Using a two-party negotiation simulation, they found that for some negotiators (those in a high-status role), speaking time—the amount of time they were talking and not the other person—during the first five minutes predicted how well that party did in the negotiation. But their study also showed that the tone of the conversation during those first few minutes matters: The more negotiators spoke with emphasis, varying vocal pitch and volume, the worse they did and the better the other party did. In other words, controlling “the floor” early in the negotiation helps, but it’s also important to avoid dominating the early conversation with emotional or hyperbolic communication.

Controlling the exchange early on may help an individual negotiator do better, but does it help the pair achieve integrative outcomes? The negotiation simulation in Curhan and Pentland’s study did include potential for integrating the parties’ interests to achieve mutual gains, but they found that communication during the first five minutes had no effect on the ability of the parties to achieve *joint* gains. But there is evidence from other researchers that joint gains are influenced by what happens early on. Adair and Brett (2005), examining communication at various stages of negotiation encounters, found greater joint gains when negotiators move beyond posturing to exchanging information about issues and priorities before the negotiation is too far along. “What negotiators do in the first half of a negotiation,” Adair and Brett concluded, “has a significant impact on their ability to generate integrative solutions and with high joint gains” (p. 47).

Is More Information Always Better?

Some research has suggested that receiving too much information during negotiation may actually be detrimental to negotiators; this is sometimes called the information-is-weakness effect.² Box 7.1 provides a discussion of ways to manage communication during a negotiation. Negotiators who know the complete preferences of both parties may have more difficulty determining fair outcomes than negotiators who do not have this information. Brodt (1994) explored how a specific type of information—namely, inside information about the other party’s deadline—influenced the negotiation process. In a simulation study of a distributive negotiation over an exotic automobile, Brodt found that negotiators with inside information (1) paid less for the car, (2) were less likely to make concessions during negotiation, and (3) made more creative offers during negotiation than did negotiators without inside information. Having more information enhanced the negotiator’s strength in this study, suggesting that the information-is-weakness effect may be limited to very specific circumstances.

One of the most difficult aspects of negotiation is the actual give-and-take that occurs at the table. Should I stick with this point, or is it time to fold? Should I open the bidding or wait for the other side to take the lead? It requires good judgment to make these tough decisions. While experience certainly contributes to the development of judgment, other key ingredients are the knack of analyzing situations, the courage to make concessions when they're called for, and the willingness to stick to an unpopular position when necessary. Also important are creativity, persuasiveness, and the ability to see the big picture of the exchange.

James Freund is a lawyer and experienced negotiator. He recommends the following:

- *Stay in balance.* Remember that there is a time to be aggressive and a time to concede, a time to wrap things up and a time to keep options open. It is important to strike some sort of balance in the process, even when you are in the driver's seat, to ensure that your future relationship with this negotiating partner (or your own personal reputation as a negotiator) does not suffer from this single encounter.
- *Manage appearances.* The negotiator who arrives at the meeting with bags packed and

a plane ticket obtrusively in the pocket of her coat telegraphs to her counterpart, "Hey, I want to wrap this up and make my plane home." Her opponent will be motivated to slow the tempo of negotiation, expecting that she will be willing to make big concessions as the time for her departure grows closer. Cultivating an appearance that says you will wait patiently for the best deal to be negotiated is a more effective strategy.

- *Be patient.* You can learn a great deal about your counterpart's real level of desire by hanging back and watching. Does he hurry things along? Is she willing to take time to learn the details of a new but complex proposal? Patient adherence to your position provides you with gradually increasing credibility as negotiations wear on.

Freund concluded, "Patience and perseverance are most effective when clothed in a low-key style that emphasizes deliberateness rather than obstinacy. So learn how to insist on your point without being overbearing—and how to say no without seeming too negative" (p. 34).

Source: Adapted from Freund, James C., *Smart Negotiating: How to Make Good Deals in the Real World*. New York, NY: Simon & Schuster, July 1, 1992, 82.

A couple of studies have shown that having more information does not automatically translate into better negotiation outcomes. O'Connor (1997) had pairs of participants negotiate a simulated union-management contract involving both integrative issues and compatible issues where both parties wanted the same outcome. Pairs encouraged to be cooperative (pursue collaborative problem solving) exchanged more information than pairs encouraged to be individualistic (pursue self-interest), but the amount of information exchanged did not improve the overall accuracy of the parties' perceptions of each other's preferences. More recently, Wiltermuth and Neale (2011) found in two studies that having information about an opponent that is not relevant to the task at hand impairs dealmaking because it interferes with the exchange of useful information. The findings of both of these studies suggest that the influence of the exchange of information on negotiation outcomes is not as direct as people might expect—that is, simply exchanging information does not automatically lead to better understanding of the other party's preferences or to better negotiation outcomes. Nor does it automatically result in the information-is-weakness effect. Rather, the effect of exchanging information during negotiation depends on the type

of issues being discussed, the nature of the information exchanged, and the negotiators' motivation to use the information.

How People Communicate in Negotiation

While it may seem obvious that how negotiators communicate is as important as what they have to say, research has examined different aspects of how people communicate in negotiation. We address three aspects related to the “how” of communication: the characteristics of language that communicators use, the use of nonverbal communication in negotiation, and the selection of a communication channel for sending and receiving messages.

Characteristics of Language

Gibbons, Bradac, and Busch (1992) have proposed that negotiation “represents the exchange of information through language that coordinates and manages meaning” (p. 156). In negotiation, language operates at two levels: the logical level (for proposals or offers) and the pragmatic level (semantics, syntax, and style). The meaning conveyed by a proposition or statement is a combination of one logical surface message and several pragmatic (i.e., hinted or inferred) messages. In other words, it is not only what is said and how it is said that matters but also what additional, veiled, or subsurface information is intended, conveyed, or perceived in reception. By way of illustration, consider threats. We often react not only to the substance of a threatening statement but also (and frequently more strongly) to its unspoken messages that might imply something about the likelihood that the threat will be carried out or about our relationship or our prospects for working together in the future. Box 7.2 illustrates how threats, which on the surface seem straightforward enough as negotiation gambits intended to compel the other party to make a concession, are actually complex and nuanced when analyzed in terms of the specific elements of language used within them.

Whether the intent is to command and compel, sell, persuade, or gain commitment, how parties communicate in negotiation would seem to depend on the speaker's ability to encode thoughts properly, as well as on the listener's ability to understand and decode the intended message(s). In addition, negotiators' use of idioms or colloquialisms is often problematic, especially in cross-cultural negotiations (see Chapter 16). The meaning conveyed might be clear to the speaker but confusing to the listener (e.g., “I'm willing to stay until the last dog is hung”—a statement of positive commitment on the part of some regional Americans but confusing at best to those with different cultural backgrounds, even within the United States). Even if the meaning is clear, the choice of a word or metaphor may convey a lack of sensitivity or create a sense of exclusion, as is often done when men relate strategic business concerns by using sports metaphors (“Well, it's fourth down and goal to go; this is no time to drop the ball”). Intentional or not, the message received or inferred by women may be that they're excluded from the club. Deborah Tannen (1990), in her aptly named book *You Just Don't Understand*, states that “male–female miscommunication may be more dangerous [than cross-cultural miscommunication] because it is more pervasive in our lives, and we are less prepared for it” (p. 281). Because people generally are not aware of the potential for such miscommunication with someone from their own culture, they are less well prepared to deal with such miscommunication than they would be if the person were from a different culture.

Is a threat simply a statement about bad things that will happen to the others if they resist? Or is there more to it? Gibbons, Bradac, and Busch (1992) identify five linguistic dimensions of making threats:

1. The use of *polarized language*, in which negotiators use positive words when speaking of their own positions (e.g., generous, reasonable, or even-handed) and negative words when referring to the other party's position (e.g., tight-fisted, unreasonable, or heavy-handed).
2. The conveyance of *verbal immediacy* (a measure of intended immediacy, urgency, or relative psychological distance), either high and intended to engage or compel the other party ("OK, here is the deal" or "I take great care to . . .") or low and intended to create a sense of distance or aloofness ("Well, there it is" or "One should take great care to . . .").
3. The degree of *language intensity*, whereby high intensity conveys strong feelings to the recipient (as with statements of affirmation or the frequent use of profanity) and low intensity conveys weak feelings.
4. The degree of *lexical diversity* (i.e., the command of a broad, rich vocabulary), where high levels of lexical diversity denote comfort and competence with language and low levels denote discomfort, anxiety, or inexperience.
5. The extent of a *high-power language style*, with low power denoted by the use of verbal hedges, hesitations, or politeness to the point of deference and subordination and high power denoted by verbal dominance, clarity and firmness of expression, and self-assurance.

According to Gibbons, Bradac, and Busch, threats can be made more credible and more compelling if they carry negatively polarized descriptions of the other party and his or her position, high immediacy, high intensity, high lexical diversity, and a distinctively high-power style. Clearly, when it comes to using threats as a negotiation tactic, it is not just about *what* is threatened; it is also about *how* the threat is conveyed.

Source: Adapted from Gibbons, Pamela, Bradac, James J., and Busch, Jon D., "The Role of Language in Negotiations: Threats and Promises," in Putnam, Linda L., and Roloff, Michael E., eds., *Communication and Negotiation*. Thousand Oaks, CA: Sage Publications, 1992, 156–75.

Finally, a negotiator's choice of words may not only signal a position but also shape and predict the conversation that ensues. Simons (1993) examined linguistic patterns of communication in negotiation; two of his findings are relevant here:

1. Parties whose statements communicated interests in both the substance of the negotiation (issues) and the relationship with the other party achieved better, more integrative solutions than parties whose statements were concerned solely with either substance or relationship.
2. Linguistic patterns early in the negotiation help define issues in ways that may help the parties discover integrative possibilities later on.

Earlier in this chapter, we mentioned research showing that the conversations that take place early in the negotiation can affect outcomes, and Simons's work reinforces that point: He found that language patterns that occur in the first half of a negotiation exchange are more predictive of agreements than the linguistic patterns found in the second half.

Use of Nonverbal Communication

Much of what people communicate to one another is transmitted with nonverbal communication. Examples include facial expressions, body language, head movements, and tone of

voice, to name just a few. Some nonverbal acts, called *attending behaviors*, are particularly important in connecting with another person during a coordinated interaction like negotiation; they let the other know that you are listening and prepare the other party to receive your message. Nonverbal communication has received relatively scant attention in negotiation research, despite estimates that more than 90 percent of all communication is nonverbal (see Thompson, Ebner, and Giddings, 2017). We discuss three important attending behaviors: eye contact, body position, and encouraging.

Make Eye Contact Dishonest people and cowards are not supposed to be able to look people in the eye. Poets claim that the eye is the lens that permits us to look into a person's soul. These and other bits of conventional wisdom illustrate how important people believe eye contact to be. As it happens, (a lack of) eye contact is not a reliable way to tell if someone is being deceptive; some research finds that liars display more eye contact than truth tellers in a strategic effort to convince the other person that they are being truthful (Mann et al., 2012). Even so, making eye contact is one way to show others you are paying attention and listening and that you consider them important. If people do not look at you when you are speaking, you may question whether they are listening. Of course, it is possible to listen very well even when not looking at the other person; in fact, it may be easier to look away because you can focus on the spoken words and not be confused by visual information. But the point is that by not making eye contact, you are not providing the other person with an important cue that you are engaged and listening.

In making eye contact, however, people should not keep their eyes continually fixed on the other person. Otherwise, they might be accused of staring, which usually leads to suspicion rather than trust. Instead, the eyes should momentarily leave the other person. Generally, breaks in eye contact are fewer and shorter when listening actively than when speaking. When speaking, one may occasionally look away, especially when searching for a word or phrase when trying to remember a detail. Averting the gaze briefly while speaking signals to the other party that the speaker is not finished.

When persuading someone, it is important to make eye contact when delivering the most important part of the message (Beebe, 1980; Burgoon, Coker, and Coker, 1986; Kleinke, 1986). Having the verbal and nonverbal systems in parallel at this point emphasizes the importance of the message being sent. Also, one should maintain eye contact not only when speaking but when receiving communication as well (Kellerman, Lewis, and Laird, 1989).

It is important to recognize, however, that the patterns described here are characteristic of Western society. In other parts of the world, different patterns prevail. In some Asian societies, for example, keeping one's eyes down while the other is speaking is a sign of respect (Ivey and Simek-Downing, 1980).

Adjust Body Position Parents frequently advise their children about how to stand and sit, particularly when they are in formal settings such as school, church, or dinner parties. The command "Sit up!" is often accompanied by "And pay attention!" Here the parent is teaching the child another widely held belief—one's body position indicates whether or not one is paying attention to the other party. To ensure that others know you are attentive to them, hold your body erect, lean slightly forward, and face the other person directly (Ivey and Simek-Downing, 1980). If you accept and endorse the others' message, take care not to show disrespect with body

position by slouching, turning away, or placing your feet on the table (Stacks and Burgoon, 1981). In contrast, crossing arms, bowing the head, frowning the brow, and squeezing eyebrows together all can signal strong rejection or disapproval of the message (Nierenberg and Calero, 1971).

Nonverbally Encourage or Discourage What the Other Says You can indicate attention and interest in what another is saying through a variety of simple behaviors. A head nod, a simple hand gesture to go on, or a murmured “unh hunh” to indicate understanding tells the other person to continue, that you are listening. In fact, you can encourage someone to continue to speak about many subjects by simply nodding your head as he or she is speaking. Brief eye contact or a smile and a nod of the head will provide an encouraging cue. Similarly, a frown, a scowl, a shake of the head, or a grab of one’s chest in mock pain will signal disapproval of the other’s message.

Nonverbal communication—done well—may help negotiators achieve better outcomes through mutual coordination. Drolet and Morris (2000) compared the development of rapport between negotiators who did or did not have visual access to each other while negotiating. They defined rapport as “a state of mutual positivity and interest that arises through the convergence of nonverbal expressive behavior in an interaction” (p. 27). Findings indicated that face-to-face interaction stimulated rapport through nonverbal communication, which in turn enhanced coordination and led to higher joint gains. Of course, these benefits will presumably arise only to the extent that parties are able to interpret nonverbal communication accurately. This is easier said than done: The ability to judge nonverbal behavior varies with social context and gender, among other factors (Puccinelli, Tickle-Degnan, and Rosenthal, 2003).

Lastly, it is worth keeping in mind that nonverbal communication resulting from visual access need not occur in person. With quality videoconferencing widely used through high-bandwidth online tools that are readily available, skilled negotiators need to know how they can manage nonverbal communication even when not in the same room as other parties. We turn next to some of the challenges involved with the use of virtual communication channels in negotiation.

Selection of a Communication Channel

Communication is experienced differently when it occurs through different channels. We may think of negotiation as typically occurring face-to-face—an assumption reinforced by the common metaphor of the “negotiation table.” But the reality is that people negotiate through a variety of communication media: over the telephone, in writing, and increasingly through electronic channels such as email, teleconferencing, and text messaging. The use of network-mediated information technologies in negotiation is sometimes referred to as *virtual negotiation* (also at times “e-negotiation”). The use of a particular channel shapes both perceptions of the communication task at hand and norms regarding appropriate behavior; accordingly, channel variations have potentially important effects on negotiation processes and outcomes (Bazerman, Curhan, Moore, and Valley, 2000; Lewicki and Dineen, 2002).

For our purposes here, the key variation that distinguishes one communication channel from another is *social bandwidth* (Barry and Fulmer, 2004)—the ability of a channel to carry and convey subtle social and relational cues from sender to receiver that go beyond the literal text of the message itself (see also Short, Williams, and Christie, 1976, who used the term *social presence*). Greater social bandwidth means that a channel can convey more

cues having social, relational, or symbolic content. For example, as an alternative to face-to-face interaction, an audio-only phone conversation preserves one's ability to transmit social cues through inflection or tone of voice but forfeits the ability to communicate through facial expressions or physical gestures. In written communication, there are only the words and symbols on paper, although one's choice of words and the way they are arranged can certainly convey tone, (in)formality, and emotion.

Email, as a ubiquitous mode of personal and organizational communication, can be viewed as simply another form of written communication that happens to involve electronic transmission. There are, however, important distinctions between email and other forms of written communication. Many people, treating email as a highly informal medium, are comfortable sending messages that are stylistically or grammatically unpolished in situations (such as on the job) where they would never send a carelessly written communication on paper. Some people incorporate *emoticons* to convey emotional social cues in their messages. Early research on interpersonal and small-group communication through computers indicated that the lack of social cues lowers communicator inhibition and leads to more aggressive communication behavior that is unrestrained by social norms, such as *flaming*—a term that refers generally to hostile or insulting communication (Sproull and Kiesler, 1986). However, much of that early research into computer-mediated communication focused on anonymous interaction. It is not clear that reduced social cues have the same effect in a communication context, such as negotiation, where the parties are known to each other and, in fact, may know each other quite well (Barry and Fulmer, 2004).

Treating email as just another vehicle for written communication is analytically simplistic because email interactions frequently substitute for communication that would otherwise occur via telephone, face-to-face, or perhaps not at all. Accordingly, it is not enough to ask how email communication differs from conventional writing; we also need to understand how interaction (such as negotiation) is affected when people choose to use email rather than communicate through channels with higher social bandwidth.

Researchers have been examining the effects of channels in general, and email in particular, on negotiation processes and outcomes. Unfortunately, there are few consistent findings that point to clear effects. We do know that interacting parties can more easily develop personal rapport in face-to-face communication compared with other channels (Drolet and Morris, 2000) and that face-to-face negotiators are more inclined to disclose information truthfully, increasing their ability to attain mutual gain (Valley, Moag, and Bazerman, 1998). Research has found that negotiation through written channels is more likely to end in impasse than negotiation that occurs face-to-face or by phone (Valley et al., 1998).

Developing rapport and sharing information truthfully are aspects of face-to-face communication that promote cooperation, but face-to-face interaction may also enhance toughness in negotiation. One research team studying distributive negotiation looked at how the advantage of hard bargaining over soft concession-oriented bargaining is affected by whether or not negotiators have face-to-face access (Hüffmeier, Freund, Zerres, Backhaus, and Hertel, 2011). They found that when negotiators can see each other (as opposed to when there is no visual contact), competitive approaches become even more effective, yielding additional gains for the hard bargainer who makes extreme offers and few concessions. With face-to-face access, these researchers argued, the hard bargainer can communicate his or her "tough" message unambiguously, which in turn limits the other party's aspirations and thereby triggers concessions.

Using email communication instead of face-to-face interaction can have the effect of masking or reducing power differences between negotiators. Croson (1999) found that email negotiators reach agreements that are more equal (a balanced division of resources) than face-to-face negotiators. This may occur, Croson theorized, because electronic communication “‘levels the playing field’ between stronger and weaker negotiators” (p. 33). By giving the individual a chance to ponder at length the other party’s message, and to review and revise one’s own communication, email may indeed help less interpersonally skilled parties improve their performance, especially when the alternative is negotiating spontaneously (face-to-face or by phone) with a more accomplished other party. Analyzing the actions of pairs who negotiated over the Internet, van Es, French, and Stellmaszek (2004) found that online negotiators frequently reread and reviewed previous statements and assumptions. But if this reviewability is an asset, van Es and colleagues point to a couple of drawbacks to negotiating in this kind of written format. First, negotiating in writing online gives parties an excuse to be less prepared, given time lags between conversational turns during which one can reflect on prior statements and contemplate future strategies. Second, negotiating in writing, as one does in email, is inevitably challenging for people who don’t like writing or don’t write very well. van Es and colleagues put it this way: “Most people would rather talk than pursue the more arduous task of typing comments. . . . The typing task may motivate negotiators to move too rapidly toward closure” (p. 169). Indeed, many people can express themselves with nuance and subtlety quite well in spoken conversation but are not accomplished at doing so in writing.

Moore, Kurtzberg, Thompson, and Morris (1999) explored reasons email negotiations sometimes end in impasse. In their experiment, students negotiated over email with other students who were either at the same university (an “in-group” pairing) or at another university (“out-group” pairing). Also, some of the negotiators disclosed personal information about themselves with the other party; others did not. They found that impasse was more likely in email negotiations when people negotiated with out-group parties and when there was no mutual self-disclosure of personal information. Other research shows, perhaps not surprisingly, that reaching agreements with email becomes more difficult as the number of parties involved increases. Kurtzberg, Dunn-Jensen, and Matsibekker (2005) found very high impasse rates in a four-party negotiation simulation via email, with many participants expressing high levels of dissatisfaction afterward.

Negotiators using email, text messaging, or other forms of written mediated communication need to work harder at building personal rapport with the other party if they are to overcome limitations of the channel that would otherwise inhibit optimal agreements or fuel impasse. What these negotiation channels lack is *schmoozing*—off-task or relationship-focused conversations that are often present in face-to-face negotiations (Morris, Nadler, Kurtzberg, and Thompson, 2002). Schmoozing is an important avenue for building rapport and establishing trust in the negotiation relationship. In one study, negotiators who schmoozed on the phone prior to email negotiations reached more negotiated agreements, achieved better outcomes, and perceived greater trust and optimism regarding future working relationships with the other party (Morris et al., 2002). In another study, researchers tried to overcome the problem of rapport by telling email negotiators about difficulties of using email for negotiation and instructing them to ask questions of their opponent in an effort to create a personal connection (Sheehy and Palanovics, 2006). It worked—there were

more agreements following these instructions, and agreements were more integrative, suggesting that some of the pitfalls of email as a channel for negotiation can be overcome if negotiators attend to and adjust to those pitfalls.

Expanding on this notion that using virtual channels effectively is key, researchers Jennifer Parlamis and Ingmar Geiger coined the term *medium management* to describe how negotiators may or may not use a virtual channel like email to best effect. They compared negotiators using email who manage the medium “proactively” (thinking ahead about its limitations and seeking ways to maintain information flow) with negotiators who manage the medium “reactively” (addressing the shortcomings of virtuality after the fact) and found that the latter group were less effective at achieving joint gain. Parlamis and Geiger concluded that negotiators should not let the peculiarities of email control the interaction; rather, “negotiators need to be engaged, active and connected during the email interaction, developing and testing settlements, creating value, and taking control of the email medium so medium-related issues do not require repair” (p. 378).

Although much of the early work on virtual negotiations focused on email, text messaging has become so common in both professional and private lives that it merits separate attention as a communication channel in negotiation. As Ebner (2017, p. 136) points out, it’s not just that “everybody texts” but also the fact that instant-message-type capabilities for fast interpersonal communication are built into a variety of social network and other platforms. These messaging systems, which “cast aside the formality of email” (p. 137), have advanced rapidly in the business world and accordingly are increasingly important as virtual channels for negotiation. An experiment by Loewenstein and colleagues (2005) compared negotiations over email with those conducted via instant messaging (IM—a medium similar to SMS text messaging in its interaction dynamics). These researchers built their study around an assumption that the important difference between these two channels is speed of turn-taking: Email is a “slow-tempo” medium, while IM (like texting) is a “fast-tempo” medium that more closely approximates oral communication. The study examined how these two channels compare when negotiators have at their disposal complex versus simple arguments. In a simulated buyer–seller negotiation, some sellers were provided with intricate arguments to use in support of their position; others were provided with simple arguments. The researchers predicted and found that sellers did better with complex arguments in the “quick” medium (IM) but not in the “slow” medium (email). This occurred, their results suggest, because sellers armed with intricate arguments were more able to dominate the conversation in the rapid turn-taking environment of IM, and in so doing extract concessions from the other party.

In summary, negotiations via email and other technology-mediated channels create opportunities but also pose crucial challenges that negotiators would do well to understand before selecting a particular medium for an important occasion. A noteworthy approach to understanding channel effects is the “communication orientation model” (Swaab, Galinsky, Medvec, and Diermier, 2012), which suggests that the effects of using different communication channels depend on the preexisting cooperative versus competitive mindset of the parties. These researchers find that when negotiators come to the situation with a competitive mindset, the ability to see, hear, and directly respond to the other party (as in face-to-face interaction) tends to intensify feelings and escalate conflict. This, in turn, makes it harder to share information and reconcile interests. In contrast, negotiators

inclined to be cooperative “already possess the seeds of rapport and trust” (Swaab et al., 2012, p. 32) that will facilitate collaboration; for them, communication channels don’t matter that much. Visual and vocal access to the other party are most important for those entering negotiation with a neutral or uncertain sense of whether to act cooperatively or competitively. In these situations (e.g., when the parties don’t know each other well), the presence of nonverbal cues helps them decide whether to trust each other and share information, while the absence of these cues impedes the development of rapport and limits the inclination to share information.

In Chapter 6, we discussed various cognitive biases that interfere with rational decision making by negotiators. Analogously, we can think of some of the challenges posed by virtual negotiation as “biases” that put the smoothness, civility, and effectiveness of a negotiation exchange at risk. Thompson and Nadler (2002) identified four specific biases that can hinder success in online negotiations:

1. *Temporal synchrony bias* is the tendency for negotiators to behave as if they were in a synchronous situation when they are not. Face-to-face interactions often involve a “volley” of offers, in which both sides converge in the length of time spent talking as well as the rate of exchange. However, during virtual negotiations, especially with email, the parties aren’t necessarily working on the same time frame and the lack of synchrony can be annoying to one or both parties, therefore negatively affecting both the negotiation relationship and outcomes.
2. *Burned bridge bias* is the tendency for individuals to employ risky behavior during email negotiations that they would not use during a face-to-face encounter. The impoverished social environment of email and texting creates social distance and an illusion of anonymity that can facilitate behavior that would be unacceptable in a face-to-face encounter. For example, negotiators may be more willing to challenge the other party, set ultimatums, or react negatively to an offer when not interacting face-to-face. Friedman and Currall (2003) argue that email’s inherent structural features make it more likely that disputes will escalate compared with face-to-face or telephone interaction.
3. *Squeaky wheel bias* is the tendency for email negotiators to use a negative emotional style to achieve their goals. If social norms fostering civility are absent or less apparent, then negotiators may become more likely to resort to intimidation, rude behavior, and poor etiquette to achieve outcomes. On the other hand, when negotiators are part of a cohesive social group, constructive social norms are reinforced, which may moderate any tendency toward incivility that might otherwise result from use of a virtual communication channel. There is also some evidence that emotions that do surface are more muted in virtual negotiation relative to face-to-face settings (van Es et al., 2004), presumably because the expression of emotion is occurring in writing rather than through the spoken word.
4. *Sinister attribution bias* occurs when negotiators mistakenly assume that another’s behavior is caused by personality flaws, while overlooking the role of situational factors. Thompson and Nadler contend that a lack of trust and shortage of rapport that may exist via email lead individuals to project sinister and deceitful motives onto the other party. Sinister attributions, in turn, lead to poorer outcomes (Moore et al., 1999).

10 Rules for Virtual Negotiation

1. Take steps to create a face-to-face relationship before negotiation, or early on, so that there is a face or voice behind the email.
2. Be explicit about the normative process to be followed during the negotiation.
3. If others are present in a virtual negotiation (on either your side or theirs), make sure everyone knows who is there and why.
4. Pick the channel (face-to-face, videoconference, voice, email, etc.) that is most effective at getting all the information and detail on the table so that it can be fully considered by both sides.
5. Avoid “flaming”; when you must express emotion, label the emotion explicitly so the other knows what it is and what’s behind it.
6. Formal turn-taking is not strictly necessary, but try to synchronize offers and counter-offers. Speak up if it is not clear “whose turn it is.”
7. Check out assumptions you are making about the other’s interests, offers, proposals, or conduct. Less face-to-face contact means less information about the other party and a greater chance that inferences will get you in trouble, so ask questions.
8. In many virtual negotiations (e.g., email), everything is communicated in writing, so be careful not to make unwise commitments that can be used against you. Neither should you take undue advantage of the other party in this way; discuss and clarify until all agree.
9. It may be easier to use unethical tactics in virtual negotiation because facts are harder to verify. But resist the temptation: The consequences are just as severe, and perhaps more so, given the incriminating evidence available when virtual negotiations are automatically archived.
10. Not all styles work equally well in all settings. Work to develop a personal negotiation style (collaboration, competition, etc.) that is a good fit with the communication channel you are using. One of the most difficult aspects of negotiation is the actual give-and-take that occurs at the table. Should I stick with this point, or is it time to fold? Should I open the bidding or wait for the other side to take the lead? It requires good judgment to make these choices.

Source: Adapted from Lewicki, Roy J., and Dineen, Brian R., “Negotiation in Virtual Organizations,” in Heneman, Robert L. and Greenberger, David B., eds., *Human Resource Management in Virtual Organizations*. New York, NY: John Wiley & Sons, 2002, 263.

Creating a positive rapport with a negotiation partner, either face-to-face or over the phone, can help to combat these biases. Unfortunately, it may not be possible to extend the negotiation relationship beyond online or virtual interactions. In such cases, it is important to find ways to create a context of accountability for your actions. One option is taking the time to schmooze via the channel in use to develop a sense of trust and camaraderie prior to negotiating. Another possibility is involving a neutral third party in the exchange. See Box 7.3 for a list of additional ways to maximize effectiveness when negotiations occur in virtual environments.

How to Improve Communication in Negotiation

Given the many ways that communication can be disrupted and distorted, we can only marvel at the extent to which negotiators can actually understand each other. As we have discussed in Chapter 6 and here, failures and distortions in perception, cognition, and

communication are the paramount contributors to breakdowns and failures in negotiation. Research cannot confirm this assertion directly because the processes of perception, cognition, and communication are so intertwined with other major factors, including commitment to one's own position and objectives, the nature of the negotiating process, the use of power and power tactics, and the negotiators' personalities. Nevertheless, research has consistently demonstrated that even those parties whose goals are compatible or integrative may fail to reach agreement or reach suboptimal agreements because of the misperceptions of the other party or because of breakdowns in the communication process. Just as we can evaluate the quality of a deal that results from negotiation, we can evaluate the quality of communication—its efficiency and effectiveness—that occurs in the interaction leading to a given deal (Schoop, Köhne, and Ostertag, 2010).

Three main techniques are available for improving communication in negotiation: the use of questions, listening, and role reversal. Each of these is discussed in more detail next.

The Use of Questions

One of the most common techniques for clarifying communication and eliminating noise and distortion is the use of questions. Questions are essential elements in negotiations for securing information; asking good questions enables negotiators to secure a great deal of information about the other party's position, supporting arguments, and needs. However, as Miles (2013, p. 385) cautions, questions by themselves cannot overcome negotiators' information-gathering challenges: "Counterparts can sidestep questions. . . . They can mislead through dishonesty. . . . [and they] may be unable to provide articulate answers because they are not totally aware of their own biases and emotions."

Nierenberg (1976) proposed that questions could be divided into two basic categories: those that are manageable and those that are unmanageable and cause difficulty (see Table 7.2). Manageable questions cause attention or prepare the other person's thinking for further questions ("May I ask you a question?"), get information ("How much will this cost?"), and generate thoughts ("Do you have any suggestions for improving this?"). Unmanageable questions cause difficulty, give information ("Didn't you know that we couldn't afford this?"), and bring the discussion to a false conclusion ("Don't you think we've talked about this enough?"). As you can see in Table 7.2, many unmanageable questions are likely to elicit defensiveness and anger from the other party. Although these questions may yield information, they may also make the other party feel uncomfortable and less willing to provide information in the future.

Negotiators can also use questions to manage difficult or stalled negotiations (we discuss difficult situations in depth in Chapters 17 and 18). Aside from their typical uses for collecting and diagnosing information or assisting the other party in addressing and expressing needs and interests, questions can also be used tactically to pry or lever a negotiation out of a breakdown or an apparent dead end. Several examples of tough situations and possible specific questions that can be used to deal with them are listed in Table 7.3. The value of such questions seems to be in their power to assist or force the other party to confront the effects or consequences of his or her behavior, intended and anticipated or not. Another good way to unblock negotiations is to use "why not" questions instead of "why" questions (Ury, 1991). The other party may be more prepared to discuss what's wrong with a proposal

TABLE 7.2 | Questions in Negotiation

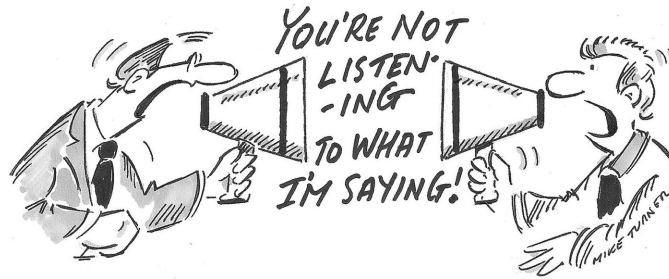
Manageable Questions	Examples
Open-ended questions—ones that cannot be answered with a simple yes or no: <i>who</i> , <i>what</i> , <i>when</i> , <i>where</i> , and <i>why</i> questions	“Why do you take that position in these deliberations?”
Open questions—invite the other’s thinking	“What do you think of our proposal?”
Leading questions—point toward an answer	“Don’t you think our proposal is a fair and reasonable offer?”
Cool questions—low emotionality	“What is the additional rate that we will have to pay if you make the improvements on the property?”
Planned questions—part of an overall logical sequence of questions developed in advance	“After you make the improvements to the property, when can we expect to take occupancy?”
Treat questions—flatter the opponent at the same time as you ask for information	“Can you provide us with some of your excellent insight on this problem?”
Window questions—aid in looking into the other person’s mind	“Can you tell us how you came to that conclusion?”
Directive questions—focus on a specific point	“How much is the rental rate per square foot with these improvements?”
Gauging questions—ascertain how the other person feels	“How do you feel about our proposal?”
Unmanageable Questions	Examples
Close-out questions—force the other party into seeing things your way	“You wouldn’t try to take advantage of us here, would you?”
Loaded questions—put the other party on the spot, regardless of the answer	“Do you mean to tell me that these are the only terms that you will accept?”
Heated questions—high emotionality, trigger emotional responses	“Don’t you think we’ve spent enough time discussing this ridiculous proposal of yours?”
Impulse questions—occur “on the spur of the moment,” without planning, and tend to get conversation off the track	“As long as we’re discussing this, what do you think we ought to tell other groups who have made similar demands on us?”
Trick questions—appear to require a frank answer but really are “loaded” in their meaning	“What are you going to do—give in to our demands or take this to arbitration?”
Reflective trick questions—reflect the other into agreeing with your point of view	“Here’s how I see the situation—don’t you agree?”

Source: Adapted from Nierenberg, Gerard I., *Fundamentals of Negotiating*. New York, NY: Hawthorn Books, 1973, 125–26.

TABLE 7.3 | Questions for Tough Situations

The Situation	Possible Questions
"Take it or leave it" ultimatums	<p>"If we can come up with a more attractive alternative than that, would you still want me to 'take or leave' your offer?"</p> <p>"Do I have to decide now, or do I have some time to think about it?"</p> <p>"Are you feeling pressure to bring the negotiation to a close?"</p>
Pressure to respond to an unreasonable deadline	<p>"Why can't we negotiate about this deadline?"</p> <p>"If you're under pressure to meet this deadline, what can I do to help remove some of that pressure?"</p> <p>"What's magical about this afternoon? What about first thing in the morning?"</p>
Highball or lowball tactics	<p>"What's your reasoning behind this position?"</p> <p>"What would <i>you</i> think I see as a fair offer?"</p> <p>"What standards do you think the final resolution should meet?"</p>
An impasse	<p>"What else can either of us do to close the gap between our positions?"</p> <p>"Specifically, what concession do you need from me to bring this to a close right now?"</p> <p>"If it were already six weeks from now and we were looking back at this negotiation, what might we wish we had brought to the table?"</p>
Indecision between accepting and rejecting a proposal	<p>"What's your best alternative to accepting my offer right now?"</p> <p>"If you reject this offer, what will take its place that's better than what you know you'll receive from me?"</p> <p>"How can you be sure that you will get a better deal elsewhere?"</p>
A question about whether the offer you just made is the same as that offered to others	<p>"What do you see as a fair offer, and given that, what do you think of my current offer to you?"</p> <p>"Do you believe that I think it's in my best interest to be unfair to you?"</p> <p>"Do you believe that people can be treated differently, but still all be treated fairly?"</p>
Attempts to pressure, control, or manipulate	<p>"Shouldn't we both walk away from this negotiation feeling satisfied?"</p> <p>"How would you feel if our roles were reversed, and you were feeling the pressure I'm feeling right now?"</p> <p>"Are you experiencing outside pressures to conclude these negotiations?"</p>

Source: Adapted from Deep, Samuel D., and Sussman, Lyle, *What to Ask When You Don't Know What to Say: 555 Powerful Questions to Use for Getting Your Way at Work*. Englewood Cliffs, NJ: Prentice Hall, 1993.



MEANINGFUL NEGOTIATIONS?

Source: ©Mike Turner/Cartoonstock

than what's right; using "why not" questions and careful listening skills can thus help negotiators identify and understand the other party's preferences.

Listening

Active listening and *reflecting* are terms commonly used in the helping professions such as counseling and therapy. Counselors recognize that communications are frequently loaded with multiple meanings and that the counselor must try to identify these different meanings without making the communicator angry or defensive. In the decades since Carl Rogers (1957, 1961) advocated this key communication dynamic, interest in listening skills, and active listening in particular, has continued to grow, both in general communication contexts and in the specific domain of business and organizational settings.³ There are three major forms of listening:

1. *Passive listening* involves receiving the message while providing no feedback to the sender about the accuracy or completeness of reception. Sometimes passive listening is itself enough to keep a communicator sending information. Some people like to talk and are uncomfortable with long silences. A negotiator whose counterpart is talkative may find that the best strategy is to sit and listen while the other party eventually works into, or out of, a position on his or her own.
2. *Acknowledgment* is the second form of listening, slightly more active than passive listening. When acknowledging, receivers occasionally nod their heads, maintain eye contact, or interject responses like "I see," "mm-hmm," "interesting," "really," "sure," and "go on." These responses are sufficient to keep communicators sending messages, but a sender may misinterpret them as the receiver's agreement with his or her position, rather than as simple acknowledgments of receipt of the message.
3. *Active listening* is the third form. When receivers are actively listening, they restate or paraphrase the sender's message in their own language. Gordon (1977) provides the following examples of active listening:

SENDER: I don't know how I am going to untangle this messy problem.

RECEIVER: You're really stumped on how to solve this one.

SENDER: Please, don't ask me about that now.

RECEIVER: Sounds like you're awfully busy right now.

SENDER: I thought the meeting today accomplished nothing.

RECEIVER: You were very disappointed with our session.

Athos and Gabarro (1978) note that successful reflective responding is a critical part of active listening and has these elements: (1) a greater emphasis on listening than on speaking, (2) responding to personal rather than abstract points (i.e., feelings, beliefs, and positions rather than abstract ideas), (3) following the other rather than leading him or her into areas that the listener thinks should be explored (i.e., allowing the speaker to frame the conversation process), (4) clarifying what the speaker has said about his or her own thoughts and feelings rather than questioning or suggesting what he or she should be thinking or feeling, and (5) responding to the feelings the other has expressed.

Active listening is a hallmark of communication in counseling settings, but its value in negotiation might seem less obvious because, in negotiation, the listener normally has a set position and may feel strongly about the issues. By recommending active listening, we are not suggesting that receivers should automatically agree with the other party's position and abandon their own. Rather, we regard active listening as a skill that encourages others to speak more fully about their feelings, priorities, frames of reference, and, by extension, the positions they are taking. When the other party does so, negotiators will better understand the other's position; the factors and information that support it; and the ways the position can be compromised, reconciled, or negotiated in accordance with their own preferences and priorities.

Role Reversal

Communication may also be improved through role reversal. Arguing consistently for one particular position in a conversation can impede negotiators from recognizing the possible compatibility between their own position and that of the other party. We suggested earlier that active listening is one way to gain an understanding of the other party's perspective, or frame of reference. Active listening is, however, a somewhat passive process. Role-reversal techniques allow negotiators to understand more completely the other party's positions by actively arguing these positions until the other party is convinced that he or she is understood. For example, someone might ask you how you would respond to the situation that he or she is in. In doing so, you can come to understand that person's position, perhaps accept its validity, and discover how to modify both parties' positions to make them more compatible.

Classic studies examining the impact and success of the role-reversal technique (e.g., Johnson, 1971; Walcott, Hopmann, and King, 1977) point to two implications for negotiators. First, the party attempting role reversal may come to a greater understanding of the other party's position, which can in turn lead to convergence between negotiators' positions. Second, while role reversal can produce these changes when the parties' positions are fundamentally compatible with each other to begin with, the technique may end up sharpening perceptions of differences if the positions are fundamentally incompatible.

In sum, role reversal can be a useful tool for improving communication and the accurate understanding and appreciation of the other party's position in negotiation. This may be most useful during the preparation stage of negotiation or during a team caucus when things are not going well. However, increasing understanding does not necessarily lead to easy resolution of the conflict, particularly when accurate communication reveals a fundamental incompatibility in the positions of the two sides.

Special Communication Considerations at the Close of Negotiations

As negotiations move toward a close with agreement in sight, negotiators must attend to two key aspects of communication and negotiation simultaneously: the avoidance of fatal mistakes and the achievement of satisfactory closure in a constructive manner.

Avoiding Fatal Mistakes

Gary Karrass (1985), focusing on sales negotiations in particular, has specific advice about communication near the end of a negotiation. Karrass enjoins negotiators to “know when to shut up,” to avoid surrendering important information needlessly, and to refrain from making “dumb remarks” that push a wavering counterpart away from the agreement he or she is almost ready to endorse. The other side of this is to recognize the other party's faux pas and dumb remarks for what they are and refuse to respond to or be distracted by them. Karrass also reminds negotiators of the need to watch out for last-minute problems, such as nitpicking or second-guessing by parties who didn't participate in the bargaining process but who have the right or responsibility to review it. Finally, Karrass notes the importance of reducing the agreement to written form, recognizing that the party who writes the contract is in a position to achieve clarity of purpose and conduct for the deal.

Achieving Closure

Achieving closure in negotiation generally involves making decisions to accept offers, to compromise priorities, to trade off across issues with the other party, or to take some combination of these steps. Such decision-making processes can be divided into four key elements: framing, gathering intelligence, coming to conclusions, and learning from feedback (Russo and Schoemaker, 1989). The first three of these elements we have discussed elsewhere; the fourth element, that of learning (or failing to learn) from feedback, is largely a communication issue, which involves “keeping track of what you expected would happen, systematically guarding against self-serving expectations, and making sure you review the lessons your feedback has provided the next time a similar decision comes along” (Russo and Schoemaker, p. 3). In Chapter 6, we discussed the decision traps that may result from perceptual and cognitive biases that negotiators will inevitably encounter. Although some of these traps may occur in earlier stages of the negotiation, we suspect that several of them are likely to arise at the end, when parties are in a hurry to wrap up loose ends and cement a deal.

Chapter Summary

In this chapter, we have considered elements of the art and science of communication that are relevant to understanding negotiations. We began with model of two-party interaction that shows communication as a transactional process that cycles between the parties and is prone to error and distortion at various points. Such distortions are more likely to occur when communicating parties have conflicting goals and objectives or strong feelings of dislike for one another. Distortion may occur as information is encoded, transmitted, decoded, and interpreted. During all stages of the communication cycle between two parties, problems of noise, or interference, potentially, affect the accuracy and clarity with which messages and responses are sent and received.

We then moved to a discussion of *what* is communicated during negotiation. Rather than simply being an

exchange of preferences about solutions, negotiation covers a wide-ranging number of topics in an environment where each party is trying to influence the other. This was followed by an exploration of three issues related to *how* people communicate in negotiation: the characteristics of language, nonverbal communication, and the selection of a communication channel. We discussed at some length how the decision to negotiate in online environments (e.g., email) alters negotiator behavior and outcomes.

In the closing sections of the chapter, we considered ways to improve communication in negotiation, including improvement of listening skills and the use of questions, and special communication considerations at the close of negotiation, where we discussed avoiding last-minute mistakes and achieving closure.

Endnotes

¹ Clearly, communication can occur among more than two people, but the same general processes are expected to apply as to the two-person case, albeit with more complexity. For the sake of clarity, we will restrict our discussion to the two-person case in this chapter. The complexity of negotiations involving more than two parties is examined in detail in Chapter 13.

² See Roth and Malouf (1979); Schelling (1960); and Siegel and Fouraker (1960).

³ For discussions of listening in general contexts, see Bostrom (1990); Wolff, Marsnik, Tacey, and Nichols (1983); and Wolvin and Coakley, (1988). For applications to business and organizational settings, see Bone (1988); Lewis and Reinsch (1988); Rogers and Roethlisberger (1991); and Wolvin and Coakley (1991).



Finding and Using Negotiation Power

Objectives

1. Understand different approaches to defining “*power*” in negotiations and why power is critical to negotiation.
 2. Explore different sources or bases of power in negotiation.
 3. Consider different strategic approaches for negotiators who have more power and for negotiators who have less power and must deal with others who have more power.
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CHAPTER OUTLINE

Why Is Power Important to Negotiators?

A Definition of Power

Sources of Power—How People Acquire Power

Informational Sources of Power

Power Based on Personality and Individual Differences

Power Based on Position in an Organization (Structural Power)

Power Based on Relationships

Contextual Sources of Power

The Consequences of Unequal Power

Dealing with Others Who Have More Power

Chapter Summary

In this chapter, we focus on power in negotiation. By *power*, we mean the capabilities negotiators can assemble to give themselves an advantage or increase the probability of achieving their objectives. All negotiators want power; they want to know what they can do to put pressure on the other party, persuade the other to see it their way, get the other to give them what they want, gain one step up on the other, or change the other’s mind. Note that, according to this definition, we have already talked about many power tactics in Chapters 3 and 4. Many of the tactics of distributive bargaining and integrative negotiation are *leverage tactics*—tactics used to exert influence over the other party in the service of achieving the best deal, most commonly only for the self.

In this chapter and the next, we separate the concept of power from the tools of influence. It is important to be clear about the distinction between the two. We treat *power* as the *potential* to alter the attitudes and behaviors of others that an individual brings to a given situation. *Influence*, on the other hand, can be thought of as *power in action*—the actual messages and tactics an individual undertakes in order to change the attitudes and/or behaviors of others. To put it concisely, in the words of the most often quoted scholars on power, “influence is kinetic power [power in use], just as power is potential influence” (French and Raven 1959, p. 152). We address power in this chapter and the use of influence in Chapter 9.

We begin by exploring the nature of power, showing why power is important to negotiators, and discussing some of the dynamics of its use in negotiation. We focus on the power sources that give negotiators capacity to exert influence. Of the many sources of power that exist, we consider three major ones in this chapter: the power of information and expertise; power derived from personality and individual differences; and the benefits of power that may derive from one’s structural position in an organization or network, including control over resources. We also explore two other sources of power: the nature of the relationship between the negotiating parties and the power derived from the specific context of a negotiation (e.g., the quality and availability of a negotiator’s BATNA). We then explore the ways that negotiations are affected by differences in power between negotiators and ways that a negotiator can deal with an opponent who has more power.

Why Is Power Important to Negotiators?

Most negotiators believe that power is important because it gives one negotiator an *advantage* over the other party. Negotiators who have this advantage usually want to use it to secure a greater share of the outcomes or achieve their preferred solution. Seeking power in negotiation usually arises from one of two perceptions:

1. The negotiator believes she currently *has less power* than the other party. In this situation, she believes the other party already has some advantage that can and will be used, so she *seeks power to offset or counterbalance the other’s advantage*.
2. The negotiator believes he *needs more power* than the other party to increase the probability of securing a desired outcome. In this context, he believes that added power is necessary to *gain or sustain his own advantage in the upcoming negotiation*.

Embedded in these two beliefs are significant questions of tactics and motives. The tactics may be designed to enhance the negotiator’s own power or to diminish the other’s power and to create a state of either power equalization (both parties have relatively equal or countervailing power) or power difference (one’s power is greater than the other’s). The motive questions relate to why the negotiator is using the tactics. There are usually two major reasons. First, and perhaps more commonly, negotiators employ tactics designed to create power difference as a way to gain advantage or to block the other party’s power moves. Such tactics enhance the capacity for one side to dominate the relationship, paving the way for a competing or dominating strategy and a distributive agreement.

Second, less commonly but equally necessary, negotiators employ tactics designed to create power equalization as a way to level the playing field. The goal is to minimize either side's ability to dominate the relationship. This lays the groundwork for moving discussions toward a compromising or collaborative, integrative agreement. Box 8.1 presents a framework (first introduced in Chapter 4) that evaluates when negotiators might use power as a tactic, as opposed to a focus on interests or an emphasis on "rights" in a dispute.

In general, negotiators who are less concerned about their power (relative to the other) or who have matched power with the other—equally high or low—find that their deliberations proceed with greater ease and simplicity toward a mutually satisfying and acceptable outcome. In contrast, negotiators who do care about their power and seek to match or exceed the other's power are probably seeking a solution in which they either do not lose the negotiation (a defensive posture) or dominate the negotiation (an offensive posture). Thus, power moves can create temporary advantage but may make negotiations more complex and create more opportunities for danger.

Various tools of power are implied in the use of many of the competitive and collaborative negotiation tactics described in Chapters 2 and 3, such as hinting to the other party that you have good alternatives (a strong BATNA) in order to increase your leverage, or manipulating information by lying to the other (see Chapter 5). Overall, relatively few research studies have focused specifically on power in negotiation, and we integrate those that have into our discussion. However, much of our discussion of power is also drawn from broader studies of how managers influence one another in organizations, and we apply those findings to negotiation situations as appropriate. Finally, as we will note, much of the real power in negotiation is defined by the unique characteristics of a particular problem.

A Definition of Power

In a broad sense, people have power when they have "the ability to bring about outcomes they desire" or "the ability to get things done the way [they want] them to be done" (Salancik and Pfeffer, 1977). Presumably, a party with power can induce another to do what the latter otherwise would not do (Dahl, 1957)—that is, having *power over* another person. Similarly, Emerson (1962), in a classic work on power, defined power in terms of how dependent one party is on another.

But there is a problem here: The definition we have developed so far seems to focus on power as absolute and coercive, which is too restrictive for understanding how power is used in negotiation. In fact, there are really two perspectives on power: power used to dominate and control the other (more likely in a distributive bargaining context) and power used to work together with the other (more likely in an integrative negotiation context; Coleman, 2000b). From the power holder's point of view, the first perspective fits the Dahl *power over* definition, implying that this power is fundamentally dominating and coercive. From the receiver's point of view, this use of power implies more *powerlessness and more dependence* on the other for outcomes. The interpersonal dynamics of this power relationship can range from "benign and supportive (as in many mentoring relationships) to oppressive and abusive (as with a dictatorial parent)" (Coleman, 2000b, p. 111).

One way of thinking about the role of power in negotiation is in relation to other, alternative strategic options. In Chapter 6, we introduced a framework developed by Ury, Brett, and Goldberg (1993) that compares three different strategic approaches to negotiation: interests, rights, and power.

- Negotiators focus on interests when they strive to learn about each other's interests and priorities as a way to work toward a mutually satisfying agreement that creates value.
- Negotiators focus on rights when they seek to resolve a dispute by drawing upon decision rules or standards grounded in principles of law, community standards of fairness, or perhaps an existing contract.
- Negotiators focus on power when they use threats or other means to try to coerce the other party into making concessions.

This framework assumes that all three approaches can exist in a single situation; negotiators make choices about where to place their focus. But do negotiators really use all three? Should they? These questions were addressed in a study by Anne Lytle, Jeanne Brett, and Debra Shapiro (1999). They analyzed audiotapes of negotiations in a simulated contract dispute between two companies seeking to clarify their interdependent business relationship. Of the 50 negotiators who participated (25 tape-recorded pairs), some were students and some were employed managers, but all had five or more years of business experience.

Lytle and her colleagues found that most negotiators cycled through all three strategies—interests, rights, and power—during the same encounter. They also found that negotiators tended to reciprocate these strategies. A coercive power strategy, for example, may be met with a power strategy in return, which can lead to a negative conflict spiral and a poor (or no) agreement. They developed some important implications for the use of power in negotiation:

- Starting a negotiation by conveying your own power to coerce the other party can bring a quick settlement if your threat is credible. If

the other party calls your bluff, however, you are left to either carry out your threat or lose face, both of which may be undesirable.

- To avert a conflict spiral and move toward an interests-based exchange, avoid reciprocating messages involving rights or power. Shift the conversation by asking an interests-related question. It may take several attempts to redirect the interaction successfully.
- If you can't avoid reciprocating negative behaviors (which may be a natural response, but not necessarily effective), try a "combined statement" that mixes a threat with an interests-oriented refocusing question or statement (e.g., "Yes, we could sue you as well, but that won't solve our problem, so why don't we try to reach an outcome that helps us both?").
- Power tactics (and rights tactics) may be most useful when the other party refuses to negotiate or when negotiations have broken down and need to be restarted. In these situations, not much is risked by making threats based on rights or power, but the threat itself may help the other party appreciate the severity of the situation.
- The success of power tactics (and rights tactics) depends to a great extent on how they are implemented. To be effective, threats must be specific and credible, targeting the other party's high-priority interests. Otherwise, the other party has little incentive to comply. Make sure that you leave an avenue for the other party to "turn off" the threat, save face, and reopen the negotiations around interests. After all, most negotiators who make threats really don't want to implement them. As Lytle and her associates observe, "once you carry through with your threat, you frequently lose your source of power" (p. 48).

Source: Adapted from Lytle, Anne L., Brett, Jeanne M., and Shapiro, Debra L., "The Strategic Use of Interests, Rights, and Power to Resolve Disputes," *Negotiation Journal*, vol. 15, no. 1, January, 1999, 31–52.

From the second perspective, the actor's view of power suggests *power with*, implying that the power holder jointly develops and shares power with the other. The receiver experiences this power as *empowering and creating more independence*, hence being more able to control one's own outcomes, and its dynamics reflect the benefits of empowerment, such as better employee participation, broad delegation of authority, and a greater capacity to act with autonomy and personal integrity.

Similarly, a noted conflict researcher, Morton Deutsch, defines power in this way:

[A]n actor . . . has power in a given situation (situational power) to the degree that he can satisfy the purposes (goals, desires, or wants) that he is attempting to fulfill in that situation. (Deutsch, 1973, pp. 84–85)

But Deutsch also notes that there has been a tendency for others to view power as an attribute of the actor only. This tendency ignores those elements of power that are derived from the situation or context in which the actor operates:

Power is a relational concept; it does not reside in the individual but rather in the relationship of the person to his environment. Thus, the power of the actor in a given situation is determined by the characteristics of the situation as well as by his own characteristics. (1973, pp. 84–85)

Thus, as Deutsch suggests, the statement “A is more powerful than B” should be viewed from three distinct yet often interrelated perspectives: environmental power, or “A is more usually able to favorably influence his overall environment and/or to overcome its resistance than is B”; relationship power, or “A is usually more able to influence B favorably and/or to overcome B's resistance than B is able to do with A”; and personal power, or “A is usually more able to satisfy his desires than is B” (1973, p. 85).

Let us consider two examples of power that illustrate these views:

1. During economic downswings, labor unions can find themselves faced with negotiating new contracts that delay wage increases or even reduce wages, which means giving hard-won concessions back to management—hardly something union officials want to do. But they have usually done so because company officials have argued that unless wages go down, the firm will lay off thousands of employees, close a plant, move operations to another country, drop a line of business, or take some similar action. The union officials can be seen as making a rational or calculated decision to do something they ordinarily would not do (Dahl's definition), but in this case management is simply taking advantage of the shift in power within the economic environment (control over job creation and retention). As markets shift, demand for products changes, costs rise or fall, or less expensive (nonunion) labor becomes available, power in these negotiations will continue to shift.
2. In contemporary organizations, heads of projects, teams, and task forces find that they must effectively influence other people without having the formal authority (direct reporting relationships) to give direct orders. As a result, managers have to master the use of influence without authority to get their jobs done and meet group goals. The targets of this influence may be employees, peers, other managers, or the boss. Subordinates who approach their superior with a list of grievances about the job and demands for the boss are more likely to make the boss angry than willing to

- Power is in the eye of the beholder. For power to be effective, it does not necessarily have to be fully and completely possessed; rather, the actor must convey the appearance that he or she has power and can use it at will. Power is therefore somewhat self-fulfilling. If you—and others—think you have it, you have it. If you—and others—don't think you have it, you don't have it. Perceived power is what creates leverage, and many powerholders go out of their way to create the image of power as the critical element of effective influence (see Sun Tzu, 1983, for an excellent exposition of this point).
- The effectiveness of power and influence is ultimately defined by the behavior of the target person. What matters most is which tools and strategies actually work on that person. Does that individual comply, do what you want, or behave the way you want him or her to behave? When designing an influence strategy, you must pay attention to what you think will work with a particular target while being sensitive to suggestions for alternative strategies.
- There is some indication that power is, in fact, corrupting—in Lord Acton's words, "Power tends to corrupt; absolute power corrupts absolutely." This may occur for several reasons. First, as just suggested, power is based on perception—creating the perception, or even the illusion, that you have power and can use it. In creating such an illusion, it is not uncommon for actors to deceive themselves as much as they deceive the target. Second, power can be intoxicating. This point is frequently lost on the naïve and unskilled. Those who gain a great deal of power through rapid career success frequently overuse and eventually abuse it. Power brings a large resource base, privileged information, and the ability to control the fate of many others. In the hands of the unskilled, power can be dramatically destructive (Lewis, 1990; Stewart, 1992).

Sources: Lewis, Michael M., *Liar's Poker: Rising Through the Wreckage on Wall Street*. New York, NY: Penguin Books, 1990; and Stewart, James B., *Den of Thieves*. New York, NY: Simon and Schuster, 1992.

comply. However, those who are able to use influence to get their boss's assistance without creating major problems for the boss may earn the boss's respect and accomplish their goals as well. In these kinds of situations, strong relationship and personal power skills are critical. In short, managers must learn to use relationship and personal power when environmental power, derived from a position in a formal organizational chart, is not available.

As we noted earlier, we want to draw attention to the weakness of any discussion of power that is based entirely on clear, always-relevant sources of power. It would be nice to be able to comprehensively review these power sources, the major configurations of power bases assembled as influence strategies, and the conditions under which each should be used. Unfortunately, such a task is not just daunting but impossible, for two principal reasons. First, the effective use of power requires a sensitive and deft touch, and its consequences may vary greatly from one person to the next. In the hands of one user, the tools of power can craft a benevolent realm of prosperity and achievement, whereas in the hands of another, they may create a nightmare of tyranny and disorder.¹ Second, not only do the key actors and targets change from situation to situation, but the context in which the tools of power operate changes as well. As a result, the best we can do is to identify a few key sources of power. Exactly how and when to use these tools, or in what combination, will be expanded more fully in Chapter 9 (see Box 8.2 for some observations on power and Box 8.3 for a changing perspective on power in one market—car buying).²

The Power of Information in a Car-Buying Negotiation

Before the age of the Internet, many consumers approached buying a car with the same enthusiasm as visiting the dentist. Customers knew their role was to scoff at the asking price, threaten to walk away from the vehicle, and generally engage in tough negotiation postures in order to get the best deal. Still, after they drove the car off the lot, nagging doubts remained about whether or not they paid too much.

Savvy customers have always known that they should determine their real requirements for an automobile, find several cars that meet their objectives, determine the current market value of each car, contact current owners to determine their satisfaction, and keep from becoming emotionally attached to a particular automobile. These strategies certainly have helped people prepare for negotiations with their local dealer. However, customers still had to rely largely on guesswork to determine what price offers would be acceptable to the dealership.

Today, however, price information on new and used cars is readily available through the Internet and other sources. Customers can enter negotiations with car dealers armed with accurate facts and figures about the car's cost to the dealership, the actual price for various options, prices in neighboring states, and the customer and dealer incentives in place at a given time. Car buyers who take the time to gather information about "real" prices report saving hundreds or even thousands of dollars on automobiles. This wealth of information gives consumers more power in negotiations with dealers. Ultimately, that power leads to lower prices for the buyer (Lewicki and Hiam, 2006).

Source: Lewicki, Roy J., and Hiam, Alexander, *Mastering Business Negotiation: A Working Guide to Making Deals and Resolving Conflict*. Hoboken, NJ: John Wiley & Sons, July 21, 2006.

Sources of Power—How People Acquire Power

Understanding the different ways in which power can be exercised is best accomplished by looking first at the various sources of power. In their seminal work on power, French and Raven (1959) identified five major types: expert power, reward power, coercive power, legitimate power, and referent power. Most of these are relatively self-evident:

- *Expert power:* derived from having unique, in-depth information about a subject.
- *Reward power:* derived by being able to reward others for doing what needs to be done.
- *Coercive power:* derived by being able to punish others for not doing what needs to be done.
- *Legitimate power:* derived from holding an office or a formal title in some organization and using the powers that are associated with that office (e.g., a vice president or director).
- *Referent power:* derived from the respect or admiration one commands because of attributes like personality, integrity, and interpersonal style. A is said to have referent power over B to the extent that B identifies with or wants to be closely associated with A.

Many contemporary discussions of power are still grounded in this typology (and Raven has elaborated the typology several times since it was first proposed). In this chapter, we take a broader perspective on power as it relates to negotiation and aggregate the major sources of power into five different groupings (see Table 8.1):

- Informational sources of power.
- Power based on personality and individual differences.

TABLE 8.1 | Major Sources of Power

Source of Power	Description
Informational	<ul style="list-style-type: none"> • Information: the accumulation and presentation of data intended to change the other person's point of view or position on an issue. • Expertise: an acknowledged accumulation of information, or mastery of a body of information, on a particular problem or issue. <ul style="list-style-type: none"> Expertise power can be positive (we believe the other because of her acknowledged expertise) or negative (we so distrust the other that her claimed expertise leads us to pursue a course of action opposite the one she advocates).
Personality and individual differences	<p>Power derived from differences in</p> <ul style="list-style-type: none"> • Psychological orientation (broad orientations to power use). • Cognitive orientation (ideologies about power). • Motivational orientation (specific motives to use power). • Dispositions and skills (orientations to cooperation/competition). • Moral orientation (philosophical orientations to power use). • Moods and dispositions.
Position-based power	<p>Power derived from being located in a particular position in an organizational or communication structure; leads to several different kinds of leverage:</p> <ul style="list-style-type: none"> • Legitimate power, or formal authority, derived from occupying a key position in a hierarchical organization. However, legitimate power can also influence social norms, such as <ul style="list-style-type: none"> – Reciprocity, or the expected exchange of favors. – Equity, or the expected return after one has gone out of one's way for the other. – Dependence, of the expected obligation one owes to others who cannot help themselves. • Resource control, or the accumulation of money, raw material, labor, time, and equipment that can be used as incentives to encourage compliance or as punishments for noncompliance. Resource control is manifested in <ul style="list-style-type: none"> – Reward power, the use of tangible rewards or personal approval to gain the other's compliance. – Punishment power, the use of tangible punishments or withholding of personal approval to gain the other's compliance. • Power based on location in a network structure.
Relationship-based power	<ul style="list-style-type: none"> • Goal interdependence—how the parties view the interrelatedness of their goals • Referent power—based on an appeal to the other based on common experiences, group membership, status, etc. • Referent power can also be positive (we believe the other because we respect him) or negative (we so disrespect the other that we pursue a course of action opposite the one he advocates).
Contextual power	<p>Power derived from the context in which negotiations take place. Common sources of contextual power include</p> <ul style="list-style-type: none"> • Availability of BATNAs. • Organizational and national culture. • Availability of agents, constituencies, and audiences who can directly or indirectly affect the outcomes of the negotiation.

- Power based on position in an organization (structural power).
- Relationship-based sources of power.
- Contextual sources of power.

Informational Sources of Power

Information power is derived from the negotiator's ability to assemble and organize facts and data to support his or her position, arguments, or desired outcomes. In negotiation, it is likely to be the most important source of power. Negotiators may also use information as a tool to challenge the other party's position or desired outcomes or to undermine the effectiveness of the other's negotiating arguments. Even in the simplest negotiation, the parties take a position and then present arguments and facts to support that position. For example, I want to sell a used motorcycle for \$3,000; you say it is worth only \$2,000. I proceed to tell you how much I paid for it, point out what good condition it is in and what attractive features it has, and explain why it is worth \$3,000. You point out that it is five years old; emphasize the nicks, dents, and rust spots; and comment that the tires are worn and need to be replaced. You also tell me that you can't afford to spend \$3,000. After 20 minutes of discussion about the motorcycle, we have exchanged extensive information about its original cost, age, use, depreciation, current market value, and physical condition, as well as your financial situation and my need to raise cash. We then settle on a price of \$2,600, including a "loan" of \$600 I have given you. (See Box 8.3 on the ways that the power of information, available through the Internet, has changed the ways people buy cars.)

The exchange of information in negotiation is also at the heart of the concession-making process. As each side presents information, a common definition of the situation emerges. The amount and kind of information shared, and the way the negotiators share it, allow both parties to derive a common (and hopefully realistic) picture of the current condition of the motorcycle, its market worth, and the preferences of each side. Moreover, this information need not be 100 percent accurate to be effective; bluffs, exaggerations, omissions, and outright lies may work just as well. I may tell you I paid \$2,500 for the bike when I paid only \$2,000; I may not tell you that the clutch needs to be replaced. You may not tell me that you actually can pay \$1,500 but simply don't want to spend that much or that you plan to buy this bike regardless of what you have to pay for it. (We discussed these issues of bluffing and misrepresentation in Chapter 5.)

Through the exchange of information, a common definition of the situation emerges and serves as a rationale for both sides to modify their positions and, eventually, arrive at a mutually acceptable price. Negotiators in the motorcycle example may derive feelings of satisfaction about that settlement from two sources: the price itself and the feeling that the price is justified because of their revised view of the motorcycle and the other party. Thus, information exchange in negotiation serves as the primary medium for creating a common view of the situation, justifying one's own and the other's perspective, making concessions, and eventually explaining one's feelings about the agreement achieved.

How that information is presented is also a key source of power in negotiation. Raven (1993; Raven, Schwartzwald, and Koslowski, 1998) argued that information can be presented in two ways: directly, in order to change the other's mind, or indirectly, through "overheard" communication or techniques that seek to present information without directly

confronting the target's current position or attitudes. We explore these direct and indirect approaches to persuasion in Chapters 7 and 9.

Power derived from expertise is a special form of information power. The power that comes from information is available to anyone who assembles facts and figures to support arguments, but expert power is accorded to those who are seen as having achieved some level of command and mastery of a body of information. Experts are accorded respect, deference, and credibility based on their experience, study, or accomplishments. One or both parties in a negotiation will give experts' arguments more credibility than those of nonexperts—but only to the extent that the expertise is seen as functionally relevant to the persuasion situation (Cronkhite and Liska, 1976, 1980). For example, someone knowledgeable about cars may not be an expert on motorcycles. Thus, a negotiator who would like to take advantage of his or her expertise will often need to demonstrate that this expertise, first, actually exists and, second, is relevant to the issues under discussion.

Power Based on Personality and Individual Differences

The second way that power can be created is through individual differences and differences in personal orientation to power. Individuals have different psychological orientations to social situations. According to Deutsch (1985, p. 74), three such orientations are paramount: “cognitive, motivational and moral orientations to a given situation that serve to guide one's behavior and responses to that situation.” These are stable individual differences—personality traits, if you will—that affect how individuals acquire and use power. To Deutsch's three orientations, we add two more: skills and moods. We now briefly discuss these orientations; others are reviewed in Chapter 15, where we address other individual differences and their impact on negotiating behavior.

Cognitive Orientation Burrell and Morgan (1979) suggest that individual differences in ideological frames of reference—one way to represent a cognitive orientation—are central to their approach to power. They identified three types of ideological frames:

- The unitary frame, characterized by beliefs that society is an integrated whole and that the interests of individuals and society are one, such that power can be largely ignored or, when needed, be used by benevolent authorities to benefit the good of all (a view common to many “communal” societies and cultures).
- The radical frame, characterized by beliefs that society is in a continual clash of social, political, and class interests and that power is inherently and structurally imbalanced (a view common to Marxist individuals and cultures).
- The pluralist frame, characterized by beliefs that power is distributed relatively equally across various groups, which compete and bargain for a share of the continually evolving balance of power (a view common to many liberal democracies).

Each ideological perspective operates as a frame (see Chapter 6), or perspective on the world, shaping expectations about what one should pay attention to, how events will evolve, and how one should engage situations of power. The ideological perspective has also been shown to affect the way individuals process social information about power—“whether it is limited or expandable, competitive or cooperative, or equal or unequal”

Power Doesn't Always Contribute to a Healthy Personality or a Healthy Use of Power

Psychologists have studied the ways that power can contribute to paranoia. *Paranoia* is a psychological disability in which the individual believes that he or she is the target of destructive actions by another person. Paranoid individuals feel a heightened sense of self-consciousness, believe that they are constantly being scrutinized and judged by others, and hence believe that their self-concept and self-esteem are threatened. Paranoid individuals suffer from high levels of distrust of others. This distrust is often irrational, in that the individual experiences strong fear and suspicion of others, but there is no specific interactions or experiences to justify that distrust. In its most extreme cases, paranoia can be pathological, in that the individual distrusts almost all other people and persists in these beliefs regardless of the actual words or behavior of the other parties.

Paranoia can arise from personality dispositions as well as situational circumstances. For example, several authors have examined the U.S. presidency of Lyndon Johnson. Kramer (1995) shows how Johnson had a profound distrust and suspicion of

his political rivals, such as Robert Kennedy. This led Johnson to be highly vigilant about even the most minor of political threats and challenges. But the paranoia was also exacerbated by the escalation of the war in Vietnam and the strong, persistent voice of the antiwar movement encouraging him to withdraw U.S. troops from the conflict. As a result, Johnson significantly magnified the perceived power and threat of these adversaries and increased his resolve to not pursue any courses of action that might be seen as “giving in” to these critics. Unfortunately, as noted by Caro (2006), his response to the antiwar critics significantly diminished his legacy as a very talented politician and significant leader in the country’s civil rights movement.

Sources: Adapted from Kramer, Roderick M., “Power, Paranoia and Distrust in Organizations: The Distorted View from the Top,” in Bies, Robert J., Lewicki, Roy J., and Sheppard, Blair H., eds., “Research on Negotiation in Organizations,” *JAI Press*, vol. 5, 1995, 119–154; and Caro, Robert A., “Lessons in Power: Lyndon Johnson Revealed,” *Harvard Business Review*, vol. 84, no. 4, April, 2006, 47–52.

(Coleman, 2000b, p. 116)—and how the orientation affects people’s willingness to share power when they have authority. But having power doesn’t always mean that it gets used in a healthy way (see Box 8.4).

Motivational Orientation A second orientation focuses on differences in individual motivations—that is, differences rooted more in needs and “energizing elements” of the personality rather than in ideology. McClelland (1975; McClelland and Burnham, 1976) identified individual differences in “power motive,” or the disposition of some people to have high needs to influence and control others and to seek out positions of power and authority. More dramatically, in the era following World War II and the notorious empire-building dispositions of Hitler and Mussolini, personality theorists described “the authoritarian personality” as an individual who has a strong need to dominate others and yet, at the same time, to identify with and submit to those in high authority (Adorno, Frenkl-Brunswick, Levinson, and Sanford, 1950). These orientations are likely to play out in either the “power over” or “powerless” situations of power, depending on the status of the other party.

Dispositions and Related Skills Several authors (e.g., Frost, 1987; Pfeffer, 1992) have suggested that orientations to power are broadly grounded in individual dispositions to be cooperative or competitive (e.g., the dual concerns model, Chapter 1, and individual

differences in conflict management styles, Chapter 15). Competitive dispositions and skills may emphasize the “power over” approach and suggest that people with these dispositions maintain skills such as sustaining energy and stamina; maintaining focus; and having high expertise, strong self-confidence, and high tolerance for conflict. For example, Keltner (2016), summarizing earlier research, shows that people in positions of corporate power “are three times as likely to interrupt coworkers, raise their voices, and say insulting things at the office” (p. 113). Cooperative dispositions and skills are more allied with the “power with” approach, emphasizing skills such as sensitivity to others, flexibility, and ability to consider and incorporate the views of others into an agreement. For example, one group of researchers encouraged students to recall a time when they felt powerful and then to see how this disposition translated to a negotiation. High-power individuals displayed a greater propensity to initiate negotiations and to make the first move in a variety of competitive situations, to make the first offer, and to gain bargaining advantage by making that offer (Magee, Galinsky, and Gruenfeld, 2007).

Moral Orientation toward Power Finally, individuals differ in their moral views about power and its use. The general belief among negotiation researchers is that every negotiator dominantly acts on the basis of self-interest—doing only what is best for himself. In Chapter 5, we discussed how differences in the pursuit of self-interest broadly affect the use of ethical and unethical tactics in negotiation. But recent research has shown that there is a strong interrelationship between an individual’s self-interest and her “moral identity”—that is, a broader commitment to act on behalf of the broader common good. Earlier research, presented by Coleman (1997), noted that there is a significant positive relationship between people’s implicit moral commitment to egalitarianism—a deep-seated belief in the ideal of equality of power for all—and their willingness to share power with low-power parties. More recently, researchers have shown that individuals with a strong moral identity are less likely to act in their own self-interest, even when they have more power than the other (DeCelles, DeRue, Margolis and Ceranic, 2012).

Thus, the notion that “power corrupts” and leads the power holder to abuse his or her power in a negotiation is not always true, and clearly the development of a strong moral identity can moderate this disposition.

Moods In addition to the more enduring personality qualities just discussed, a number of more transitory aspects of personality can create power for a negotiator. This can be as simple as a negotiator who has unique and specific needs (making it difficult to satisfy him), or a negotiator who is indecisive and changes his mind frequently, making him hard to predict. A negotiator’s mood can also create power, and power enhances the impact of emotional expression. Researchers have recently shown that for powerful negotiators, anger is helpful—anger tends to focus their attention more completely on what they want and leads them to be more assertive and to claim more value in a competitive negotiation. Anger helps the negotiators focus on what they want and be less distracted by what the other wants or by the other’s emotions. In contrast, low-power negotiators do not respond to their own emotions, and as a result are more likely to be drawn into the other party’s emotional state, are less focused, and hence surrender value to the other (Overbeck, Neale, and Govan, 2010). (We discussed the role of emotions in negotiation generally in Chapter 6.)

Power Based on Position in an Organization (Structural Power)

In contrast to power based on personality characteristics and qualities, power is also shaped by the “structural” characteristics of an organization—that is, how a group or an organization is designed so that some individuals have more power or authority than others. Structural power has been identified by a number of research studies as having a strong influence on negotiating strategies and outcomes (Bacharach and Lawler, 1981; de Dreu and van Kleef, 2004; McAlister, Bazerman, and Fader, 1986). However, negotiators who have more structural power don’t necessarily use that power (Conlon, Carnevale, and Murnighan, 1994), often because they realize that a dictated solution may not be enthusiastically embraced or implemented by the low-power party.

In this section, we will discuss two approaches to structure that can influence negotiating power. The first way is consistent with more traditional approaches to organizational structure—that is, a hierarchy of boxes or organizational jobs and positions that form a traditional organizational chart. The second way is more consistent with a newer approach to organization structure that thinks of these structures as networks, and shows how a negotiator’s location in a network can also contribute to his or her bargaining power.

Power Derived from Traditional Organizational Hierarchy In this section, we discuss two major sources of power based on position in traditional organizational hierarchy: (1) legitimate power, which is grounded in the specific title, duties, and responsibilities of a job description and “level” within an organizational hierarchy, and (2) resource power, based on the control over resources (budget, funding, etc.) associated with that position.

Legitimate Power Legitimate power is derived from occupying a particular job, office, or position in an organizational hierarchy. In this case, the power resides in the title, duties, and responsibilities of the job itself, and the “legitimacy” of the officeholder comes from the title and duties of the job description within that organization context. Thus, a newly promoted vice president acquires some legitimate power merely from holding the title of vice president.

Most times, people respond to directions from another, even directions they do not like, because they feel it is proper (legitimate) for the other to direct them and proper (obligatory) for them to obey. This is the effect of legitimate power. This process probably begins in the home when children learn to follow directions from parents, carries over into school when children learn to obey directions from teachers, extends when children also learn to obey officials such as police officers or others in uniform, and carries over into their lives in most other organizations.

Legitimate power is at the foundation of our social structure. When individuals and groups organize into any social system—a small business, a combat unit, a labor union, a political action organization, a sports team, a task force—they almost immediately create some form of structure and hierarchy. They elect or appoint a leader and may introduce formal rules about decision making, work division, allocation of responsibilities, and conflict management. Without this social order, groups have difficulty taking any coordinated action (chaos prevails), or everyone tries to participate in every decision and group coordination takes forever.

Social structures are efficient and effective, and this reality creates the basis for legitimate power. People are willing to give up their right to participate in every decision by vesting authority in someone who can act on their behalf (a president, leader, or spokesperson). By creating a group structure that gives one person a power base, group members also generate a willingness within themselves to obey that person's directives.

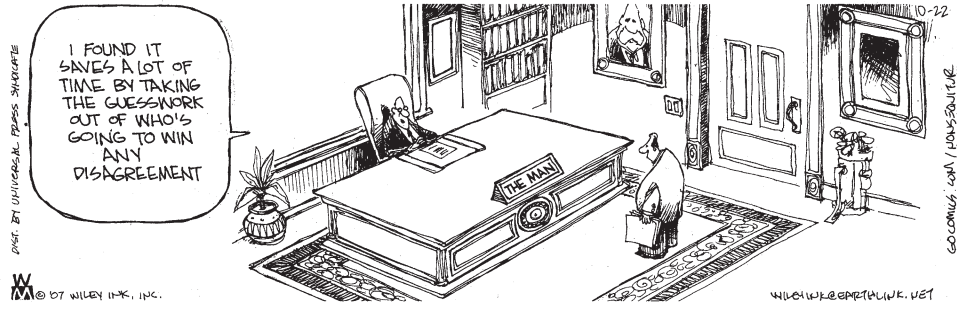
People can acquire legitimate power in several ways. First, it may be acquired at birth. Elizabeth II has the title of *Her Royal Highness*, the Queen of England, and all the stature the title commands. She also controls a great deal of the personal wealth of the monarchy. However, she has little actual power in terms of her ability to run the day-to-day affairs of Britain, a situation that has created somewhat more controversy and resentment in recent years. Second, legitimate power may be acquired by election to a designated office: The president of the United States has substantial legitimate power derived from the constitutional structure of the American government. Third, legitimate power is derived simply by appointment or promotion to some organizational position. Thus, holding the title of director or general manager entitles a person to all the rights, responsibilities, and privileges that go with that position. Finally, some legitimate authority comes to an individual who occupies a position for which other people simply show respect. Usually, such respect is derived from the intrinsic social good or important social values of that person's position or organization. In many societies, the young listen to and obey the elderly. People also listen to college presidents or the members of the clergy. They follow their advice because they believe it is proper to do so. While clergy members, college presidents, and many others may have precious little they can actually give to individuals as rewards or use against them as coercive punishments, they still have considerable legitimate power (see Cialdini, 2009, on the illusions of authority).

The effectiveness of formal authority is derived from the willingness of followers to acknowledge the legitimacy of the organizational structure and the system of rules and regulations that empowers its leaders (Barnard, 1938). In short, legitimate power cannot function without obedience or the consent of the governed. If enough British subjects question the legitimacy of the queen and her authority—even given the hundreds of years of tradition and law on which the monarchy is founded—her continued rule will be in serious jeopardy. If enough Catholics challenge the pope's rulings on abortion, birth control, or other social policy, the pope's authority will erode. If the president's cabinet members and key advisers are unwilling to act on presidential orders, then the president's effectiveness is nullified. When enough people begin to distrust the authority or discredit its legitimacy, they will begin to defy it and thereby undermine its potential as a power source.

Because legitimate power can be undermined if followers choose to no longer recognize the powerholder's authority, it is not uncommon for powerholders to accumulate other power sources (such as resource control or information) to fortify their power base. Resource control and information power frequently accompany a title, position, or job definition. Legitimate power is often derived from manipulating these other sources of power. Military officers have known this for a long time. All military-style organizations (soldiers, police, etc.) still drill their personnel, even though military units no longer march into battle as they once did. There are several reasons for this: A drill is an easy place to give instructions, teach discipline and obedience, closely monitor large numbers of people, and quickly punish or reward performance. Drilling gets large numbers of

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people used to accepting orders from a specific person, without question. Those who follow orders are rewarded, whereas those who do not are quickly and publicly punished. After a while, the need for reward and punishment drops off, and it seems natural or legitimate for the soldier to accept orders from an officer without asking why or inquiring about the consequences.

Although we have been talking about organizational structures and positions as conferring legitimacy, it is also possible to apply the notion of legitimacy to certain social norms or conventions that exert strong control over people (Raven, 1993; Raven et al., 1998). Examples include the following:

1. The legitimate power of reciprocity, a very strong social norm that prescribes that if one person does something positive or favorable for the other, the gesture or favor is expected to be returned (“I did you a favor; I expect you to do one for me”).
2. The legitimate power of equity, another strong social norm, in which the agent has a right to request compensation from the other if the agent goes out of his or her way or endures suffering for the other (“I went out of my way for you; the least you could do for me is comply with my wishes”).
3. The legitimate power of responsibility or dependence, a third strong social norm that says we have an obligation to help others who cannot help themselves and are dependent on us (“I understood that the other really needed help on this and could not do it herself”).

Resource Power People who control resources have the capacity to give them to someone who will do what they want and withhold them (or take them away) from someone who doesn’t do what they want. Resources can be many things. Particular resources are more useful as instruments of power to the extent that they are highly valued by participants in the negotiation. In an organizational context, some of the most important resources are the following:

1. *Money*, in its various forms: cash, salary, budget allocations, grants, bonus money, expense accounts, and discretionary funds.

2. *Supplies*: raw materials, components, pieces, and parts.
3. *Human capital*: available labor supply, staff that can be allocated to a problem or task, temporary help.
4. *Time*: free time, the ability to meet deadlines, the ability to control a deadline. If time pressure is operating on one or both parties, the ability to help someone meet or move a deadline can be extremely powerful (we discussed deadlines in negotiation in Chapter 3).
5. *Equipment*: machines, tools, access to complex technology, computer hardware and software, vehicles.
6. *Critical services*: repair, maintenance, upkeep, installation and delivery, technical support, and transportation.
7. *Interpersonal support*: verbal praise and encouragement for good performance or criticism for bad performance. This is an interesting resource because it is available to almost anyone, it does not require significant effort to acquire, and the impact of receiving it is quite powerful on its own, yet it is not used as frequently as we might expect.

Pfeffer and Salancik (1974), among others, stress that the ability to control and dispense resources is a major power source in organizations. Power also comes from creating a resource stockpile in an environment where resources appear to be scarce. In his book *Managing with Power* (1992), Jeffrey Pfeffer illustrated how powerful political and corporate figures build empires founded on resource control. During his early years in Congress, President Lyndon Johnson took over the “Little Congress” (a speaker’s bureau for clerical personnel and aides to members of Congress) and leveraged it into a major power base that led him to become speaker of the House of Representatives, senate majority leader, and eventually president. Similarly, Robert Moses, beginning as the parks commissioner of New York City, built a power empire that resulted in the successful construction of 12 bridges, 35 highways, 751 playgrounds, 13 golf courses, 18 swimming pools, and more than 2 million acres of park land in the New York metropolitan area—a base he used to become a dominant power broker in the city.

Resources are generally deployed in one of two principal ways: as rewards and as punishments, considered here as *reward power* and *coercion power*. Raven (1993; Raven et al., 1998) has further distinguished between these two to define both personal and impersonal forms. Personal forms of power derive from the personal attraction between the actor and the recipient. Thus, personal reward power is derived from the recipient being influenced because the actor liked him or her or showed him or her some form of social acceptance. Impersonal reward power, on the other hand, comes from the direct use of tangible rewards by the actor, such as pay, benefits, a promotion, or favorable consideration. Personal coercive power is in play when the target wants to avoid or minimize the agent’s disliking or social rejection (being cold, distant, rejecting, etc.). Impersonal coercive power, on the other hand, comes from the direct use of coercive punishment by the other, such as denying a raise or promotion, giving the recipient unfavorable job assignments, and the like.

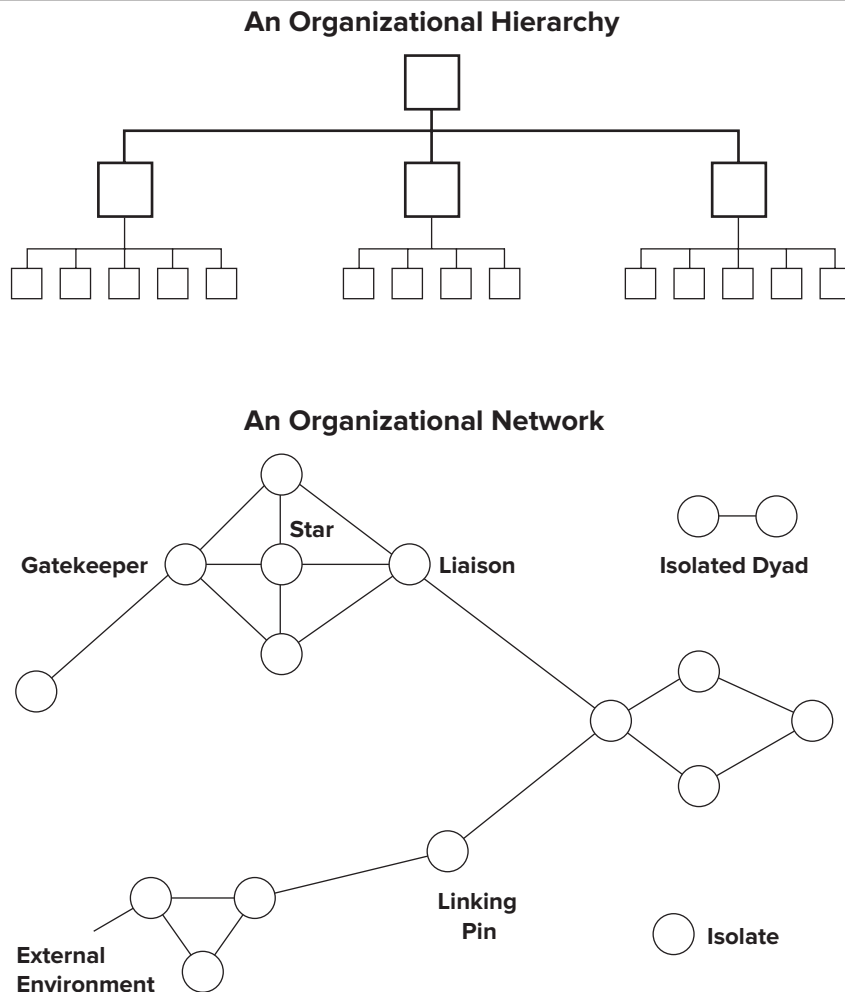
To use resources as a basis for power, negotiators must develop or maintain control over some desirable reward that the other party wants—such as physical space, jobs, budget

authorizations, or raw materials—or control over some punishment the other seeks to avoid. As noted, these rewards and punishments can be tangible or intangible, such as liking, approval, respect, and so on. Successful control over resources also requires that the other party deal directly with the powerholder. Finally, the powerholder must be willing to allocate resources depending on the other's compliance or cooperation with the powerholder's requests. The increasing scarcity of resources of all kinds has led to the new golden rule of organizations: "Whoever has the gold makes the rules." The potential use of reward and punishment power is most commonly expressed in negotiation as threats to punish and promises to reward, which we addressed in our discussion of distributive bargaining in Chapter 2. (See Box 8.5 for one remarkable account of the power of a third party in allocating rewards.)

Power Based on Location in a Network A second major type of structural power also comes from location in an organizational structure, but not necessarily a hierarchical structure. In this case, power is derived from whatever critical resource flows through a particular location in the structure (usually information and resources, such as money). The person occupying that position may not have a formal title or office; his or her leverage comes from the ability to control and manage whatever critical resource flows through that position. For example, individuals such as secretaries, office workers, or technology workers—who have access to a large amount of information or who are responsible for collecting, managing, and allocating vital resources (money, raw materials, permissions and authorizations)—may become very powerful (see Charan, 1991; Kaplan, 1984; Krackhart and Hanson, 1993). The job may not have a fancy title, a large staff, or a corner office, but it can confer a significant amount of power, by virtue of the amount of information and resources that pass through it. In another example, before China modernized in the 1980s, automobile chauffeurs held enormous power, even though their title was not prestigious. If a chauffeur did not like a passenger or did not feel like driving to a certain location, he could make life very difficult and impose serious consequences for the passenger (e.g., delaying a departure time, driving very slowly, taking a roundabout route, etc.).

Even without a lofty position or title, individuals can become powerful because of the way their actions and responsibilities are embedded in the flows of information, goods and services, or professional contacts. Understanding power in this way is derived from conceptualizing organizations and their functioning not as a hierarchy but as a network of interrelationships. Network schemas represent key individuals as circles or nodes and relationships between individuals as lines of transaction. (See Figure 8.1 for an example of a network as compared with an organizational hierarchy.)

In a network, the lines (*ties*) represent flows and connect individuals or groups (*nodes*) who actually interact or need to interact with each other in the organization. Although information and resources are the primary throughput of transactions, personal relationships, tools of power, and "pressure" may also be transacted across network lines. In a formal hierarchy, authority is directly related to how high the position (box or job description) is in the vertical organization chart and how many people report to that individual from lower levels. But in network terms, in contrast, power is determined by location within the flows that occur across that node in the network. The more information that flows through a node, the more power that node has because that person knows more, can choose to open

FIGURE 8.1 | Comparing Organizational Hierarchies and Networks

or close flows to other parts of the network, or actively manages the flows to determine who “knows what’s going on” and who does not. Thus, in many cases, the boss’s administrative assistant may actually know a lot more about some things than the boss because he or she can decide what to tell the boss and what not to tell the boss.

Three key aspects of networks shape power: tie strength, tie content, and network structure.

Tie Strength This is an indication of the strength or quality of the ties with others. Quality might be measured by how close two nodes are, how much personal information they share with each other, or how much one person (node) is willing to go out of his or her way for

Kenneth Feinberg: A Remarkable Portrait of Power

The name Kenneth Feinberg does not immediately come to the mind of most. Yet in terms of legitimate power and resource control, Feinberg occupied a remarkable position of power for several years.

Feinberg is an American attorney specializing in mediation and alternative dispute resolution. He was appointed special master of the September 11 (2001) Victim Compensation Fund and worked for 33 months *pro bono* to decide how victims and their families of the 9/11 tragedy would receive parts of the compensation fund set aside by the U.S. government. Feinberg had the power to determine how much each family would receive, based on fund regulations and application and review procedures that he alone determined. Most of these awards were based on how much the victim would have earned in a full lifetime. While a number of families were unhappy with Feinberg's initial decisions and his personal style (often described as arrogant and aloof), he ultimately awarded more than \$7 billion to 97 percent of the families. Based on his success in managing this effort, Feinberg performed a similar role in awarding compensation to the victims of the shooting of students on the Virginia Tech campus (again, uncompensated himself), served as special master to award compensation to top executives who received federal bailout assistance in the Wall Street financial collapse of 2008, administered the \$20 billion bailout fund to pay claims for the British Petroleum oil spill in the Gulf of Mexico in 2010, and was hired by Penn State University to aid in the settlement of claims against the university stemming from the misbehavior of assistant coach Jerry Sandusky.

Being in this powerful position has subjected Feinberg to huge criticism: from victims' families who thought their compensation was unjust and unfairly determined, from victims' families of other tragedies (international terrorism, the Oklahoma City bombing) who wondered

why there was no compensation for them, and from numerous politicians who had other views of how he should complete his work. Following are several reflections from Feinberg about his work.

You must have seen how the prospect of money can affect people's lives.

One of the things I've learned from the 9/11 fund and Virginia Tech is that when people complain to me, argue, or demand more money, I don't believe it has anything to do with greed. It has to do with grief. Valuing a lost loved one—a life that won't be fulfilled, a future that will never be realized.

What have you learned about what life is worth?

I've learned the reaction to tragedy is almost unlimited, limited only by the vagaries of human nature. It is unbelievable. Families would meet me and express anger, frustration, sadness, joy that somebody would listen. Families met with me expressing newfound belief in religion. Others would express the view that there is no God that could allow this to happen. The mosaic of human emotion is incredible.

You've now faced this emotion twice in horrific, world-gripping tragedies. We hope nothing will happen, but are you ready to do this work again if called on?

Of course. You don't say "no" to the Attorney General of the United States or the president of Virginia Tech.

Despite the personal impact on me emotionally, I'd do it again. So would millions of Americans. If you can make some small contribution to the healing process, that justifies your involvement in coping with tragedies.

Source: Katz, Lee Michael, "What I've Learned: Kenneth Feinberg," *Washingtonian Media Inc.*, March 1, 2008. www.washingtonian.com.

the other. Strength of ties between individuals can be determined by how often the parties interact, how long they have known each other, how close their personal relationship is with the other, how many different ways the two parties interact with each other, and how much reciprocity or mutuality there is in the relationship so that each contributes equally to the give-and-take. Stronger ties with another usually indicate greater power to be able to influence the other.

Tie Content *Content* refers to the resources that pass along the tie to the other person. Resources can include money, information, emotional support, friendship, and the like. The more the content of the ties builds a strong personal relationship (rather than just a series of exchanges or transactions—also see Chapter 10) and the more they create trust and respect for each other, the stronger the tie will be (Ibarra and Andrews, 1993).

Network Structure While tie strength and content relate to an individual relationship within a network, *network structure* refers to the overall set of relationships within a social system (e.g., a workplace, department, friendship group, sorority, or other social environment). (See Box 8.6 for some ways of viewing power in a popular network.) The following are some aspects of network structure that determine power in a network:

1. **Centrality.** The more central a node is within the overall network of exchanges and transactions, the more power that node's occupant will have. Centrality may be determined by the number of connections into and through a node, by the total number of transactions that pass through a node, or by the degree to which the node is integral to managing a certain information flow. In the network depicted in Figure 8.1, the star has greater centrality and therefore more power. Researchers have shown that being in the center of information flows—the workflow network, the informal communication network, and the friendship network—is particularly important to being promoted (see Brass, 1984). A new faculty member might decide to volunteer to head up some informal activity, such as a speakers program for faculty seminars, because that role would put him in the center of many communications with his own faculty and with noted outside visitors about the weekly presentations.
2. **Criticality and relevance.** A second source of network power is the criticality of the node. Although a large amount of information or resources may not flow through a particular node, what *does* flow through it may be essential to the organization's mission, major task, or key product. People who depend highly on others may become critical to the degree that they are charged with assembling information from many locations; that is, they may be in frequent contact with many important people and may be required to integrate information from those contacts into a recommendation, an action strategy, or a decision. In Figure 8.1, liaisons and linking pins perform this role. Employees who want to succeed rapidly are frequently counseled to find jobs with high centrality and criticality in an organization so they can get the experience and the visibility necessary for rapid promotion. Being critical—even irreplaceable—is a core part of getting and maintaining power or in a tough economy keeping your job.
3. **Flexibility.** A third source of network power lies in the position's *flexibility*, or the degree to which the key individual can exercise discretion in how certain decisions

No organization clarifies the meaning and importance of a network like Facebook. As of early 2018, Facebook had more than 2 billion users and income of almost \$5 billion. It has also hosted more than 2 million advertisers. Most Facebook users access the site from their mobile phones, accounting for approximately one-third of all Facebook traffic. Facebook was popularized in the movie *The Social Network*.

The “power” of Facebook is represented in many different ways—for example:

- The sheer number of Facebook users, offering a level of social connectivity unparalleled by any other formal or informal technology worldwide.
- The power of those users to connect with each other by “friending” each other individually, as well as through almost any identifiable commonality—hometown, school, hobbies, job search, or recommendations for a good movie or a place to have dinner. Each of these connection initiatives creates a network of people with a common interest.
- The number of corporations that have joined Facebook in an effort to have members “like” their organization’s products and services, hence providing powerful, informal marketing

endorsements that do not require significant dollar expenditures for advertising.

- The multiple means of access to Facebook, through computers, tablets, and smartphones of all types.
- The power of Facebook to manage information dissemination by determining what a user sees (news feeds, user groups, updating of information by friends, history of posting information, etc.).
- Finally, the market power of Facebook as an economic investment.

Yet Facebook has had its problems, perhaps because of its massive unchecked power. In 2017–2018, the company was accused of avoiding billions of dollars in taxes by using offshore companies. There were also abuses in the company’s pattern of sharing and selling its users’ data. The most dramatic event was Facebook’s sale of 87 million users to Cambridge Analytica, a data analysis firm that had consulted on Donald Trump’s campaign. Facebook executives initially handled the scandal badly but eventually acknowledged a significant breach of trust of its users and promised to implement significant reforms.

Source: Compiled by Roy Lewicki from public Web Sources, including Facebook.com and Wikipedia.com

are made or who gains access. Flexibility is often related to criticality (see the preceding list item). A classic example of flexibility is the role of gatekeeper (Figure 8.1), the person in a network who controls the access to a key figure or group. Anyone who wants to get access to the star has to go through the gatekeeper. If you want to see the boss, you have to get access to the boss’s calendar from the administrative assistant. If you’re on the administrative assistant’s good side, access is quick and easy.

4. *Visibility.* Nodes differ in their degree of visibility—that is, how visible the task performance is to others in the organization. Visibility is not necessarily the same thing as centrality or criticality. A person who negotiates with the other side while in full view of his or her constituency (e.g., in the same room) has high visibility; if the negotiator gains significant concessions from the other party while being watched, the team will give that negotiator a great deal of affirmation. A node with high centrality and criticality may not necessarily be visible, but if it is not, it is much less likely to be

recognized and rewarded. Visibility may also be determined simply by where a person's office is located, such as in the hallway where the president walks to lunch. Pfeffer (1992) relates a story about a new faculty colleague who became well known simply by the proximity of his office to one of the few men's rooms in the building—most colleagues got to know him as they passed his office on their periodic trips to the lavatory.

5. *Membership in a coalition.* Finally, as a node in a network, you can be a member of one or more subgroups or coalitions. Coalitions often act together to represent a point of view or promote action or change; the more coalitions you belong to, the more likely you will be to find “friends” who can help you meet key people, obtain important (often “inside”) information, and accomplish objectives. We say more about how coalitions work in negotiations in Chapter 12.

Section Summary In this section, we have discussed two major kinds of structural arrangements that can affect negotiator power. In the first, power is conveyed to a negotiator because of a formal title, a position, control over resources, or the like that occurs by virtue of membership in some kind of a hierarchical formal organization. This membership conveys the power of authority, legitimacy, and control over resources. In the second, power is conveyed by virtue of participation and location in a network of friendships, communication and information, or flows of resources. Location within these flows determines what one knows, has access to, or chooses to manage. The amount and type of power a negotiator derives from the first is not necessarily tied to the amount and type of power a negotiator can derive from the second; a person can derive a lot of power from both sources, from either one, or from neither. For a further review of negotiation in a network context, see Brass and Labianca (2012).

Power Based on Relationships

Two types of power are discussed here: goal interdependence and referent power.

Goal Interdependence How the parties view their goals—and how much achievement of their own goal depends on the help received from the other party toward goal attainment—has a strong impact on how likely parties will be to constructively use power. Goal structure has consistently demonstrated a strong effect on negotiators' attitudes and behaviors by influencing the disposition parties take toward power. Cooperative goals tend to shape the “power with” orientation, even between superiors and subordinates; Tjosvold (1997) found that these goals induce “higher expectations of assistance, more assistance, greater support, more persuasion and less coercion, and more trusting and friendly attitudes” (p. 297). Those with cooperative goals want others to perform effectively and achieve common objectives. In contrast, competitive goals lead the parties to pursue a “power over” orientation; to reinforce or enhance existing power differences; and to use that power to maximize their own goals, often at the expense of the other (see also Deutsch, 1973; Howard, Gardner, and Thompson, 2007). For example, relationships and goal interdependence are key sources of power in salary negotiations (see Box 8.7).

Salary and negotiation expert Paul Barada from Monster.com points out that power is one of the most overlooked but important dynamics in negotiation. He says that power relationships aren't like blackjack, but there is one parallel: Power will determine who has the better hand. The employer often has the better hand because he or she has something the candidate wants—the job opening—and there are probably many candidates who want the job (employer probably has a good BATNA). But if the candidate has unique skills that the employer wants, or if there is a shortage of talent in a particular field, the candidate can have a lot more power (and hence a good hand). A job candidate can increase his or her power as follows:

- Determine what skills one has, and which ones can be transferred to the job one has applying for.
- Do homework on the demand for those skills in various jobs and industries.

- Know what is a fair and reasonable salary for this job, given the market conditions and the geographic area in which the job is located.
- Be prepared to make a convincing set of arguments for the value one will bring to one's new employer.
- Determine a fair compensation rate (target) and a threshold below which one will not go (walkaway point).

If the candidate determines that he or she does not have the appropriate skills, education, or experience, he or she should consider how to gain those skills or experience to give him or her more power in job negotiations.

Source: Adapted from Barada, Paul W., "Power Relationships and Negotiation," *Monster Worldwide*, 2008. www.monster.com.

Referent Power As defined earlier, referent power is derived from the respect or admiration one commands because of attributes like personality, integrity, and interpersonal style. A is said to have referent power over B to the extent that B identifies with or wants to be closely associated with A. Referent power is often based on an appeal to common experiences, common past, common fate, or membership in the same groups. Referent power is made *salient* when one party identifies the dimension of commonality in an effort to increase his or her similarity to (and maybe persuasiveness over) the other. Thus, a negotiator might start getting to know the other in order to discover commonalities (hometown, college, favorite sports team, favorite music or books) that will create a bond between the parties that will facilitate agreement. Like expert power, referent power can also have negative forms. Negative referent power is often used, particularly when parties seek to create distance or division between themselves and others or to label the other. Thus, political rivals often label each other as "liberals" or "right wingers" in an effort to make the other a less attractive candidate in an upcoming election.

Contextual Sources of Power

Finally, while power can be located within individuals and their relationships, power is also based in the context, situation, or environment in which negotiations take place. These forms of power often go unrecognized in the short term because of our tendency to see power as permanent and dictated by individual differences or the structure of the

situation. But in a negotiation, these short-term sources are just as critical and suggest ways that negotiators who feel powerless can build short-term power bases to enhance their leverage.

BATNAs In Chapters 3 and 4, we discussed the role of a best alternative to a negotiated agreement—that is, an alternative deal that a negotiator might pursue if he or she does not come to agreement with the other party. The availability of a BATNA offers a negotiator significant power because he or she now has a choice between accepting the other party's proposed deal, but not on absolute terms—only whether it is comparable to some alternative deal that is also available. Any viable BATNA gives the negotiator the choice to walk away from the current deal or to use the BATNA as leverage to strike a better agreement in the current conversation. Students who have two financial aid offers from different graduate schools will have significantly more power to increase the quality of that aid package offer from either university than students who have only one financial aid offer because they can “play one off against the other.” Knowledge of the other's BATNA can also help shape a negotiator's initial offer. Buelens and Van Poucke (2004) found that knowledge of the opponent's BATNA was by far the strongest factor shaping a manager's initial offer in a negotiation situation because he or she could gauge how to make that initial offer better or worse than the opponent's BATNA. In addition, Wong (2015) found that negotiators who were strong in their ability to claim value, and knew their opponent's BATNA, increased their bargaining strength but hindered their actual efficiency in negotiation: For weak negotiators, knowing the opponent's BATNA increased efficiency. For a strong negotiator, knowing an opponent's BATNA increases value claiming but also increases judgment errors and decreases the information sharing necessary for more value-creating negotiations (Wong and Howard, 2017).

Several studies have reinforced the importance of a strong BATNA as a source of power. First, having a strong BATNA increases the likelihood that one will make the first offer (Magee et al., 2007). Second, having a good BATNA increases one's own outcomes, compared with not having a BATNA. Third, good BATNAs not only give the negotiator some leverage over the other party but also give a negotiator confidence that he has viable choices and is not going to have a solution dictated to him by the other. Finally, negotiators with better BATNAs (compared with their opponents) are able to claim a greater share of the resource pie (Pinkley, Neale, and Bennett, 1994). However, if one is concerned about integrative outcomes, the reverse is true: The smaller the perceived difference in power (as determined by the quality of alternatives), the better the integrative outcomes derived from the negotiation (Wolfe and McGinn, 2005). Moreover, one study has shown that having these alternatives (outside options for settlement) leads negotiators to a heightened sense of entitlement and higher aspirations for settlement with the current opponent; these higher aspirations tend, in turn, to motivate opportunistic behavior in the negotiator (Malhotra and Gino, 2011).

Culture Culture determines the “meaning system” of a social environment. That is, culture is a system of basic assumptions, norms, and/or common values that individuals in a group or an organization share about how to interact with each other, work together, deal with the external environment, and move the organization into the future (Schein, 1988).

Cultures naturally exist within different countries, but they also exist in different organizations, groups, or families.

Culture often shapes what kinds of power are seen as legitimate and illegitimate or how people use influence and react to influence. For example, in one organization, the chief executive officer (CEO) introduced ideas for major changes in business strategy in management team meetings. Senior managers made very few critical comments about these ideas in the meeting, but they then actively expressed their disagreement with the idea in one-to-one conversations with each other or the CEO. This public lack of openness and honesty about important issues—a cultural value in this organization—contributed to many decisions that were apparently made by consensus, but then consistently undermined in private by the very people who were part of the decision. Changing this cultural value required a strong, concerted action by the CEO and other managers working together with a consultant over a number of months. Cultures often contain many implicit “rules” about use of power and whether “power over” or “power with” processes are seen as more or less appropriate.

National cultures differ in the degree to which these “power over” or “power with” orientations are dominant and shape how people relate to each other. Hofstede (1980a, 1980b, 1989) identified “power distance” as a key dimension that distinguishes national cultures from each other. Cultures high in power distance accept inherent inequality in their social structure—that some people in the culture have “power over” others, such as religious or political leaders, elders, “wise men,” and the like. In contrast, cultures low in power distance embrace a broad norm of “power with”—that decision-making power is spread broadly through the culture and that democratic decision making and delegation to those with expertise or unique skill are more acceptable than rule by a few who are elderly or inherited their titles. We explore this approach in greater depth in our treatment of international negotiation dynamics in Chapter 17.

Finally, culture—both organizational and national—often translates into deeply embedded structural inequalities in a society. The degree to which women, religious or ethnic groups, certain social classes, or minority interests are treated unjustly in a society reflects longstanding historical evolution of power inequalities in social structures and institutions. Many significant social and economic inequities, and the ongoing negotiations about how to change them, can be traced to the historical evolution of these dispositions within a culture, and they require significant effort and attention over many years to introduce meaningful change.

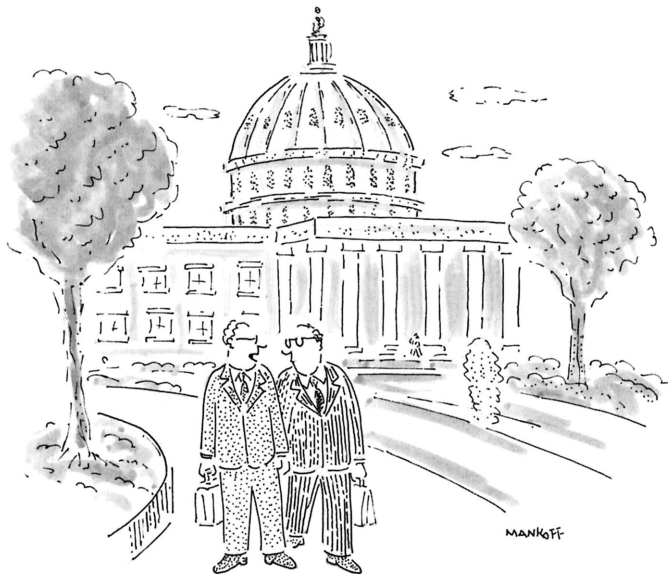
Agents, Constituencies, and External Audiences Most negotiations that we describe in this book take place one-to-one—just you and the other negotiator. But negotiations become significantly more complex when negotiators are representing others’ views (e.g., acting as an agent representing their group or organization or being represented by another person) and when there are multiple parties, the public media, and/or audiences present to observe, critique, and evaluate the negotiations. When all of these other parties are present in a negotiation, they can become actively involved to formally or informally pressure others as part of the negotiation process, which can significantly change the power dynamics. We extensively discuss the effects of these additional parties in Chapter 11.

The Consequences of Unequal Power

In this chapter, we have extensively discussed the various sources of power available to a negotiator. Before addressing the question of how to deal with others who have more power, we should briefly mention the impact of unequal power on negotiations. Power discrepancies can be the result of differences in structural power (e.g., legitimate power, such as boss versus subordinate), informational power (a person who is better prepared than the other), or simply one negotiator who has a better BATNA than the other. In each of these situations, the person with more power has the capacity to control her own and the other's outcomes more than the person with less power (Magee et al., 2007).

A number of research studies have focused on the impact of power differences on negotiating outcomes. In general, these studies support several sets of findings:

- Differences in power and in level of interdependence between the parties can lead to significantly different conflict orientations and behaviors (e.g., avoid making things worse, exit the relationship, hinder the other's actions, etc.; Coleman, Kugler, Michinson, Chung, and Musallam, 2010).
- Parties with equal power are more likely to engage in cooperative behavior, while parties with unequal power are more likely to behave contentiously, using threats, punishments, and exploitative behavior (e.g., de Dreu, Giebels, and van de Vliert, 1998).
- The more powerful party in the relationship has the capacity to determine the negotiation outcome (regardless of the source of power) but does not necessarily use that power (e.g., Conlon, Carnevale, and Murnighan, 1994). Powerful parties



"But how do you know for sure you've got power unless you abuse it?"

may actually decide to withhold the use of that power, knowing that if they use it, the low-power party will be less involved in creating the outcome, less satisfied with his or her role in shaping it, and less committed to implementing and enforcing it without constant oversight and monitoring (e.g., DeRue, Conlon, Moon, and Willaby, 2009).

Dealing with Others Who Have More Power

Thus far, we have been focusing on the numerous ways that negotiators can assemble and use power to their advantage in a negotiation. However, negotiators are often on the receiving end of that power. Very little research has focused on how parties can deal with others who have significantly more power (from one or more of the sources mentioned in this chapter). We end this chapter with some advice to negotiators who are in a low-power position, and we return to that advice in Chapter 18, where we specifically focus on negotiation “mismatches” and how low-power parties can deal with more powerful others who use strategy and tactics that makes them difficult. Several authors (e.g., Malhotra and Bazerman, 2007; Watkins, 2002) specifically address the problem of “dancing with elephants” (striking a deal with an opponent much bigger than you) and highlight ways that lower-power parties can deal with the big players in business deals and partnerships. Here is some of their advice:

1. *Never do an all-or-nothing deal.* Relying on a single opponent and creating a make-or-break deal with him or her leaves the low-power party highly vulnerable. For example, a small business that agrees to let Walmart stores be its only customer runs the risk of being completely controlled by Walmart. Low-power parties should attempt to diversify their risk by entering into deals with several other partners so that no single high-power player could wipe out the low-power partner. We comment more on this process when we discuss coalition dynamics in Chapter 12.
2. *Make the other party smaller.* In dealing with a high-power party, particularly if it is a group or an organization, attempt to establish multiple relationships and engage in multiple negotiations. By dealing with a variety of individuals and departments in the high-power party, you may be able to “divide and conquer” by diversifying the relationships and the multiple interests that may be served in working with these different subgroups.
3. *Make yourself bigger.* Similarly, low-power players should attempt to build coalitions with other low-power players so as to increase their collective bargaining power. Again, these coalition tactics are extensively discussed in Chapter 12. On the other hand, if a low-power player tries to make itself bigger by becoming more aggressive, he or she achieves significantly poorer outcomes than if he or she accepts the low-power position (Donohue and Taylor, 2007).
4. *Build momentum through doing deals in sequence.* Early deals can be done to build a relationship, strengthen the relationship with the high-power party, and perhaps acquire resources (information, technology, seed capital, etc.). Select those high-power targets that have the most to gain, and maximize the visibility of those deals to other parties.

5. *Use the power of competition to leverage power.* This is a variation on the power of a BATNA. If you have something to offer, make sure you offer it to more than one high-power party. If you can get them competing against each other for what you want, some may actually do a deal with you simply to keep you from doing a deal with one of their competitors.
6. *Constrain yourself.* Tie your hands by limiting the ways that you can do business or whom you can do business with. However, while these constraints might drive away your competition, they also have the liability of constraining you as well.
7. *Good information is always a source of power.* Seek out information that strengthens your negotiating position and case. Anticipate the information that would be most compelling or persuasive to the other side; organize it so that you can draw on it quickly and assemble it to be maximally persuasive.
8. *Ask lots of questions to gain more information.* Research shows that negotiators with less power asked more diagnostic than leading questions and constantly showed their willingness to cooperate—and that these behaviors resulted in better outcomes (de Dreu and van Kleef, 2004).
9. *Do what you can to manage the process.* If the high-power party controls the negotiation process (the agenda, the cadence, the timing, and the location), he or she will do it in a way to assure outcomes he or she wants. If the low-power party controls many elements of the process, he or she is more likely to be able to steer the deal in an advantageous direction (Watkins, 2002).

Chapter Summary

In this chapter, we discussed the nature of power in negotiation. We suggested that there are two major ways to think about power: “power over,” which suggests that power is fundamentally dominating and coercive, and “power with,” suggesting that power is jointly shared with the other party to collectively develop joint goals and objectives. There is a great tendency to see and define power as the former, but as we have discussed in this chapter and our review of the basic negotiation strategies, “power with” is critical to successful integrative negotiation.

We reviewed five major sources of power:

- Informational sources of power (information and expertise).
- Personal sources of power (psychological orientation, cognitive orientation, motivational orientation, certain dispositions, and moral orientation and skills).
- Position-based sources of power (legitimate power and resource control).

- Relationship-based power (goal interdependence and referent power and networks).
- Contextual sources of power (the availability of BATNAs, availability of agents, and organizational or national culture in which the negotiation occurs).

While we have presented many vehicles for attaining power in this chapter, it must be remembered that power can be highly elusive and fleeting in negotiation. Almost anything can be a source of power if it gives the negotiator a temporary advantage over the other party (e.g., a BATNA or a piece of critical information). Also, power is only the capacity to influence; using that power and skillfully exerting influence on the other require a great deal of sophistication and experience. In the next chapter, we turn to a detailed examination of how negotiators implement these power sources through the strategies and tactics of interpersonal influence.

Endnotes

¹ Researchers have defined an individual difference called *communication competency* (Spitzberg and Cupach, 1984). Individuals who are high in communication competency are likely to have strong verbal ability, are able to strategize about the way they communicate from one situation to the next, and can easily take the perspective of the other party. Individuals who are high in communication competence

are able to adapt to different situations and do what is most necessary and desirable in any given situation.

² See, for example, Cialdini and Goldstein, 2004; Schreisheim and Hinkin, 1990; and Yukl and Tracey, 1992. For one comprehensive approach to reconceptualizing the use of power in negotiation, see Kim, Pinkley, and Fragale, 2005.



Influence

Objectives

1. Understand the principles of successful influence that are relevant to negotiation.
 2. Explore the dynamics of the two routes to successful influence.
 3. Consider the various influence tools and techniques that are available through each of the routes.
 4. Gain a broader understanding of the variety of influence tools available to any negotiator.
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CHAPTER OUTLINE

Two Routes to Influence: An Organizing Model

The Central Route to Influence: The Message and Its Delivery

Message Content

Message Structure

Persuasive Style: How to Pitch the Message

Peripheral Routes to Influence

Aspects of Messages That Foster Peripheral Influence

Source Characteristics That Foster Peripheral Influence

Aspects of Context That Foster Peripheral Influence

The Role of Receivers—Targets of Influence

Understanding the Other's Perspective

Resisting the Other's Influence

Chapter Summary

In Chapter 8, we discussed power as the potential to alter others' attitudes and behaviors. In this chapter, we turn to power's complement, *influence*—the actual strategies and messages that individuals deploy to bring about desired attitudinal or behavioral change. Negotiators frequently need to convince the other party that they have offered something of value, their offer is reasonable, and they cannot offer more. Negotiators may also want to alter the other party's beliefs about the importance of her own objectives and convince her that her concessions are not as valuable as she first believed. Negotiators may portray themselves as likable people who should be treated decently. All these efforts are designed to use information, as well as the qualities of the sender and receiver of that information, to adjust the other party's positions, perceptions, and opinions; we call this group of tactics *influence*.

The pursuit of influence certainly can stem from and capitalize on power in the sense that if you have leverage over someone because of your position of authority or your ability to confer rewards, you can use those things to influence—to get the other person to see or do something your way. But it is crucial to emphasize at the outset of this chapter that *achieving successful influence does not necessarily require having power over the individual(s) you seek to influence*. As we shall see, there are multiple routes to influencing someone else's attitudes or behavior, some of which benefit from having formal or informal power over the target of influence, but many of which don't.

People differ widely in their ability to use influence effectively. Some believe the ability to persuade is something with which people are born—you either have it or you don't. Although the natural persuasive abilities of people do differ, persuasion is as much a science as a native ability; everyone has the opportunity to get better at it. Our aim in this chapter is to discuss a variety of influence tools that are available to the savvy negotiator. To set the stage, we begin with an organizing framework that defines influence seeking in two broad categories that correspond to two different social-psychological avenues for achieving influence.

Two Routes to Influence: An Organizing Model

One way to think about how people are influenced by others is to draw upon a traditional model of communication that focuses on the content and characteristics as the *message* that a sender wants a receiver to believe, accept, or understand. For a long time, this was the traditional way that psychologists analyzed influence and persuasion: Effective influence occurs when a person is exposed to, pays attention to, comprehends, retains, and acts in accordance with the content of a message. Researchers later came to understand, however, that people can be influenced—their attitudes and behaviors can be changed—without their having to understand, learn, or retain the specific information contained in a message (Petty, Briñol, and Tormala, 2002). In fact, people can be influenced even when they are not actively thinking about the message itself (Petty and Briñol, 2008). This is not to suggest that the content of influence-seeking messages, like those used by negotiators to try to get the other side to see things their way, aren't important—they certainly are in many situations. It is, however, simplistic to think of influence only in terms of the verbal content of persuasive messages aimed by an influence seeker at an influence target.

An alternative way—the approach we choose here—is based on a more nuanced understanding of how influence and persuasion work. This approach, developed first in a stream of research by Richard Petty and John Cacioppo (1986a, 1986b),¹ suggests that there are two general paths by which people are persuaded:

- The first path occurs consciously and involves thinking actively about an influence-seeking message and integrating it into the individual's previously existing cognitive structures (thoughts, intellectual frameworks, etc.). Petty and Cacioppo labeled this path to persuasion the *central route*, which “occurs when motivation and ability to scrutinize issue-relevant arguments are relatively high” (1986b, p. 131).
- The second route to persuasion, the *peripheral route*, is characterized by subtle cues and context, with less active thought and cognitive processing of the message.

Persuasion via the peripheral route is thought to occur automatically (i.e., out of conscious awareness), leading to “attitude change without argument scrutiny” (Petty and Cacioppo, 1986b, p. 132). Because the information is not integrated into existing cognitive structures, persuasion occurring via this route is likely to last a shorter time than persuasion occurring via the central route (Petty and Briñol, 2014). A simple example of peripheral-route persuasion is a listener who is convinced by the impressive credentials of the speaker rather than by the arguments the speaker is presenting.

For clarity of presentation, elements from both paths are represented in a single diagram (Figure 9.1). Many of the common elements used to increase leverage are part of the central route: the structure and content of the message or the relationship between sender and receiver. However, several influence strategies are designed to persuade through the indirect, or peripheral, route, such as enhancing the attractiveness and credibility of the source, invoking the principle of reciprocity (you should do something for me because I did something for you), or drawing on appeals to popularity (you should think this way because many others do).² The remainder of this chapter addresses the approaches to influence presented in Figure 9.1. We organize this discussion according to the distinction between central and peripheral routes to influence.

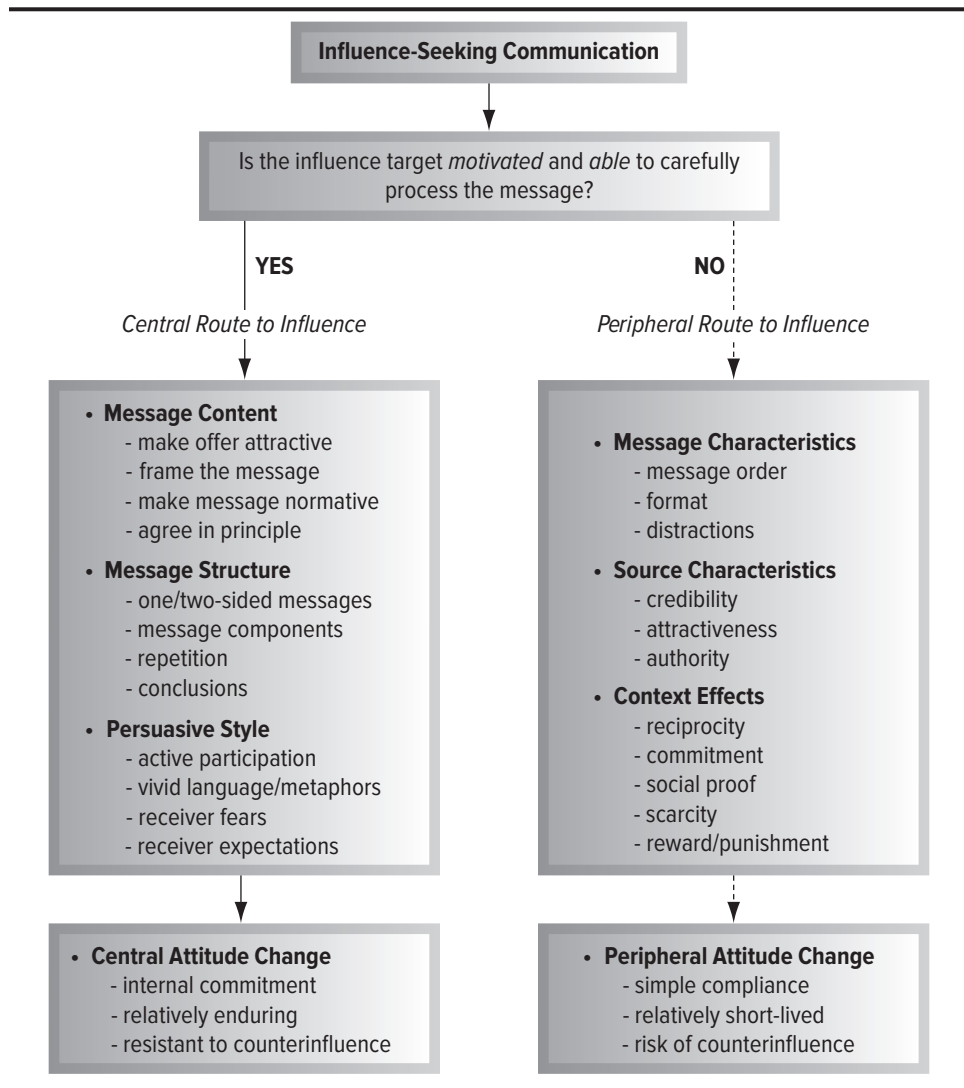
The effective use of influence, whether within a negotiation context or in other social settings, may be determined in part by an individual’s stylistic talent as a “salesperson” or accomplished communicator, but an understanding of the human psychology of influence is at least as important, if not more so. The negotiator who grasps the principles developed in this chapter will have at his or her disposal tools of influence that make it possible to elicit from others desirable and strategically useful attitudes and behaviors. Effective influence is not just a way for negotiators to claim more value for themselves; it can also help to persuade the other party to see possibilities for joint benefit and to increase the other party’s satisfaction with the deal that does ultimately result (Malhotra and Bazerman, 2008).

The Central Route to Influence: The Message and Its Delivery

Facts and ideas are clearly important in changing another person’s opinions and perceptions, but the effectiveness of a persuasion effort depends on how the facts and ideas are selected, organized, and presented. There are three major issues to consider when constructing a message: the *content* of the message (the facts and topics that should be covered), the *structure* of the message (how the topics and facts should be arranged and organized), and the *delivery style* (how the message should be presented).

Message Content

When constructing arguments to persuade the other party, negotiators need to decide what topics and facts they should include. In this section, we discuss four questions negotiators need to consider when constructing persuasive arguments: (1) how to make offers attractive to the other party, (2) how to frame messages so the other party will say yes, (3) how to make messages normative, and (4) how to obtain agreements in principle.

FIGURE 9.1 | Two Routes to Influence

Make the Offer Attractive to the Other Party In structuring the message, negotiators should emphasize the advantage the other party gains from accepting the proposal (Michener and Suchner, 1971). Although this may seem obvious, it is surprising how many negotiators spend more time explaining what aspects of their offer are attractive to themselves than identifying what aspects are likely to be attractive to the other party. Experienced negotiators ensure that the other party understands what he or she will gain by accepting an offer. To do this well, negotiators need to understand the other party's needs.

Salespeople often identify a customer's needs and requirements before they get down to the details of what a particular product or service can do for the purchaser. Labor negotiators often have preliminary, unofficial meetings with management at which both parties discuss the upcoming deliberations and signal the high-priority issues for the year. With information about the other party's needs and interests, negotiators can construct offers with highly appealing features. Understanding the other party's needs is in part a function of an individual skill known as "perspective-taking ability"—one's capacity to consider things from another person's viewpoint (Trötschel et al., 2011). We will have more to say about perspective-taking ability in Chapter 15 on abilities in negotiation.

The negotiator who makes an offer will tend to stress its attractive features, hoping to minimize the need for further concessions. The recipient of the offer, on the other hand, will tend to focus on its unattractive features, hoping to gain more concessions. As a result, negotiators on the receiving end of a proposal frequently choose not to talk about the attractive aspects, highlighting instead why certain features are undesirable. They try to argue that what the other party is trying to sell is not what they need, is inadequate, or does not meet their specifications. The better a negotiator understands the other's real needs and concerns, the easier it is to formulate a proposal the other party will find genuinely attractive (even if that other party is reluctant to admit it) and to package the proposal with arguments that anticipate the other's objections.

Frame the Message So the Other Party Will Say Yes Advertisers discovered long ago that people who agree with one statement or proposal, even though it may be minor, are likely to agree with a second, more significant statement or proposal from the same person or on the same topic (Fern, Monroe, and Avila, 1986).³ Hence, if you can get the other party to agree to something—almost anything—then you have laid the foundation for subsequent agreement. The task is to find something that the other party can agree with that puts him or her in the mindset of saying yes. A real estate salesperson who gets potential buyers to agree that the house they are visiting is in a nice neighborhood or has a nice yard for their children has made the first step toward getting them to say yes to buying the house (even if it is not the ideal size, layout, or price).

Make the Message Normative It is easy to assume that people are driven by simple and direct self-interest. There is plenty of evidence, however, that people are motivated to behave consistently with their values—that is, their religious, social, or ethical standards. A standard is *normative* when it involves actions that people think they should do as a form of right or appropriate behavior. Normative standards become part of people's self-image, a concept in their mind of what they are really like. People will go to considerable lengths to act or say things consistent with their self-image. Consider, for instance, a person acting politely who, in fact, feels quite hostile or people acting generously when they are actually financially strained and are tempted by greed (Reardon, 1981). They behave this way to preserve their self-image and to convince others that they are nice people (see our discussion of face saving in Chapter 10).⁴

A powerful argument in negotiation is showing the other person that by following a course of action (your proposal), he will be acting in accordance both with *his* values and with some higher (more noble, moral, or ethical) code of conduct. Politicians use normative messages to

justify fiscal policies to promote domestic purchases (e.g., “buy American,” “protect American jobs”), and interest groups use normative messages to either promote their points of view or demean other points of view (e.g., “save a tree,” “tax and spend liberals”). At times, the simple statement “This is the right (or proper) thing to do” may carry considerable weight as a normative influence appeal, especially when a negotiator is trying to induce the other party to act in a way that is contrary to a narrow reading of that other party’s self-interest.

Suggest an Agreement in Principle There are times when getting the other party to accept an “agreement in principle” may be a valuable step in a negotiation. For example, when there is bitter conflict between two parties who cannot seem to agree on anything, obtaining agreement on a general principle, such as a cease-fire, may be the first “yes” statement to which both parties can subscribe. In negotiations between Israel and Egypt over the Sinai in the late 1970s, no details were settled about the fate of the Palestinians, but an agreement on the principle of Palestinian self-rule was reached. Although an agreement in principle is desirable when other options are blocked, it still takes a great deal of work to turn such an agreement into one that contains specific details and action proposals. Principles sound good, and most people may agree with what they advocate, but there is usually great uncertainty about how a principle applies to a specific situation. For example, to return to the Middle East and the question of Palestine, even if the parties agree to the principle of trading land for peace, there is still a great deal of work to do to specify which land and what kind of peace.

Message Structure

People are influenced not only by what negotiators say but also by how they arrange the words. Any writer or speaker faces the question of how to present material in the most logical or persuasive manner. How should arguments be arranged? Should counterarguments or opposing ideas be mentioned at all? There has been a considerable amount of research on the persuasive power of different message structures. Surprisingly, many of those elements that you might expect to have an important impact, such as the structure of logic in the message, have not been clearly shown to be important. Here we discuss four aspects of message structure that help to explain when and how persuasion occurs through the central route: (1) one- and two-sided messages, (2) message components, (3) repetition, and (4) conclusions.

One- and Two-Sided Messages When negotiators try to persuade the other party, it is because they believe that the other holds an opinion different from theirs. Many people deal with this problem by ignoring arguments and opinions that might support the other party’s position—a *one-sided* approach. Many politicians not only do not mention their opponent’s point of view but may never even mention their opponent’s name. Advertisements for consumer products often refrain from identifying competing products by name or staging an open, direct comparison; although more common than it used to be, advertisers do not often refer explicitly to competitors and comparatively evaluate the features or qualities of competing products.

An alternate approach to ignoring the competition is to mention and describe the opposing point of view, and then show how and why it is less desirable than the presenter’s point of view—a *two-sided* approach. The question then arises: Which of these approaches is most effective?

One-sided messages can backfire: Just because the person making an argument doesn't mention the other side's counterarguments doesn't mean the other party won't think of them and consider them. Maaravi, Ganzach, and Pazy (2011) tested this possibility in series of clever distributive bargaining experiments in which negotiators presented arguments to justify an (aggressive) opening offer. Some negotiators offered an argument that was easy to refute (counterarguments readily available to the other party), some negotiators presented a hard-to-refute argument, and some presented just the offer itself with no accompanying argument. Not surprisingly, responding negotiators made larger concessions in reply to an offer paired with a hard-to-refute argument compared to no argument at all. The important finding was that responding negotiators made *smaller* concessions to an offer paired with an easy-to-refute argument compared to those responding to an offer without any argument. The lesson here: Adding one-sided arguments sometimes works against you—they may have a “boomerang effect,” as these researchers put it—if they are easy for the hearer to refute.

In general, *two-sided messages are more effective than one-sided messages* (Jackson and Allen, 1987). More specifically, two-sided messages appear to be most effective (1) when the other party is well educated, (2) when the other party initially disagrees with the position, (3) when the other party will be exposed to points of view different from the position advocated, and (4) when the issue discussed is already familiar. In addition, two-sided arguments work best when the preferred argument is presented last (Zimbardo, Ebbesen, and Maslach, 1977). But there is a drawback: Research has shown that a change in someone's attitude is more likely to produce a corresponding change in behavior when that person has been exposed to a one-sided message rather than a two-sided message (Glasman and Albarracín, 2006). This link between attitude change and behavior change matters because a negotiator isn't just trying to persuade the other party to *think* more favorably about her offer; she wants the other party to *act* on that attitude by making a concession or agreeing to a deal.

In sum, when dealing with reasonably intelligent receivers, it is a mistake to ignore the impact of counterarguments. The other party will be formulating them as you speak, and it is an advantage to refute them by using two-sided messages. There is, however, the possibility that a two-sided argument will do a better job changing the other person's mind—which sometimes is all that's needed—than it will changing actual behavior.

Message Components Big ideas or large propositions are hard to grasp and accept, especially when they are significantly different from your own. Negotiators can help the other party understand and accept their arguments by breaking them into smaller, more understandable pieces—a process known as “fractionating” (Fisher, 1964). It is even better if one can show that the component parts contain statements that the other party has already accepted or agreed with. For example, a company that is having trouble getting a union to accept a whole package of rule changes could break its presentation down into separate discussions of specific rules: transfers between departments within a plant, transfers between plants, temporary changes in work classifications, and so on. In one case, for example, a union was very interested in making changes to work rules to preserve job security; having already said yes to these changes, the union seemed more receptive to management's argument for other work rule changes. In addition, it is possible that breaking down complex arguments into smaller parts will lead the parties to see the possibilities to logroll, bundle,

and trade off across issues (see Chapter 3) because the issues will be seen in sharper focus. If the goal is to find and capitalize on integrative potential, however, it is important that the parties not let splitting up of issues into smaller pieces lead to separate and final settlements on those piecemeal issues. In order to succeed as mechanisms for achieving mutual gains, logrolls, bundles, and trade-offs require that multiple issues be on the table and in play. Integrative agreements are hindered if the parties take up, settle on, and dispense with individual issues one by one.

Repetition We need only think of the relentless blitz of TV, radio, and online advertisements to realize the power of repetition in getting a message across. Repetition encourages central-route processing, increasing the likelihood that the influence target will scrutinize the message, and thus enhances the likelihood that the message will be understood (Cacioppo and Petty, 1985). However, repeating a point is effective only for the first few times. After that, additional repetition does not significantly change attitudes (McGuire, 1973) and may become annoying and lead people to react against the message.

Conclusions Sometimes writers or speakers will make an argument and then state the conclusion; other times, they will let listeners draw their own conclusions. Letting others draw their own conclusion (as long as it is the conclusion one wants drawn) can lead to a very effective presentation. Research suggests that when negotiating with people who are very intelligent or who have not yet made up their minds, leaving the conclusion open is a good approach (assuming your arguments up to this point have pulled them toward the “right” conclusion). In contrast, for people whose ideas are already well formulated and strongly held, leaving the conclusion unstated risks leaving the most important part of the influence attempt undone. For instance, it is well established that those with strong views can fall prey to “confirmation bias,” leading them to perceive and interpret arguments in ways that reinforce their existing beliefs (Nickerson, 1998), and discount contrary arguments. On balance, it is usually best not to assume that given a set of facts or arguments, the other party will reach the same conclusion you would reach; rather, draw explicit conclusions for listeners to ensure that they have understood the argument completely (Feingold and Knapp, 1977).⁵

Persuasive Style: How to Pitch the Message

When negotiators select a delivery style for the message they have constructed, they set the emotional tone and manner of their presentation. Some people are belligerent; others are solicitous and accommodating. Some people make speeches; others start a dialogue. Some present detailed facts and draw specific conclusions; others use metaphors and paint beautiful pictures with words. We now consider four major elements of persuasive style and how they affect successful persuasion: (1) active participation versus passive responding, (2) use of vivid language and metaphors, (3) use of threats to incite fears, and (4) violation of the receiver’s expectations.

Encourage Active Participation People are more likely to change their attitudes and beliefs for the long term when they are actively involved in the process of learning new material (Johnson and Eagly, 1990).⁶ Good teachers know this—rather than lecture, they ask

questions and start discussions. Teachers are even more effective when they can get students both intellectually and emotionally engaged. Role-plays and cases can help negotiators make use of the power of active participation. Negotiators who use active approaches are generally more persuasive than those who don't because an active approach requires the receiver to exert effort, which leads to involvement, which leads to attitude change.

It can be helpful to precede negotiations with a friendly and engaging dialogue. This extends beyond simple politeness; inquiring about an individual's day or mood and then responding accordingly can motivate him or her to cooperate (Howard, 1990). Dolinski, Nawrat, and Rudak (2001) demonstrated that when a request is preceded by a pleasant dialogue rather than simply a pleasant monologue, subjects were more willing to concede to the request. Furthermore, these findings generalized across a variety of interactions and settings, even holding up when the subject declared being in a bad mood. As we mentioned in our discussion of communication in Chapter 7, the development of rapport between negotiators has a number of positive benefits for avoiding impasse and achieving integrative outcomes (e.g., Morris, Nadler, Kurtzberg, and Thompson, 2002; Swaab, Postmes, van Beest, and Spears, 2007). Engaging the other party in dialogue may lead him or her to perceive the situation as an interaction with an acquaintance, rather than a confrontation with a stranger (Dolinsky et al., 2001), and requests from acquaintances are more likely to be met with favor than those coming from strangers.

Consider Vividness and Intensity of Language The vividness and intensity of the language negotiators use have a major effect on their persuasiveness. Saying "This is certainly the best price you will get" is more compelling than saying "This is quite a good price." Similarly, the statement "I don't feel like going out tonight" is not as intense as "You can't drag me out tonight with a team of horses." The intensity of language can also be increased through the use of colorful metaphors, swear words, or a change in intonation—from quiet to loud or loud to quiet (Bowers, 1964).

You might think that the most intense language would also be the most persuasive. On the contrary, language of relatively low intensity is at times more effective. Evidence indicates that people react negatively to persuasive attempts using language they perceive as too intense (Burgoon and King, 1974). People under stress seem to be particularly receptive to messages using low-intensity language and more inclined to reject those using high-intensity language (Jones and Burgoon, 1975). The impact of language intensity is even more complex, however: Research has shown that the effect of intense language depends in part on who uses it. Sources with high credibility can use more intense language than those who are not seen as credible (Burgoon and Stewart, 1975). It is also the case that an effective influencer will match his or her emotional fervor to the ability of the target of influence to receive and interpret the message (Conger, 1998). Bottom line: Although there is a strong temptation to use intense language to make a point, it is often wise to moderate this impulse.

Metaphors and analogies are a particularly useful way to augment the vividness of a message in the service of persuasion (Bowers and Osborn, 1966; Conger, 1998). An auto salesperson can give a potential customer information about a car's engine, mileage, acceleration, and so forth, but for someone not concerned with specific technical details, the same points can be made by saying, "This car flies like the wind and doesn't guzzle gas."

Using metaphors to excess may lead the other party to believe that you're filled with hot air (itself a metaphor!), but using them to summarize some facts or to create a visual impression can be valuable in persuasion. An important caution for negotiators, though: When using metaphors, be careful to choose analogies that are "correct" for the situation. This is especially challenging when negotiating across cultures because metaphors do not always translate well and could leave the other party befuddled—or worse, insulted. (We discuss culture and negotiation fully in Chapter 16.)

Use Threats; Incite Fears Messages that contain threats—threats of strikes by unions or lockouts by management, threats to harm the other party's reputation, or threats to break off negotiations—can be useful when a negotiator needs to underscore the absolute importance of a point being made. In essence, threats are if-then statements with serious negative consequences attached: "If you do X, then I will be forced to do Y."

Because of their dramatic nature and the emotional responses they can evoke, threats may be tempting to use (see Chapter 2). In fact, threats are probably used less frequently than one might expect, for several reasons. First, the other person's reaction to a threat is hard to predict. A second reason is that it is hard to know how menacing the threat appears to the other party. Often threats appear more powerful to the people who make them than they do to those on the receiving end. Third, a threatened party has the option to "call the bluff," forcing the negotiator who made the threat to carry it out. Often, following through on a threat will cost more than negotiators are willing to pay (Lytle, Brett, and Shapiro, 1999), and not following through can make a negotiator lose credibility. Finally, threats may produce compliance (a short-term change in behavior to avoid the consequences), but they do not usually produce commitment (a genuine and lasting change in attitude or belief). As we have pointed out, negotiating parties often want to reach an agreement they can live with. People can find many ways to avoid or undermine arrangements with which they were forced to comply but to which they are not committed.

One way to understand the effects of threats is to view them as a variation on the strategic expression of anger in negotiation. Minaceur, Van Kleef, Neale, Adam, and Haag (2011) compared the effects of angry versus threatening messages on negotiation processes and outcomes. In a series of experiments, they found that threats elicit more concessions from one's opponent than anger. They also found that anger as a tactic is often construed by the target of the anger as conveying an implied threat, so the moral of the story seems to be that actual threats are more effective at extracting concessions than implied threats.

How a threat is constructed and delivered can determine its effectiveness. Research suggests that threats can be effective if they increase the fear level of the recipient of the message (Boster and Mongeau, 1984; Sutton, 1982). Consider, for example, a manager who is negotiating with another about the flow of work between their two departments; the first manager intimates that if an agreement is not reached, the other manager will be portrayed to higher management as uncooperative. To be most effective, this kind of message should be accompanied by a suggested alternative action that will reduce or eliminate the likelihood that the feared outcome will occur. Also, the effectiveness of a threat may depend on its timing and form. Sinaceur and Neale (2005) showed that threats made early in a negotiation are more effective when made *implicitly* (i.e., suggesting that there will be negative consequences without explicitly stating what that will entail). On the other hand, threats made

late in the negotiation are more effective when they are *explicit*. Negotiators in this study saw explicit threats that came early and implicit threats that came later as unduly aggressive, which may explain their tactical ineffectiveness.

Violate the Receiver's Expectations In the famous political novel *All the King's Men*, Robert Penn Warren (1946) describes a scene in which Willy Stark, a demagogic candidate for governor, is about to speak to a group of wealthy citizens to raise funds for his campaign. The citizens support neither his radical proposals nor his aggressive manner of speech. When he arrives, Stark is conservatively dressed and greets them in a quiet, relaxed manner. In a conversational tone, he proceeds to describe some modest proposals for social change, along with some sensible ways of financing them. His audience is at first surprised, then impressed, and finally won over. Stark is employing the technique of *violating expectations*. People who argue positions that are thought to be counter to their self-interest are generally more persuasive because they violate the receiver's expectation about what the sender should be advocating (O'Keefe, 1990). For instance, an automobile mechanic recently suggested that one of the authors of this book should use higher octane gas in his car to reduce maintenance and save money. This message was persuasive because the mechanic was arguing against his own self-interest (future auto repair revenue) when he suggested the change in fuel (his business does not sell gasoline).

Another way that receivers' expectations can be violated occurs when they expect one style of delivery from the speaker and then experience a very different style. For example, when one expects to be subjected to intense language (loud, volatile, provocative, etc.), one prepares defenses and counterarguments. If instead the speaker is moderate, casual, and reasonable in tone, the listener can relax her defenses, listen to the message less critically, and be more open to being persuaded (Miller and Burgoon, 1979). Great orators such as Winston Churchill and Martin Luther King Jr. used this style, frequently modulating the intensity of their voices to hold the audience's attention. Although this is not a stylistic tactic that everyone can use, skilled orators have a valuable tool at their disposal. This process can also work in reverse—an emotionally intense speaker may equally persuade audiences who are expecting quiet, controlled, highly rational discourse.

More generally, Barry (2001) proposed a model of interpersonal influence that revolves around violating expectations of influence targets as a way to increase one's effectiveness as an influencer. The model proposes that violated expectations can alter how the target of influence attends to an influence-seeking message. For example, if an influence seeker unexpectedly uses friendly tactics in what has up until now been a formal or aloof relationship, the target may become favorably disposed to comply and engage in diminished cognitive scrutiny of the message itself. Conversely, negative arousal created by (for example) an unexpectedly direct or assertive request may inhibit influence if the violation of expectations leads the target to scrutinize the message more closely. A clever study by Santos, Leve, and Pratkanis (1994) illustrated the compliance-gaining benefits of "unexpected" requests. Researchers acting as panhandlers asked some passers-by for a quarter (a "typical" request) and others for 17 cents or 37 cents (a "strange" request). Strange requests elicited significantly higher rates of compliance in the form of a willingness to give money, and they elicited more questions from those approached about the reasons behind needing money.

There are, no doubt, limits to the effects of violated expectations as a way to elicit compliance. After all, the extent to which we trust other people is rooted in part in our ability to predict others' behavior. While the occasional expectation violation may get one's attention, communication behavior that frequently violates expectations may tend to erode trust rather than increase the likelihood that a person will be persuaded by the communicator. Accordingly, communication strategies that violate expectations should be used as a means of influence strategically and sparingly. (We consider trust in more depth as part of our discussion of relationships in negotiation in Chapter 10.)

Section Summary In summary, negotiators need to take care when they construct a message to persuade another party to their point of view. Assuming the target of influence is motivated and able to pay attention to the persuasive appeal, messages that are well reasoned, evidence-based, and logical will successfully persuade (Crano and Prislin, 2006). Aspects of the message content, message structure, and delivery style can all influence the extent to which a message meets these criteria and hence is persuasive. In other words, how one says something can be as important as what one has to say, and if the other party is not persuaded by the arguments, then perhaps the negotiator did not construct the message effectively. When messages are well crafted and influence does successfully occur through the "central route," the change in the target's attitudes is more likely to be long lasting and resistant to counterinfluence (Petty, Haugtvedt, and Smith, 1995).

Peripheral Routes to Influence

Thus far, we have focused on organizing the structure and content of the message to create leverage through the central route to influence (refer back to the left-hand side of Figure 9.1). In this section, we consider ways that a person can influence others through the peripheral route (the right-hand side of Figure 9.1). In such cases, the receiver attends less to the substance of persuasive arguments and is instead susceptible to more "automatic" influence through subtle cues. This usually occurs when the target of influence is either *unmotivated* or *unable* to attend carefully to the substance contained within a persuasive message (Petty and Briñol, 2008). As we suggested earlier, persuasion that occurs through the peripheral route is less likely to bring about real attitude change, more likely to last a shorter time, and more vulnerable to counterinfluence (Petty and Briñol, 2012).

In our discussion of peripheral routes to influence, we draw in part on the work of psychologist Robert Cialdini (2009), who argues that this type of persuasion can work almost automatically, like an eye blink or a startle response. Cialdini spent many years investigating why people comply with requests that upon further reflection, they would rather not have agreed to. His research represents a skillful blend of laboratory investigation and observation of "compliance experts" such as salespeople, fund-raisers, and marketing and advertising experts. The insights that emerge are useful not only for achieving successful influence in negotiation and other contexts but also for avoiding being a victim of these persuasive traps.

Our discussion of peripheral routes to influence considers three sets of strategies: message aspects, attributes of the persuader (the message source), and elements of the influence context.

Aspects of Messages That Foster Peripheral Influence

When targets of influence are unmotivated or unable to pay close attention to the influence seeker's message, they are susceptible to being influenced by message elements that exist apart from the actual arguments involved. We discuss three such elements here: the way the influence seeker chooses to order those arguments, the format through which arguments are conveyed, and the use of distraction to interfere with the target's ability to think effortfully about the arguments in play.

Message Order In preparing a persuasive argument, negotiators usually have one major point, piece of information, or illustration that is particularly important or compelling. Where should it be placed in the message? At the beginning? In the middle? At the end? Research tells us one thing clearly—do not place the important point in the middle of the message (Bettinghaus, 1966). In performance appraisal, a common practice is to sandwich negative feedback between opening and closing comments that are more positive and upbeat. In this way, the negative feedback is conveyed but not emphasized—which helps soften the critical blow to the person being evaluated—but it may not be as persuasive if the goal is to get that person to internalize the criticism and change his or her behavior in the future. Softening the blow may be a kindness, but hiding the blow entirely accomplishes little.

So when the goal is persuasion, should important information be at the beginning or the end? When the topics are familiar, interesting, or controversial to the receiver, the important points should be made early, exposing the receiver to the *primacy effect*: The first item in a long list of items is the one most likely to be remembered. Thus, the negotiator should state messages that are attractive to the receiver early, before they present something the receiver may not want to hear. In contrast, when the topic is uninteresting, unfamiliar, or not very important to the receiver, the most critical point should be placed at the end of the message to take advantage of the *recency effect*: the tendency for the last item presented to be the best remembered. The recency effect should be considered when the message is likely to be contrary to the receiver's current point of view (Clark, 1984).

Format In our discussion of communication (Chapter 7), we addressed how negotiation is affected by the communication channels through which it can occur (face-to-face, telephone, email, etc.). The same goes for influence, where certain arguments or appeals may be more or less effective depending on the channel in use or the format of the presentation (Barry and Fulmer, 2004). One way that a choice of message format can induce peripheral influence is by triggering a snap judgment regarding the legitimacy of the argument. For instance, Herb Cohen (1980) suggests that written rules carry more weight than those given verbally. Thus, a principle might be seen as more credible or believable, and hence more likely to be adopted, if it is in a policy manual or the fine print of a contract than if it is merely expressed orally. A study by Guadagno and Cialdini (2007) found gender differences in the effectiveness of persuasion through different communication channels. Compared with men, women in the study were less receptive to persuasive messages sent by email unless there was a prior relationship with the sender. Women also reported less liking for the communicator when email was the vehicle for the influence attempt.

Distractions Persuasion grows more challenging when people on a receiving end start to defend themselves against being influenced as soon as they suspect that someone is trying to persuade them. As they listen, part of their attention might be devoted to what is being said, but a large portion is also devoted to developing and rehearsing counterarguments (Brock, 1963; Festinger and Maccoby, 1964). Persuasion efforts are more effective if they can reduce the other party's efforts to develop defensive counterarguments. One way to do this is to have a *distraction* occur at the same time the message is sent. Distractions apparently absorb the effort that the other party normally would put into building counterarguments and leave the listener "vulnerable to the message appeals" (Reardon, 1981, p. 192). In other words, when receivers are distracted, they are less able to engage in issue-relevant thinking (Petty and Brock, 1981), and hence they may be more susceptible to peripheral (rather than central) influence. For example, during an oral presentation of the economic advantages of an offer, a negotiator could produce papers with charts and graphs, hand them to the other party, and help that person turn from one chart to another as the oral presentation continues. Presumably, the charts and graphs absorb that part of the other party's attention that might normally go into formulating counterarguments. Distractions seem to inhibit the receiver's subvocalization (what people say to themselves as they hear a message). Sometimes subvocalizations are counterarguments, which occur when the receiver is opposed to or cautious about the message, but they can be supportive arguments as well. When receivers like what is being said (e.g., a friend trying to persuade you to take a second helping of chocolate cake), subvocalizations encourage you to accept the offer. In a situation like this, a receiver who wants to protect herself from temptation could create her own distractions (Petty, Wells, and Brock, 1976).

Source Characteristics That Foster Peripheral Influence

When recipients of a persuasive message are unmotivated or unable to attend closely to the substance of the persuasive appeal, they become vulnerable to source effects. In other words, someone who is not paying close attention to the message may be unduly influenced by the characteristics of the person or organization delivering the message. A wide variety of source effects can have an effect on the recipient of a persuasive message. We group them here into three broad categories: credibility, attractiveness, and authority.

Source Credibility During a negotiation, both parties exchange information, opinions, and interpretations. What, and how much, should be believed? On one hand, there are often strong incentives for negotiators to mislead each other (see also Chapter 5 on ethics). On the other hand, negotiators have to accept and believe at least some of the information they are given, or successful negotiation is impossible. As a negotiator, you cannot check every fact and statement. The more information you are willing to accept from the other party without independent verification, the easier the task will be. The reverse is also true—the more credible you are to the other party, the more persuasive you will be. (We have more to say about credibility in our discussion of the role of trust in Chapter 10.)

To illustrate, let's assume that you are buying a house. The sellers tell you that they have three other parties coming to see the house this afternoon; two of them are being transferred to this area and have only one day to locate a house. If this is true, and you like

the house, it would be to your advantage to make an offer now rather than delay your decision and possibly find that one of the afternoon visitors has bought the house. But are the sellers' statements true? No doubt the sellers know whether or not there are other potential buyers coming that same day; hence, there is no question that they are competent or qualified to have good information. The issue is whether or not they are credible.

A sense of the importance of source credibility dates all the way back to ancient Greece—to Aristotle's notion of "ethos" capturing the credibility and legitimacy of a persuasive message giver (see Weiss, 2015, for a discussion of how Aristotelian thought on persuasion applies to negotiation). There has been quite a lot of research over the last several decades demonstrating how and when the credibility of the source of an influence attempt matters (Pornpitakpan, 2004). Many factors contribute to source credibility. Here we discuss several that negotiators can control, beginning with the most important ones: qualifications, trustworthiness, and self-presentation.

1. *Qualifications and Expertise* When people are determining how much to believe another person, they often ask, "Is this person in a position to possess the information he or she claims to have? Is he or she competent and qualified?" The stronger the person's perceived qualifications and expertise, the higher the credibility (Swenson, Nash, and Roos, 1984). Judgments about qualifications can substitute for judgments about the quality of the arguments that source is delivering—that's what makes source credibility a peripheral route to influence. Research studies have shown that when people are not motivated to think deeply about the arguments they are hearing, they will let the qualifications of the source of the argument determine whether or not to be persuaded, even when the arguments are weak (e.g., Chaiken and Maheswaran, 1994).

Expertise can be established in a number of ways. Sometimes your occupation, education, or past experiences will establish your qualifications and therefore the perception of your competence. At other times, there are no obvious ways to make your expertise known. Stereotypes can lead others to see you as lacking the requisite expertise to be credible. Some might see women as lacking knowledge about mechanical things; others might view men as underinformed about child care. In situations where you are unknown or apt to be viewed stereotypically, it's worth making an extra effort to establish qualifications and expertise. One way to do this is to work your education or credentials into the conversation (e.g., "In law school, I learned that . . ."). Another is to cite credible sources of information (e.g., "A story at the *New York Times* said . . ."). Finally, try asking questions or drawing conclusions that could only be derived from in-depth, firsthand knowledge or experience.

2. *Reputation for Trustworthiness and Integrity* As the target of a persuasion attempt, it is natural to wonder, "Is this person reporting accurately what he or she knows? Is he or she personally believable or trustworthy? Is this a person of integrity?" Integrity is character—the personal values and ethics that ground your behavior in high moral principles. Integrity is the quality that assures people that you can be trusted, you will be honest, and you will do as you say. If people trust you with confidential information, you will not disclose that information to others. Finally, if you make an agreement, you will abide by its terms and conditions and follow through on it (Shapiro, Sheppard, and Cheraskin, 1992).

Conversely, people with a reputation for being dishonest or insincere have an extremely difficult time in negotiations—they tend not to be believed, even when they tell the truth. Research has shown that negotiators with reputations for self-interested behavior elicit negative reactions that can dampen the entire negotiation process, leading to poorer outcomes. Even when the negotiator is known to be an expert, a poor reputation tends to overshadow expertise (Tinsley, O'Connor, and Sullivan, 2002). A reputation for being dishonest is very difficult to change or overcome, so it is not surprising that professional negotiators work very hard to protect their reputations. While negotiators using a competitive strategy are often expected to inflate, magnify, and distort in order to present things in the best possible light for their side, a one-time success may contribute directly to future credibility problems. It is therefore critical for negotiators to consider the long-term consequences of their behavior if they are to be trusted by others. (These issues of reputation and credibility were implicated in our discussion of negotiator ethics in Chapter 5 and will resurface when we address the subject of trust in Chapter 10.)

3. Self-Presentation People appear more or less credible because of their presence—the way they present themselves to others. Someone who seems hesitant, confused, or uncertain when giving information is not as convincing as a person who appears calm, confident, and comfortable. A friendly, open person is easier to converse with (and easier to believe) than someone who is distant, abrasive, or haughty. A person with a dynamic vocal style and a strong delivery is often more persuasive than one without these attributes. Communicators can create a favorable presence in several ways. It is not an earth-shaking revelation to note that how you dress, speak, and behave will influence how credible you appear to others. What may not be as obvious is how you should adjust your appearance and style to increase (or avoid eroding) your credibility. Should you wear a suit for an interview, even if you usually wear jeans and a T-shirt? Should you speak with the informal demeanor and slang that you customarily use in interactions with friends, or should you adopt a more professional tone and use of language? Is a member of the clergy more effective in clerical garb or in street clothes? In general, researchers have found that it is best to be “normal” (Bettinghaus, 1980), meaning to act appropriately, naturally, and without affectation. A Harvard-educated politician with a New England accent who tries to spice his language with “Aw, shucks” and “y’all” in Texas risks coming off as contrived and artificial rather than as genuine and credible.

4. Status Differences Status is signaled by a variety of criteria: occupation, age, education level, the neighborhood where a person lives, dress, type of automobile, and the like. A president of a major corporation, for example, may have more status than a university professor but less than a Supreme Court Justice. Status confers credibility, which in turn can make someone influential, in several ways. First, status gives people visibility, which allows them to get attention and be heard. It also confers prestige, lending the image that certain people are worth listening to (Bettinghaus, 1980). However, a status difference may also increase resistance because listeners may expect to be persuaded by a high-status communicator and, therefore, may focus their defenses against the effort. Persuaders need to decide whether they should enforce a status difference (act or dress consistently with their status) or minimize the difference by acting or dressing more like the listener.

5. *Intention to Persuade* Does a negotiator initially come across as a huckster or as cool, poised, and polished? While people may give the benefit of the doubt in their initial judgment, the more they detect that a negotiator's mission is to influence their views, the more suspicious and resistant they may become. For instance, it is often easy to identify a telemarketer on the phone who mispronounces your name and tries to involve you in friendly chit-chat ("How are you this evening?") while easing into a prepared sales pitch ("I'm glad you're well. Do you ever have problems with . . ."). By the time the sales pitch comes, your defenses are most likely already well fortified. In contrast, communicating with natural enthusiasm, sincerity, and spontaneity may take the edge off persuasive communication, reduce defensive reactions, and enhance the speaker's credibility. Many skillful negotiators and persuaders may therefore assume a mild-mannered or even slightly confused demeanor to minimize the negative impact of a hard, persuasive style while giving or getting the information they need.

6. *Associates* Whom you associate with also can influence how you are perceived, in terms of both status and expertise. Judicious name dropping (i.e., mentioning well-known people who are also credible and prestigious) and even arranging for introductions or endorsements by people who can add to your reputation can be useful steps. There is, of course, a downside to invoking associates if it isn't done skillfully: The line between being perceived as admirably "well connected" and as a shameless "name-dropper" can be a fine one indeed.

7. *Persistence and Tenacity* Persistence and tenacity are valuable personal qualities in a negotiator. Children are often considered great negotiators because they are so wonderfully persistent in pursuing what they want. Saying "no" usually does not stop the child from asking; children find all kinds of creative ways to persist in trying to achieve their objective (the candy bar, the toy, the TV show). Researchers in marketing study the ways that children "pester" and "nag" in order to induce parents to give in to their purchase requests (e.g., Lawlor and Prothero, 2011). We can learn from watching children "negotiate" that part of persistence is doggedly pursuing the objective, while another part is finding new, unique ways to pursue the same request.

The effective use of persistence doesn't mean pursuing your goals blindly and rigidly because you can be effectively rebuffed; instead, it means displaying creativity in finding novel approaches to pursuing the goal. Persistent influencers who are effective aren't merely repetitive; they are also flexible, redefining strategy and approach as times and conditions change. Persistence can help enhance a source's credibility to the extent that the target of the message isn't annoyed by that persistence, but rather comes to see it as a sign that the communicator is dedicated and tenacious. Box 9.1 presents an intriguing example of how hearing something repeatedly leads people to assume it must come from a credible source.

Source Attractiveness People are more likely to respond positively to persuaders they like than to those they don't (Roskos-Ewoldsen, Bichsel, and Hoffman, 2002). They are less likely to feel that attractive negotiators will be dishonest or attempt to coerce them (Tedeschi, Schlenker, and Bonoma, 1973). They are more likely to accept their influence, to believe them, and to trust them (Chaiken, 1986). Being nice and pleasant is a logical step to

If a Message Is Believable, Does That Make the Source Credible?

Apparently, a believable message makes the source credible, to judge from a clever study of why rumors spread and what leads people to believe that a rumor is accurate. A rumor is more believable, researchers assumed, when it is thought to come from a credible or trusted source. That seems logical, but does it work the other way around? Will people assume that if a message is believable then it must have come from a credible source?

To answer this question, researchers presented experimental subjects with several urban legends—rumors—regarding food contamination. (Two of the allegations used in the study were “The wax used to line Cup-o-Noodles cups has been shown to cause cancer in rats” and “Jack-in-the-Box has fired two employees for spitting in customers’ burgers before serving them.”) The participants in the experiment saw some of the statements just two times, but they viewed some of them five times. Participants were then told that each of the allegations was originally reported in one of two places—*Consumer Reports* (a high-credibility source) or the *National Enquirer* (a low-credibility source)—and were asked to say

which they thought was most likely the source for each allegation.

Results showed that participants in the experiment were more likely to say an allegation came from *Consumer Reports* if they saw it five times than if they saw it just two times. In other words, merely seeing exactly the same rumor a few more times led people to infer that it came from a more credible source. If repetition leads to belief (the more you hear something, the more you believe it), then these studies show that people are more likely to assume that a “believable” message must come from a credible source. Ordinarily, we assume that communicators try to enhance their credibility in order to get audiences to believe what they have to say; this research shows that in some situations if you can get them to buy your message, enhancement of your credibility may follow.

Source: Adapted from Fragale, Alison R., and Heath, Chip, “Evolving Informational Credentials: The (Mis) Attribution of Believable Facts to Credible Sources,” *Personality and Social Psychology Bulletin*, vol. 30, no. 2, February 1, 2004, 225–36.

being more persuasive. Personal attractiveness may increase persuasiveness for a number of reasons. People may have a tendency to let their guard down and trust attractive people more readily. Attractive people may receive a lot of attention, or they may cause others to imitate them in order to be more like them (Trenholm, 1989). Personal attractiveness also increases liking (O’Keefe, 1990). An individual can enhance his or her personal attractiveness to a target of influence or a negotiating opponent in several ways, discussed next.

1. Friendliness A critically important attribute that a negotiator can have is the ability to be friendly and outgoing and to establish personal relationships with others—particularly the other parties in the negotiation. Warmth, empathy, and personal interest in others all help to soften the harder edges of other influence tactics. Rather than immediately getting down to business, successful negotiators use friendliness to make the other party feel comfortable and at ease, to get to know the other negotiator and show an interest in his or her situation, and to discover things that both parties may have in common. As we mentioned earlier, requests are more favorably received when preceded by informal dialogue (Dolinski et al., 2001).

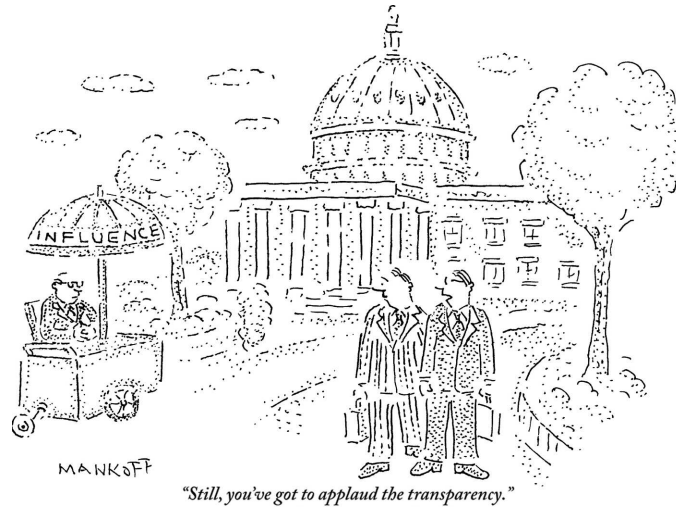
2. Ingratiation Ingratiation involves enhancing the other’s self-image or reputation through statements or actions, which in turn enhances the communicator’s own image (Jones, 1964; Vonk, 2002). The most obvious form of ingratiation, flattery, presumably induces others to like you and be more inclined to accept your persuasive arguments

(Gordon, 1996). Negotiators congratulate others on their excellent and thorough preparation, their considerate suggestions, or their willingness to listen, compromise, or be reasonable. Compliments work as an influence tactic not only because people like to receive them but also because the norm of reciprocity leaves the other party with an implicit obligation to return something for the compliment (Cialdini, 2009). And there is no denying its potential usefulness: Ellis and colleagues showed that ingratiation tactics used during a job interview positively influenced the reviewer's perception of the applicant, even more so than the applicant's self-promotion tactics (Ellis, West, Ryan, and DeShon, 2002). Because it is an obvious option, ingratiation is used often; but if used poorly, it can backfire. When people are complimented for attributes they do not have or actions they know they did not perform well, or when the praise seems excessive, they are likely to become wary, wondering about the ingratiation's hidden agenda or ulterior motives.

3. Likability The liking principle is quite straightforward: People you like have more influence over you (see our discussion of similarity under source factors earlier in this chapter). If you like the communicator, you are more likely to be persuaded by him or her and less likely to contest a weak or counterattitudinal argument (Roskos-Ewoldsen et al., 2002). However, research has shown that likability is less important than other credibility factors, such as expertise (Eagly and Chaiken, 1975).

The effects of the liking principle are insidious. Liking can occur through many different approaches, and defending against them all would be impossible. Deborah Tannen, in her well-known work on gender and communication differences (see Tannen, 1990), suggests that compared to men, women practice more “rapport-talk,” in which their objective is to establish connections and negotiate the relationship, while, compared to women, men practice more “report-talk” in order to preserve status differences in some form of a hierarchical social order. Cialdini (2009) points out that it would be useless to try to prevent yourself from liking others. Instead, he says, be on guard for “unwarranted liking” (p. 171)—the discovery that you like the other party more than you would have expected in this kind of circumstance—because that's when it is time to be wary. Separating liking the other party from an evaluation of the deal should be enough to moderate the influence of the liking principle in your negotiations.

4. Helping the Other Party There are many ways one party can help the other party in a negotiation: by doing a favor, allowing extra time, providing confidential information, complying with a request, or helping with a constituency. Negotiators can help the other party avoid being caught by surprise. For example, an automobile salesperson may say to the customer, “In a moment I'm going to take you in to talk to the sales manager about the amount we are going to allow on your present car. You may hear me say some unfavorable things about your car. Don't let that bother you—we'll still get the figure you and I agreed on.” By “helping” you with the manager, the salesperson hopes you will help him by completing the purchase. In another example, during negotiations on the sale of a large parcel of land to a major corporation, the seller privately told the company executive handling the negotiation about a forthcoming zoning change that would benefit the company. The executive got the credit for uncovering this inside information, and the seller was not materially affected one way or the other by sharing it (but got the deal).



Source: ©Bob Mankoff/Cartoonstock

5. Perceived Similarity When meeting for the first time, people often try to find something they have in common. Perhaps they attended the same school, grew up in the same neighborhood, or have friends in common. The basic idea that we like those who are like us—known as the similarity-attraction hypothesis (Byrne, 1971)—is among the most robust and reliable findings in social psychology (e.g., Machinov and Monteil, 2002). (An alternative view—the dissimilarity-repulsion hypothesis [Rosenbaum, 1986]—is that we dislike those who are different, rather than liking those who are similar.) In a two-party exchange such as a negotiation, the more similarities the parties find, the more bonds they establish, the better both feel, and the more receptive they will be to each other's messages and efforts at persuasion (Oldmeadow, Platow, Foddy, and Anderson, 2003). A useful negotiating tactic, therefore, is to identify and discuss experiences, characteristics, and opinions you hold in common with the other party. If you see pictures of a yacht on an office wall, you might mention your own interest in sailing. But if it is to your advantage to find and explore commonalities in experience, attitude, and background with the other party, it is also to your disadvantage to highlight those areas where you differ. There is no point to starting a conversation on a socially or politically controversial topic when you know or suspect that the other holds a different view.

6. Emotion We discussed emotion earlier in this chapter in connection with the use of language to construct a message, but emotion can also be a source factor. Emotion combined with persistence leads to assertiveness and determination. Used effectively, emotion may enhance a message source's attractiveness by instilling in listeners the belief that the speaker holds appealing deep-seated values (this may also enhance the speaker's credibility).

As we discussed in Chapter 6, expressions of fear, anger, or enthusiasm can become an integral part of negotiations—particularly over issues about which you feel strongly. Emotion can be powerful because it offers a stark contrast to the expectation that negotiation is a

cool, calm, rational exchange of information, driven by logical analysis of outcome maximization and economic valuation of alternatives. Yet negotiators frequently do not behave according to the principles of logic and economic rationality. In addition, when everyone else is being rational, it is frequently the person who expresses strong feelings, gets angry, or makes an impassioned speech in favor of a proposed solution who carries the day (Henderson, 1973). Union organizers, charismatic politicians, leaders of social movements, evangelists, and others whose aim is to organize and mobilize supporters all understand the importance of arousing emotion through their appeals.

An important aspect of the role of emotion in influence and negotiation is being aware that not everyone will respond to emotional appeals in the same way. Research suggests that the use of emotion as a source of influence is most effective when the emotional overtones of the message match the receiver's emotional state. In one study (DeSteno, Petty, Rucker, Wegener, and Braverman, 2004), individuals who were sad were most influenced by a message that conveyed sadness; likewise, angry individuals were best influenced by an angry message. Another study linked receptivity to emotional arguments with personality traits. In this research (Haddock, Maio, Arnold, and Huskinson, 2008), people who were dispositionally oriented more toward cognitive rather than emotional processing were more receptive to cognitive (informational) arguments; others who by nature were more in need of emotionality were more receptive to emotional arguments.

Finally, be careful not to assume that your arguments will be better received if your target is in a good mood. Many influence seekers probably figure it will help to put a listener in a good mood (share a joke or make a light-hearted comment) and then make the pitch. It sounds reasonable, but research shows that the connection between moods and receptivity to arguments is more complicated. Several studies have shown that people in a happy mood are less likely to scrutinize the content of an argument, whereas people in a negative mood are more likely to do so (Hullett, 2005). Accordingly, as Hullett observes, "attitude change resulting from strong arguments may be best accomplished when targeting people in bad moods" (p. 439). Solid arguments directed at "happy" people are likely to work when the (happy) person is already disposed to like or agree with the argument, but if you want listeners to truly scrutinize your message and be persuaded, putting them in a good mood beforehand is not necessarily a successful strategy.

Authority The principle of authority is quite simple: People with authority have more influence than those without authority. Researchers have long been interested in the effects of authority figures on human behavior. Stanley Milgram's (1974) classic studies of obedience to authority suggest that people will go to great lengths when their behavior is legitimized by an authority figure. Most people will obey the orders of a person wearing a uniform, even if there is no war or apparent emergency. This, too, is an effect of the principle of authority.

In negotiation, the principle of authority can be used in many ways. Cialdini (2009) observes that the use of a title, such as *doctor* or *professor*, gives the user more authority and thus more influence. A friend of one of the authors uses the title *doctor* whenever ordering airline tickets. He found out early in his career that airlines would telephone doctors when there was a flight delay but would ignore the other passengers. This simple illustration shows the esteem with which some titles (or positions) are held in society. Cialdini

also suggests that authority is more than position; it can also lead to attributions of expertise. He tells the story of a waiter who, regardless of what patrons order, recommends something else on the menu that is cheaper because the original dish “is not as good tonight as it normally is” (p. 194). In doing so, the waiter establishes his authority for later (more expensive) advice about the meal, such as expensive desserts (and perhaps also induces diners to reciprocate his generous advice when it’s time to leave a tip).

Authority can take different forms and yield different outcomes. Researchers have distinguished between two broad uses of authority in influence seeking: (1) authority based on a person’s personal expertise or credibility and (2) authority based on a person’s legitimate position in an existing social hierarchy (Cialdini and Goldstein, 2004). The first form—expertise—has been labeled a “soft” influence tactic, whereas the second form—authority derived from one’s position—is a “harsh” tactic (Koslowsky, Schwarzwald, and Ashuri, 2001). Koslowsky and colleagues, in a field study of influence behavior among nurses and their supervisors, found that subordinates’ compliance with requests and job satisfaction were higher when supervisors relied more on the use of soft tactics. These findings seem to suggest that establishing your personal expertise is preferred to highlighting differences in positional power, especially if the goal is not just short-term compliance, but longer-term relational benefits as well.

Cialdini (2009, pp. 191–92) offers the following advice for dealing with authority figures who may have influence over you. Ask two questions: “Is this authority truly an expert?” and “How truthful can we expect this expert to be?” The first question invites you to verify that the person really does have expertise in the situation and not just the appearance (title, attire) of expertise. The second question brings into focus the motive of the alleged authority. If someone, like the waiter just described, gives you some negative information before another suggestion, he or she may, in fact, be manipulating you into thinking that he or she is honest when this is not the case.

Aspects of Context That Foster Peripheral Influence

Finally, we explore aspects of the situation beyond the message itself and the sender of the message that create opportunities to pursue the peripheral route to influence. Five strategies are discussed: reciprocity, commitment, social proof, scarcity, and reward and punishment.

Reciprocity The norm of *reciprocity* has been studied for years by philosophers, anthropologists, sociologists, and other social scientists. This norm suggests that when you receive something from another person, you should respond in the future with a favor in return. Reciprocity usually means a favor is “paid back” to the individual who gave you something in the first place, although the popular notion “pay it forward” captures the idea that as recipient of a favor you can “repay” to others instead. The reciprocity norm is thought to be pancultural in that groups around the world appear to respect it (Gouldner, 1960). We alluded to the reciprocity norm in the previous section when discussing personal attractiveness of sources and some receiver factors.

The norm of reciprocity plays an important role in negotiations. Negotiators give concessions and expect concessions in return. When they treat the other party politely, they expect a corresponding politeness. The norm can also be used to obtain compliance from

another negotiator. For instance, negotiator A does a small favor for negotiator B and later asks for a larger favor from B in return. The net advantage goes to A. Although one may think that the norm of reciprocity should apply only to favors of the same size, this does not appear to be the case. Many sales pitches rely on giving the consumer a small gift early in an exchange and then asking for a large concession from the consumer later.

Similar opportunities exist in other negotiation situations. A compliment, such as a reference to the other party's positive behavior in a prior encounter, will make that person feel good and set the scene for him or her to act positively in return. Giving a quick concession on an issue that the other party wants will both please that party and create the implicit obligation for him or her to do the same. Too often, negotiators begin by holding every advantage close to their chest and giving things away grudgingly, believing that this is the best way to succeed. Such rigid behavior is no more likely to lead to graceful and successful negotiation than it is to graceful and successful acting or public speaking. Flexibility and adaptability are necessary in all three.

Given the power of the norm of reciprocity, how can the negotiator counter its effects? One possibility is to refuse all favors in a negotiation setting, but this would probably cause more problems than it resolved. For instance, refusing a cup of coffee from your host may remove the effects of the norm of reciprocity but at the same time may insult the host, especially if five minutes later you go out to get a cup of coffee yourself. (The "insult" involved may also amount to cultural insensitivity in some countries or settings; see Chapter 16.) Perhaps the other person was simply being polite. Perhaps he or she was setting a positive tone for the meeting. Or perhaps he or she was trying to use the norm of reciprocity to create a small sense of indebtedness.⁷

So how should the negotiator respond? Cialdini (2009) suggests that you should respond politely to a favor and accept what is offered if it is something you want. If it becomes apparent that the favor was an attempt at manipulation, however, then you should redefine the event as a trick rather than a favor. This will remove the obligation of the rule of reciprocity because the "rule says that favors are to be met with favors; it does not require that tricks be met with favors" (p. 47).

Commitment Researchers have long recognized that once people have decided something, they can be remarkably persistent in their beliefs. This process has been labeled *commitment* to a position, and it relies heavily on the common need that people have to appear consistent, both to themselves and to others. Most people are familiar with the bait-and-switch sales technique. Unscrupulous organizations advertise merchandise for sale at an incredibly low price (the bait) but "run out" of stock by the time you arrive at the store. They then try to sell you alternative merchandise (the switch) at a higher price. Why does this technique work? One reason is that once you have made the decision to purchase a product (a commitment), you almost automatically follow through with the commitment (even at a higher price). In addition, you have made all the effort to get to this store and don't want to go home empty handed. Thus, if you go to the store to buy the product at the fantastic sale price of \$49.95, you will be more likely to buy the alternative product at \$64.95, even though that price may never have gotten you to the store in the first place. (See Box 9.2 for a cautionary tale involving commitment to the purchase of a car.)

In his youth, one of the authors of this book decided to purchase a used MG sports car. He tells this story:

After searching the city where I lived and finding only one car within my price range, I test-drove the car, discussed the price with the salesman, made an offer to buy the car, completed most of the paperwork, was loaned the car overnight, and came back to sign the deal the next day. At this time the salesman embarrassedly told me that he was unaware the car had “electric overdrive” until his manager had told him, and that he could not sell the car for the agreed-on price. Rather, the salesman would have to charge an additional \$350 for the overdrive. Of course, he would allow me to change my mind and not buy the car. I bought the car, but after driving away I was convinced that the salesman’s bargaining strategy had been a manipulation to induce compliance. I could have confronted the dealer, but there was no proof that the dealer was dishonest (and who would believe a young consumer versus an established car dealer?). The consequences of this decision cost the dealership much more than the extra \$350 it received for

the car. I told many of my friends to stay away from the dealer because of the way he did business. I didn’t have any repairs done at the dealer after the warranty on the car expired.

If you think that an honest mistake occurred and the salesman really had forgotten the overdrive, his behavior during the warranty period should convince you that wasn’t the case. The only repair needed under warranty was to replace the tachometer. The warranty stated that the dealer would pay for the parts and 50 percent of the labor. The salesman told me that replacing the tachometer in an MG was very difficult: The dashboard had to be removed, and many pieces under the dashboard had to be removed in order to pass the wires. He advised me that it would take six hours to install the part and suggested that I leave the car with them for the day. I didn’t believe a word the salesman said. I diligently followed the mechanic around the car until he went into the service manager’s office for a brief discussion. When he returned he replaced the tachometer in 15 minutes. After paying for half of the labor cost, I drove away, never to return!

Commitment strategies are very powerful devices for making people comply. One way to increase commitment is to write things down. Cialdini (2009) notes that encyclopedia companies that have customers complete their own order forms have a far lower cancellation rate than those companies that have salespeople write out the form. Why? Writing it themselves seems to increase the commitment that the customers feel. It is as if they say to themselves, “I wouldn’t have written it down if I didn’t want it, would I?” Many consumer-product companies have people write testimonials about their products in order to enter a drawing for a prize. Why? Apparently, writing testimonials increases the commitment to buy the product. Research has shown that even signing a petition can increase your compliance with a request to do something more intrusive several days later (Freedman and Fraser, 1966). Researchers have called this the foot-in-the-door technique (Clark, 1984).

How can commitment work in a negotiation? Usually, it is incremental. Agreement to innocuous statements early in the negotiation may be used as a foundation for subsequent concessions. Frequently, our own words and behaviors are used to extract further concessions. In the car example in Box 9.2, the buyer was more than pleased to pay the extra \$350 because in the drive-around period, he had shown the car to many friends and told them about the purchase. Because the salesman had been nice enough to let the buyer take the car overnight even before signing a contract, the only fair thing to do was to let the salesman off the hook for his mistake by paying \$350 more!

Commitment strategies are difficult to combat. Frequently, a person will have already been influenced and agreed to something before even realizing that manipulation has taken place. To some extent, being forewarned about these techniques is being forearmed. Cialdini (2009) suggests that your body will send two types of warning signals when these techniques are in use. Either you will feel uncomfortable when subtle commitments are being made or something in the deal will just not seem quite right. If you encounter these thoughts or feelings when negotiating, look out for use of a commitment strategy by the other party. At the very least, be aware of all the agreements you strike during a negotiation, even those small, innocuous ones. They may be the setup for the next move.

Social Proof The principle of *social proof* suggests that people look to others to determine the correct response in many situations. This principle suggests that people often behave in certain ways because everyone else is doing so. Cialdini (2009) identifies this as the principle that once made laugh tracks effective on television comedies (see Fuller and Sheehy-Skeffington, 1974). It also explains why marketers like to allude to previously satisfied customers; if other people used the product and liked it, then it must be good. Celebrities are hired to endorse products for similar reasons.

In negotiation situations, the principle of social proof can act as a powerful influence strategy. Salespeople will show lists of happy customers, knowing that few people will take the time to verify the list. (“If it wasn’t true, why would the salesperson show me the list?”) Sweepstakes advertisements highlight previous winners and feature celebrities. Negotiators will talk about how popular their new product is and how sales have really increased this year. Real estate agents will be sure that you are aware that many other people are interested in the house that you are considering buying (see Fishbein and Azjen, 1975).

The principle of social proof works because questionable information (“everyone thinks this product is good”) is given weight in decisions. Cialdini (2009) suggests that the way to dilute its effectiveness is to identify the false information and give it the weight it deserves. In negotiations, this means careful preparation and being aware of “facts” about the others’ advocated views that do not seem to match your preparation. When the other party offers “evidence” about the popularity of an item, do not automatically trust that the other party is being completely honest; rather, ask the other to substantiate the claims. Even when there is a shortage of an item, be sure that you are behaving in your own best interests. Frequently, a planned delay (“let me sleep on it”) will be enough to separate the influence of social proof from your own needs and interests.

Scarcity The principle of *scarcity* suggests that when things are less available, they become more desirable. Cialdini (2009) describes how common sales strategies rely on the scarcity principle. Frequently, salespeople will tell customers that they are not sure if the product the customers would like to purchase is currently in stock. Before making the trip to the stockroom, they ask if they should grab one before another salesperson gets it. Typically, shoppers will say yes and will feel relieved (or lucky) when the salesperson returns with the “last one” in the store. This is the scarcity principle at work; people are easier to influence when they feel that they are obtaining a scarce resource.

In negotiation situations, the scarcity tactic may be operating whenever there appears to be a great demand for the thing being negotiated. Some organizations deliberately keep

their products in short supply to give the appearance that they are very widely sought (e.g., popular toys during the Christmas holiday season). Car dealers suggest that you not wait too long before deciding on the color car you want because they have very few cars left and they are selling fast. Anytime negotiators talk about “exclusive opportunities” and “time-limited offers,” they are using the scarcity principle. Censorship also results in scarcity; banning a specific book in the library is guaranteed to increase the demand for it. Finally, auctions also rely on the principle of scarcity by selling unique (one-of-a-kind) pieces to the highest bidder—the more scarce the item, the higher the bids.

The scarcity principle is difficult to combat when used effectively. It creates in the victim an activity trap focused on obtaining the item and effectively suspends cognitive evaluation of the broader situation. Cialdini (2009) suggests that people need to be aware of the emotional trappings that this principle arouses; when confronted with a strong emotional response to obtain a scarce good, they should carefully evaluate their reasons for wanting the item in the first place.

Reward and Punishment In Chapter 8, we indicated that control over resources is a strong source of power. These resources can be deployed as tools of influence in two major ways: by offering exchanges that will reward the other party to gain his or her compliance or by pressuring the other party with threats of punishment.

Exchange relies on resources available to the influence seeker as the power base, particularly resources that can be translated into rewards for the other—favors, benefits, incentives, treats, perks, and the like. Thus, exchange frequently invokes the use of promises and commitments as persuasive tools—obligations that you are willing to make in exchange for the other’s cooperation, compliance, or commitment to give you what you want. Exchange-based transactions are often negotiated so that the other party completes his or her obligation now but chooses not to ask you to complete your obligation until some point in the future. By doing so, you and the other party leave a series of obligations out in your interpersonal marketplace, which you can call back in when you need them. Studies of the use of power in organizations (e.g., Kotter, 1977) reveal that successful managers recognize, create, and cultivate dependence among those around them—subordinates, peers, and even superiors—and convert these dependencies into obligations.

Pressure, on the other hand, is the use of power through threat of punishment. An influencer can make demands, suggest consequences about what will happen if the demands are not met, engage in frequent surveillance to determine whether the demands are carried out, remind the other person frequently about what is expected, and eventually follow through with the actual punishment if the demand is not met on time. A sales manager may cut a salesperson’s pay for repeatedly failing to achieve sales target projections. A parent may deny a child screen time for a week because she didn’t clean her room. A supplier may put a late charge on an overdue bill to a customer. Pressure need not involve an actual denial or removal of resources; coercion or punishment can be as effective in verbal form. If the sales manager berates a salesperson for failing to make target sales quotas (rather than firing him or her), or if the parent scolds the child rather than denying privileges, the impact may be just as great.

The conditions for the use of pressure are similar to those for the use of exchange and praise: The other party is dependent on the power holder in some way, the agent controls

some form of resources that can be denied or taken away from the other party, and the punishment can be administered in a manner that will ensure the other party's compliance. According to Kipnis (1976), praise and rewards are better if the goal is to maintain the target's goodwill; criticism and sanctions are more appropriate when changing behavior is more important than maintaining goodwill. Pressure tactics may yield short-term compliance with requests, but they also are likely to elicit resistance from the other party. Frequent use of pressure tactics may alienate the influence target, in which case the agent must escalate the severity of consequences for noncompliance. Pressure tactics should be used selectively and sparingly because their use is likely to corrode the relationship between the parties, and frequent use runs the risk of destroying it.

There is evidence that differences in the nature of situations affect the tendency of negotiators to use pressure tactics. For example, compared with those with low power, parties with high power tend to use more pressure tactics, such as threats, and make fewer concessions (Michener, Vaske, Schleiffer, Plazewski, and Chapman, 1975). With relatively small power differences between the parties, the low-power party becomes more likely to also use threats, creating an escalation between the parties that can destroy the negotiation (see also Vitz and Kite, 1970). Obviously, being in a low-power position makes a negotiator vulnerable to threats: It will often seem as though the easiest way to respond is simply to comply with the threat maker's demand. It is important to keep in mind, however, that the lower-power party does have other options available short of outright defiance. For instance, a person can seek to delay the interaction, stall for time, engage in passive resistance (e.g., simply not respond), or comply only minimally ("work to rule," in labor parlance) with the threatener's demands.

Lastly, there is also evidence that the use of pressure tactics varies cross-culturally. Tinsley (2001) found that negotiators from cultures that place a higher value on social hierarchy (Japanese, in this study) were more likely to use pressure tactics than negotiators from cultures having a greater emphasis on egalitarianism in society (Germans and Americans). Another study's findings (Giebels and Taylor, 2009) suggest that the use of persuasive arguments (rather than pressure tactics) are preferred in individualistic cultures (such as the United States), with pressure tactics more likely in collectivist societies that emphasize relational harmony over individual fulfillment. More generally, research has shown cultural differences in preferences for persuasive appeals that are framed in logical as opposed to normative terms (Adair et al., 2014). (We consider the role of culture in negotiation in depth in Chapter 16.)

Section Summary In this section, we examined several ways that persuaders can use the peripheral route to achieve influence. We discussed factors related to the message itself, characteristics of the message source, and aspects of the influence context that can result in influence. That last piece—context—is especially important because it complicates the influence situation, requiring the effective influence seeker to attend to additional social factors beyond just his or her relationship with the individual influence target. An example is the added complexity involved in seeking influence as part of negotiations that occur in large organizational settings (see Box 9.3).

Influence targets are particularly susceptible to peripheral forms of influence to the extent that they are unmotivated and/or unable to pay careful attention to the argumentative

Michael Watkins (2001) discussed how influence operates when it occurs in the specific context of large organizations. He offered five key goals for effective persuasion in these settings:

1. *Mapping the influence landscape.* It is important to pinpoint who needs to be persuaded and what methods to employ to effectively influence the other party. Within an organization or a social network, it is important to attend not just to the target of influence but also to subgroups or coalitions that support the target. This also involves neutralizing opposition to your position.
2. *Shaping perceptions of interest.* An influencer can use framing techniques and persuasive strategies to influence others' beliefs about what they want. Successful persuasion can change a person's incentives in the negotiation, therefore facilitating desired outcomes. Compensation plans, mission statements, strategic plans, annual budgets, and the like are powerful media for influencing incentives in an organization.
3. *Shaping perceptions of alternatives.* Influencing another's perceptions of alternatives to an agreement is also a powerful form of persuasion. This may involve focusing the target's attention on alternatives that highlight the value of your position, rather than those that detract from it.
4. *Gaining acceptance for tough decisions.* It is important to lay a framework within the organization for the acceptance of difficult decisions and their outcomes. When members of an organization feel involved in the decision-making process and perceive that process as fair, they are more likely to accept tough decisions.
5. *Persuading at a distance.* Because organizations are large and it is impossible to persuade one-on-one with all members, it is important to be able to persuade from a distance. Establishing reliable channels of communication, communicating important themes and messages through speeches and memos, and learning how to appropriately and creatively communicate an idea are important for mass persuasion in an organization.

Source: Adapted from Watkins, Michael, "Principles of Persuasion," *Negotiation Journal*, vol. 17, no. 2, April, 2001, 115-137.

substance of the influence seeker's message. Effective negotiators realize that a big part of their task is persuading the other party to view the situation as they do. Strategies that underlie peripheral routes to influence are an important part of a negotiator's arsenal for doing just that.

The Role of Receivers—Targets of Influence

We close this chapter with a discussion of the person who is the target of influence. Influence targets should not think of themselves as passive recipients who merely "consume" a persuasive message and then make an up-or-down decision whether to "buy" it or not. There are two prominent aspects to the influence target's role and options. First, targets should avoid becoming defensive and direct their energy instead toward ways to gain a great understanding of the goals and interests driving the other party's influence attempts. Second, there are a number of ways that negotiators who find themselves on the receiving end of persuasive messages and strategies can resist the attempts at influence. We discuss each of these two aspects of the target's role in turn.



"No, Thursday's out. How about never—is never good for you?"

Source: ©Bob Mankoff/Cartoonstock

Understanding the Other's Perspective

Negotiators on the receiving end of influence-seeking gambits will be much better equipped to make sound decisions about whether or not to be persuaded—and less likely to dig in and become defensive—if they have a thorough and nuanced understanding of where the other party is coming from. We present here three suggestions for achieving that kind of understanding.

Explore the Other's Point of View Negotiators frequently give very little attention to the other party's opinions and point of view. This is unfortunate because it is very much to your advantage to understand what the other party really wants, how things look to him, and how he developed his position. We can explore the other party's perspective with well-crafted questions designed to reveal his needs and interests (see Miles, 2013). For instance, "Why are those important objectives for you?" "What would happen if you did not get everything you have asked for?" and "Have your needs changed since the last time we talked?" bring out more detailed information about the other party's position and interests. Exploring the other person's outlook not only provides more information, which can lead you to design solutions to meet both sides' needs, but helps you understand why the other party is trying to persuade you to think or act in a particular way. Be careful, though, of questions that attack rather than explore. Questions such as "How in the world can you say that?" and "Who in their right mind would believe that?" are likely to make the other party feel tense and defensive, turning the tone of the negotiation quite negative. (Recall from Chapter 7 our discussion and numerous examples of the use of questions in negotiations.)

Selectively Paraphrase Paraphrasing ensures that both parties have understood each other accurately. If you haven't understood the other party, it gives her an opportunity to correct you. It is important to restate your understanding after being corrected, to make sure you have gotten it right. In addition, vocalizing the other person's ideas helps you remember them better than simply hearing them. Avoid literally repeating the other person's words;

restate the message in your own words, starting with “Let me see if I understand the point you just made.” When people have an important message to get across, they may talk vigorously and at length, often emphasizing the same point over and over. Once your paraphrasing indicates that the other person has been understood, he or she will usually stop repeating the same point and move on; hence, paraphrasing can be very helpful in moving a discussion forward.

You can also ask the other party to restate or paraphrase what *you* have said. You might say, “What I have said is very important to me, and I would appreciate it if you could restate what you understood to be my main points.” This process accomplishes several things. First, it asks the other party to listen closely and recall what you have said. Second, it gives you the opportunity to check out the accuracy of his or her understanding. Third, it emphasizes the most important points of your presentation.

Reinforce Points You Like in the Other Party’s Proposals Negotiators are frequently ineffective because they respond only to what they dislike in the other party’s statement or proposal and ignore the things they like. Responding in this way ignores a powerful means of shaping and guiding what the other party is saying. Several classical theories of behavior (e.g., exchange theory or learning and reinforcement theory) make the same basic point: People are more likely to repeat behavior that is rewarded than behavior that is not rewarded (Homans, 1961; Skinner, 1953).

The simplest way to reward people for what they say during a negotiation is to acknowledge and support a point they have made: “That’s an interesting point” or “I hadn’t heard that before.” Nonverbal signals work as well—for example, a simple “mm-hmm” or a nod of the head. Statements and actions like these isolate a key remark from other points the speaker has made. Second, compliment speakers when they make points you want emphasized, and express appreciation to them for considering your interests and needs. In a labor negotiation, for example, management might say to the union, “Your concern that toxic labor relations might make customers reluctant to give us long-term contracts is an important one.” A third approach is to separate parts of a statement that you like from those parts you don’t like, and encourage the other party to develop the favorable points. In negotiating the sale of a house, the buyer might say, “Let me focus on one of the points you made. An adjustment in price to cover needed repairs is a good idea. What repairs do you have in mind?”

Resisting the Other’s Influence

In addition to the variety of things a negotiator can do to encourage, support, or direct the other’s communication, there are three major things that listeners can do to resist the other’s influence efforts: have good alternatives to a negotiated agreement, make a public commitment (or get the other party to make one), and inoculate yourself against the other’s persuasive message.

Have a BATNA, and Know How to Use It Several authors identify a BATNA (best alternative to a negotiated agreement) as a source of power (e.g., Pinkley, Neale, and Bennett, 1994; we discussed BATNAs at some length in Chapters 2, 4, and 8). There is no question that having a good BATNA enables a negotiator to walk away from a given negotiation

because it means that she can get her needs met and interests addressed somewhere else. Of course, a BATNA is a source of leverage at the negotiation table only if the other party is aware of it. To use a BATNA effectively, a negotiator must assess the other party's awareness that it exists and, if necessary, share that fact. This often must be done deftly—conveying the existence of a good alternative could be interpreted by the other party as an imminent threat to walk away. Keep in mind also that a BATNA can always be improved. Good negotiators will work to improve their BATNA before and even during an ongoing negotiation as a way to enhance their leverage.

Make a Public Commitment One of the most effective ways to get someone to stand firm on a position is to have him make a public commitment to that position. Union leaders have said to their rank and file such things as “I will resign before I settle for a penny less than” After making that statement, the union leader faces several pressures. One is the potential loss of face with union members that would come with backing away from that position—the leader may be unceremoniously thrown out of office if he or she does not actually resign. A second pressure is the threat to the leader's credibility with management in the future if there is no follow-through on the commitment. Finally, the leader may have his or her own cognitive inconsistency to deal with because failing to resign will be inconsistent with the earlier commitment.

Sometimes negotiators want the other party to make a public commitment, but not always. If you can get the other party to make a public statement that supports something you want, that party will be hard-pressed not to stand by the statement, even though he or she may wish later on to abandon it. Sometimes negotiators make a statement such as “I'm committed to finding an agreement that we can both benefit from” and then invite the other party to make a similar statement. At other times, the inviting statement may be more direct: “Are you interested in selling us this property or not?” or “Let's agree that we are going to work together, and then get busy on the details of how to make it happen.”

Even better than eliciting statements of commitment to a point of view is enticing the other party to make a behavioral commitment. For example, retail merchants use down payments and layaway plans to secure a behavioral commitment from customers when it is not possible to complete the total sale at that time. On the other hand, at times negotiators will want to prevent the other party from making public commitments to positions that might interfere with reaching an agreement. The other party may later need to back off the commitment to complete a deal. Although it might be tempting to taunt or scold the other party for making a commitment that cannot be kept, a savvy negotiator will realize that it may be in his or her interest to help the other party escape an ill-advised commitment in a face-saving way. This can be done by downplaying statements of commitment, not responding to them, or looking for a rationale to explain why the commitment no longer applies, given changing assumptions or circumstances. (We considered the benefits and risks of negotiator commitments in some depth in our treatment of distributive bargaining in Chapter 2.)

Inoculate Yourself against the Other Party's Arguments One of the likely outcomes of listening carefully to the other party and exploring and understanding his or her point of view is that negotiators may change some of their own positions. At times they may not want to change their position, and therefore they may want to “inoculate” themselves

against the other party's arguments (Pfau et al., 2001). For instance, managers who must support organizational policies with which they disagree may want to inoculate themselves against subordinates' arguments by preparing and rehearsing counterarguments that can be used to refute the key points the other is likely to make.

There are three approaches for inoculating against the arguments of other parties:

1. Prepare supporting arguments *for your position only*.
2. Develop arguments *against your position only*, and then develop counterarguments; that is, find ways to refute them in the points you make.
3. Develop arguments *both for your original position and against your position*, and then develop counterarguments to refute both (a combination approach).

To illustrate, let's take the example of a director of admissions for a graduate program who will be meeting with an applicant to explain the school's decision not to accept the applicant. The admissions director could (a) develop arguments about why the student should not be admitted (e.g., the student's grades are not high enough), (b) develop arguments in favor of the student's perspective (e.g., the student took difficult courses at a very scholarly university), and (c) develop counterarguments to refute the student's arguments (e.g., the quality of the university and the rigor of the courses were taken into account when the admissions decision was made).

Research reveals that the best way to inoculate against being influenced is to use the combination approach (point 3)—developing arguments both for and against your position, and counterarguments to refute them (McGuire, 1964; Pfau et al., 2001). Developing arguments against your position only plus counterarguments (point 2) is also effective, but to a lesser extent. The least effective, by a large margin, is the first approach—developing arguments in support of your position only. Three further points emerge from research on inoculation. First, the best way to inoculate people against attacks on their position is to involve them in developing a defense. Second, the larger the number of arguments in any defense, the more effective it becomes. Third, asking people to make public statements supporting their original position increases their resistance to counterarguments.

Section Summary Negotiators in the role of listener or target of influence can do many things to help blunt the persuasive force of an influence-seeking message that originates with the other party. By exploring the influence seeker's point of view, challenging the arguments set forth, and taking steps to actively resist the influence attempt, negotiators can minimize the chance that they will be swayed by weak arguments or "trapped" into the kind of shortcut persuasion that occurs through the peripheral route. Some key elements of resistance include making wise decisions about how and when to wield one's BATNA, knowing when to make public commitments, and inoculating oneself against anticipated arguments. In many situations, the other party will be persuasive because his or her arguments are solid and sensible. The key is approaching influence attempts with a focused and critical mind so that one is persuaded only when the arguments merit it. Understanding how persuasion works is certainly an essential step in becoming prepared to defend yourself against influence attempts across the negotiation table (Malhotra and Bazerman, 2008).

Chapter Summary

In this chapter, we discussed a large number of mechanisms of influence that one could use in negotiation. These tools were considered in two broad categories: influence that occurs through the “central route” to persuasion and influence that occurs through the “peripheral route” to persuasion. With respect to the central route, we addressed the content of the message, how messages are structured, and the style with which a persuasive message is delivered. Influence that occurs through the central route is likely to be relatively enduring and resistant to counterinfluence. With respect to the peripheral route, we considered tactics related to the construction of the message itself, as well as characteristics of the message source and elements of the influence context. When influence occurs through the peripheral route, the target may comply but will not necessarily make a corresponding attitudinal commitment; moreover, that compliance may be short-lived, and the target is generally more susceptible to counterinfluence.

In the last major section of the chapter, we considered how the receiver—the target of influence—can avoid being unduly persuaded by exploring the needs and interests of the other party or by resisting the persuasive effects of the message. Effective negotiators are skilled not only at crafting persuasive messages but also at playing the role of skilled “consumers” of the messages that others direct their way.

We close with a cautionary note. This chapter has only touched on some of the more important and well-documented aspects of influence-seeking communication that can be used in bargaining. Negotiators usually spend a great deal of time devising ways to support and document their positions; they devote less time to considering how the information is presented or how to use qualities of the source and receiver to increase the likelihood that persuasion will be successful. Careful attention to source, target, and context factors, rather than just to message factors, is likely to have a positive impact on negotiator effectiveness.

Endnotes

¹ See also Chaiken (1987). Petty and Cacioppo embedded the central-peripheral distinction into what they called the elaboration likelihood model (ELM) of persuasion (1986b). The ELM is an example of a dual-process model identifying alternative forms of thought that guide persuasion and decision making. Chaiken’s (1987) heuristic model is another dual-process framework. For a review of three decades of ELM research, see Petty and Briñol (2012).

² Researchers have disagreed as to whether the two routes to persuasion are separate systems (e.g., Petty and Cacioppo, 1986a, 1986b) or compensatory systems (e.g., Chaiken, 1987). That is, it is not clear if the two routes to persuasion operate separately or if they work in conjunction. Some work (e.g., O’Keefe, 1990) seems to suggest that both processes operate at all times, but one is likely to be dominant. It is also the case that the separation between central and peripheral modes of processing is regarded as a continuum, not a strict division (Petty and Briñol, 2012). The model does not provide exact prescriptions about how to persuade everyone in all circumstances. It does provide a clear way to think about

the variables that have been found to influence persuasion. It helps clarify when persuasive tactics can work, although this does not mean that these factors will work in all circumstances. In many situations, influence is achieved through a skillful blend of many persuasive techniques.

³ See also Freedman and Fraser (1966); Seligman, Bush, and Kirsch (1976).

⁴ See also Bem (1972).

⁵ See also Hovland and Mandell (1952); McGuire (1964).

⁶ See also Johnson and Eagly (1989); Petty and Cacioppo (1990).

⁷ Note that many public-sector bargaining laws prohibit negotiators from buying even a cup of coffee for each other. Negotiators need to be aware of the laws and norms that may have implications for compliance strategies. In addition, there are cross-cultural differences in refusing a gift, and negotiators need to prepare carefully for such instances when they negotiate across borders. (See Chapter 16 for more discussion of culture and negotiation.)



Relationships in Negotiation

Objectives

1. Understand how negotiation within an existing relationship changes the nature of negotiation dynamics.
 2. Explore the different forms of relationships in which negotiation can occur.
 3. Consider the critical roles played by reputations, trust, and fairness in any negotiating relationship.
 4. Gain insight into how to rebuild trust and repair damaged relationships.
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CHAPTER OUTLINE

Challenging How Relationships in Negotiation Have Been Studied

Forms of Relationships

Four Fundamental Relationship Forms

Key Elements in Managing Negotiations within Relationships

Reputation

Trust

Justice

Relationships among Reputation, Trust, and Justice

Repairing a Relationship

Chapter Summary

Up to this point in this text, we have described the negotiation process as though it occurred between two parties who had no prior relationship or knowledge of each other, came together to do a deal, and maintained no relationship once the deal was done. In other words, it was just a “snapshot” taken out of time and context. But this is clearly not the way many actual negotiations unfold. Negotiations occur in rich and complex social environments that have a significant impact on what the parties expect of each other, how the parties interact, and how the process evolves.

One major way that context affects negotiation is that many negotiations occur within the boundaries of an existing relationship, and these relationships have a past, present, and future. In this chapter, we focus on the ways these past and future relationships affect present negotiations. Our treatment of relationships will come in two major sections. First, we examine how a past, ongoing, or future personal relationship between negotiators affects the

negotiation process. This discussion challenges many of the general assumptions that have been made about the theory and practice of negotiation—assumptions that assumed *no* past or future relationship between the parties—and provides a critical evaluation of the adequacy of that prevailing negotiation theory for understanding and managing negotiations within relationships. We present a taxonomy of different kinds of relationships and the negotiations that are likely to occur within them and briefly review research studies that have investigated how existing relationships can influence negotiation processes. Finally, we examine three major dimensions of relationships—reputations, trust, and justice—that are particularly critical to affecting negotiation dynamics.

We continue our discussion of other relevant social context factors in subsequent chapters. In Chapter 11, we examine how negotiations are affected when negotiators represent others' interests at the table—that is, negotiating on behalf of others. In Chapter 12, we discuss the dynamics of coalitions—the ways negotiators can band together to exert a more powerful collective influence and how they divide the “spoils” once the coalition has achieved its goal. Finally, in Chapter 13, we examine how negotiation changes when there are multiple parties at the table—that is, groups and teams working together to negotiate complex decisions and agreements.

Challenging How Relationships in Negotiation Have Been Studied

Traditionally, researchers have studied the negotiation process in two ways. On the one hand, they have studied actual negotiations in “live” field situations such as labor relations and international relations.¹ On the other hand, researchers have simulated complex negotiations by simplifying the complexity in a research laboratory. They create simplified negotiating games and simulations, find undergraduate and graduate university students who are willing to be research participants, and test the effects of important influential elements under controlled laboratory conditions.

Laboratory experimentation has dominated the research process in the negotiation field for the past 50 years, for several reasons. First, this type of research is far easier to do than studying the intricate complexity of real-world negotiations in a live situation. It is simpler to create a bargaining game with college students and administer questionnaires than to study negotiators in the middle of an actual negotiation where many external influences, above and beyond what the negotiators actually do at the table, can be affecting the results. It is also difficult to get parties who are involved in an intense real-world negotiation to allow researchers to observe, do interviews, ask questions, or publicly report successes and failures. Second, some research questions are best answered under controlled laboratory conditions because it would be impossible to repeatedly encounter or consistently simulate the same conditions in actual negotiations. For instance, to study whether making threats increases antagonism in negotiation, one could hardly ask some negotiators in actual negotiations to make threats while others did not because it would not be genuine behavior if the parties were not predisposed to take that approach. Finally, compared with field situations, the laboratory setting allows researchers to collect data more efficiently, control extraneous factors in the environment, and be far more confident about the reliability and validity of the results.

However, there are also serious problems with this strong laboratory research tradition. Most of our conclusions about what is effective in *complex* negotiations have been drawn from studies using this same limited set of *simple* bargaining games and classroom simulations. However, we should reasonably question whether such extensive prescriptions are fully accurate or appropriate, given that most negotiation research has been conducted with parties who have no existing relationship, while most actual negotiations occur between people who are in a relationship with the other party. More importantly, parties to an actual negotiation may have a significant past history with each other and may well expect to continue to work together in the future.

One group of researchers critical of the dominance of laboratory-based approaches to studying negotiation offered some examples:

A recently married couple discusses whose parents they will be spending Christmas vacation with. [The marketing giants] Procter & Gamble and Wal-Mart discuss who will own the inventory in their new relationship. [The accounting/consulting firm] Price Waterhouse discusses a cost overrun with an extremely important audit client. Members of a new task force discuss their new roles only to discover that two of them wish to serve the same function on the task force. Each of these discussions could be modeled quite well as a single issue, distributive negotiation problem. There are two parties: A single, critical dimension and opposing positions. A great portion of each discussion will entail searching for the other's walkaway point and hiding of one's own. But the discussions are also more complicated than the single distributive problem. (Sheppard and Tuchinsky, 1996a, pp. 132–33)

These authors argue that researchers have been too quick to generalize from simple research studies (“transactional negotiations”) to negotiating in complex relationships. There are several ways that an existing relationship changes negotiation dynamics:

1. *Negotiating within relationships takes place over time.* In Chapter 3, we noted that one way to turn a distributive negotiation into an integrative one is for the parties to take turns over time in reaping a benefit or reward. Within a relationship, parties can do this easily. Husband and wife can agree to visit each other's parents on alternate holidays. Negotiators in a laboratory bargaining game cannot agree to do this because their relationship ends when the game is over. Hence, time becomes an important variable in negotiating within relationships; understanding how parties package or trade off issues over time may be a critical tool for managing difficult one-off situations.
2. *Beyond discussion of issues, negotiation is a way to learn more about the other party and increase interdependence.* In a transactional negotiation, the parties seek to get information about each other so they can strike a better deal. The short time span of a transaction requires a party either to act simply on his or her own preferences or to gather small bits of information about the other before deciding how to act. In a relationship, gathering information about the other's broader ideas, preferences, and priorities is often the most important activity in finding commonality; this information reveals the other's thinking, wishes, work habits, and so forth, enhancing the party's ability to coordinate activities and improve the ongoing relationship. In short, in a transactional negotiation, the most important issue is usually the deal; in a relationship negotiation, the most important issue is preserving or enhancing the relationship.

If given a choice between cleaning the kitchen or paying the bills (based on the job alone), I might readily choose the kitchen; but if my spouse has very strong preferences about “her” kitchen and how it should be cleaned, I will readily accommodate to bill paying. As we point out later in this chapter, learning about the other’s preferences is central to developing trust, which is often the glue that holds relationships together, particularly in difficult circumstances.

3. *Resolution of simple distributive issues has implications for the future.* While time can be an asset, it can also be a curse. The settlement of any one negotiation issue can create undesired or unintended precedents for the future. How Procter & Gamble handles one inventory question may have implications for how similar inventory questions are handled in the future. Alternating holiday visits to their parents in the first two years does not mean the married couple can never change the visitation schedule or that they have to take turns on every other issue in their marriage on which they disagree. But they may have to discuss explicitly when certain precedents apply or do not apply and explain their decisions to others.

The results of these negotiations may also shift the power and dependence dynamics in their future relationship. The more the parties learn about each other, the more they may become vulnerable to or dependent on each other. For example, if Acme Company is having a difficult time with a challenging manufacturing problem, it may decide to form a strong relationship with one of its very large customers, Battle Corporation, which knows how to solve the problem because of its experience with similar problems involving other suppliers. But Battle may insist that Acme sell its entire product inventory to Battle in order to make sure that Battle can benefit from helping Acme with its problem. Acme is now in a dependent relationship; Battle now has significant power over Acme and Acme may be vulnerable if the demand for its product shifts, if technology changes, or if Battle begins to try to control other strategic issues in Acme’s business. This is not an uncommon problem for relatively small firms that supply goods or services to much larger companies, such as to a Walmart or to the big auto makers; in these situations, the entire business viability of the supplier may depend on the whims of one very large customer (Sheppard and Tuchinsky, 1996b; Yoshino and Rangan, 1995). These dynamics can create reputation problems for both Acme and Battle, and we explicitly address the impact of reputations later in this chapter.

4. *Distributive issues within relationship negotiations can be emotionally hot.* If one party feels strongly about the issues or the other acts provocatively, the parties can become angry with each other. Expressing that anger clearly makes negotiating over other issues difficult (we discussed how emotion affects negotiation in Chapter 6). The parties may say things they don’t mean, make hurtful comments, cut off discussions, and even refuse to speak further. At a minimum, the parties may have to cool off or apologize before they can proceed. In extreme cases, the parties can continue feuds for years, carrying their emotional baggage from one fight to another without ever creating the space for the parties to talk about issues important to the relationship. Many failed negotiations that end up in the courts—from small-claims cases and failed marriages to major organizational and international disputes—share a common history

of bad feeling, failed communication, or a complete breakdown in the ability of the parties to solve their problems, because the emotional baggage completely overshadows the important negotiation issues.

5. *Negotiating within relationships may never end.* One of the advantages of negotiating in a game or simulation is that there is a defined end. In fact, many participants in laboratory negotiating experiments may develop a specific strategy for how they are going to play “the end game”; often, they abandon cooperative strategies in favor of getting the other on the last move. In many relationships, however, negotiations are never over; parties are often constantly trying to renegotiate old agreements or issues that were never firmly settled (or settled in favor of one party but not the other). This may have several consequences:

- *Parties may defer negotiations over tough issues in order to start on the right foot.*

If a married couple thought their relationship would be over in two years, they would make sure they each got what they wanted while they were married; in addition, they would probably negotiate a very specific agreement about who was to get what when the relationship was over. (Given high rates of divorce in many countries, many couples intending to marry resort to complex, legally binding prenuptial agreements to handle this problem.) But if the couple expects the marriage to last their lifetimes, or can't envision that far ahead, they may simply mingle all of their assets and property in the hope that “everything will work out” in the future.

- *Attempting to anticipate the future and negotiate everything up front is often impossible.* Two young entrepreneurs who decide to go into business together can't possibly anticipate all the outcomes of their common efforts or what issues they should consider if they decide to separate in five years. Who knows now how successful the business will be or whose contributions will be more valuable? At best, all they can do is pledge to communicate with each other and discuss problems as they arise, or to agree to involve third parties as a rational means for resolving disputes (see Chapter 19).

- *Issues on which parties truly disagree may never go away.* As we suggested earlier, some negotiations in relationships are never over. Two roommates who have different standards of cleanliness—one is neat, the other messy—may never settle the question of whose preference is going to govern the living arrangements in their apartment. The messy one will always be disposed to leave things out and around, while the clean one will always be bothered by things left strewn about. As long as they live together, the issue may confront them; agreements about cleanliness may regularly get broken, even though they may go through a range of possible solutions as they try to accommodate each other's preferences and habits.

6. *In many negotiations, the other person is the focal problem.* A well-known prescriptive theory of integrative negotiation teaches that in order to be effective, negotiators must “separate the person from the problem” (Fisher, Ury, and Patton, 2011). But what happens if the other person *is* the problem? Return to some of our earlier examples: When we combine a set of emotion-laden issues with people who have major differences in personalities or preferred lifestyles, there is a recipe for a fight that goes beyond a

single-issue negotiation. In the situation of the two roommates, the neatnik's passion for cleanliness may lead her to see the other's messiness not as a simple issue of a lifestyle difference but as intentional and even provocative behavior. While the parties might engage in extensive efforts to "separate the person from the problem" and find viable solutions, the very fact that one party's existence, preferences, lifestyle, or behavior irritates the other can create an intractable negotiation problem for which permanent separation or relationship dissolution may be the only solution.

7. *In some negotiations, relationship preservation is the overarching negotiation goal, and parties may make concessions on substantive issues to preserve or enhance the relationship.* A potential resolution to the "person-is-the-problem" negotiation is that one or both parties may make major concessions on substantive issues simply to preserve the relationship. Parties in traditionally distributive market transactions usually make concessions by starting high or low on an issue and moving toward the middle. Even logrolling concessions can be fairly well understood because the parties equate their benefits on two separate issues and then trade one off against the other. However, it is difficult to understand how parties trade off the value of the relationship against specific goals on tangible issues. Suppose I have a used car that has a fair market trade-in value of \$5,000. However, I decide to sell it to my mother, who needs a car only for occasional trips around town or visits to her grandchildren. This is not a simple market transaction. Can I convince my mother that she should pay the same price that I would quote to a stranger off the street? Can I convince *myself* of that? Clearly, the value I place on the past and future relationships between my mother and me will dictate the answer to that question at least as much as (and quite possibly far more than) the market value of the car. In Chapter 1, we discussed *accommodation* as a strategic choice most likely to be pursued when the relationship with the other party is important but the substantive issues are not; accommodation is far more likely as a strategy in relationship negotiations than it is in market transactions.

In summary, we have identified several issues that make negotiating in relationships different from and more challenging than conducting either distributive or integrative negotiations between parties who have no past or intended future relationship. It is not always clear how the prescriptive lessons learned from laboratory studies and market transactions apply to negotiation within actual, ongoing relationships. We now turn to defining some of the parameters of relationships that make negotiations within them complex and challenging.

Forms of Relationships

The field of social psychology has studied relationships extensively and found several ways to describe them.² A characteristic of most relationships is that each party's actions are a major influential cause of the other party's behavior. How people react to that influence depends on what type of relationship they have (discussed later). Following Sheppard and Tuchinsky (1996b), we define the word *relationship* as a "pairing of entities that has meaning to the parties, in which the understood form of present and future interactions influences their behavior today" (p. 354). Two key assumptions accompany this

definition: (1) the parties have a history and an expected future with each other that shapes the present interaction, and (2) the link between the parties themselves has meaning (i.e., the relationship itself has identity and meaning, above and beyond what each individual brings to it—who we are and what we do).

Four Fundamental Relationship Forms

An influential approach, *relational models theory* (Fiske, 1991, 2004), identifies four fundamental types of relationships: communal sharing, authority ranking, equality matching, and market pricing:

1. “*Communal sharing* is a relation of unity, community, collective identity, and kindness, typically enacted among close kin” (Fiske, 1991, p. ix). People are tied to one another by a collective sense of strong common group membership, common identity, and feelings of unity, solidarity, and belonging. Collective identity takes precedence over individual identity. The group is the most salient thing; a communal-sharing relationship is based on natural, generous, spontaneous feelings of kindness toward each other, which often derive from a sense of common roots, bonds, or blood. Such relationships are found in families, clubs, fraternal organizations, ethnic groups, and neighborhoods.
2. “*Authority ranking* is a relationship of asymmetric differences, commonly exhibited in a hierarchical ordering of status and precedence, often accompanied by the exercise of command and complementary displays of deference and respect” (Fiske, 1991, p. ix). People follow the principles of organizational hierarchy; higher ranks dominate lower ranks. An authority-ranking relationship is one of inequality, in which high-ranked people control more things or people than others do and are often thought to have more knowledge or mastery. Control in such relationships is not accomplished by coercion (force) but by acknowledging legitimate authority, in which those of lower rank submit willingly to those of higher rank (see our discussion of the use of power and influence in relationships in Chapters 8 and 9). Examples include subordinates to bosses, soldiers to their commander, and negotiators to their constituents.
3. “*Equality matching* is a one-to-one correspondence relationship in which people are distinct but equal, as manifested in balanced reciprocity (or tit-for-tat revenge), equal share distributions or identical contributions, in-kind replacement compensation, and turn-taking” (Fiske, 1991, p. ix). People in such relationships see each other as equal and separate, but often interchangeable; each is expected to both contribute equally to others and receive equally from others. This expectation is best represented by activities such as turn taking (where each person does the same function in turn), in-kind reciprocity (where each is expected to give the same and receive the same), or “distributive equality” (where each is expected to receive the same proportionate allocation of outcomes). Equality-matching relationships occur within certain teams or groups whose members have to work together to coordinate their actions (recall the example of the roommates and their different housekeeping expectations earlier in this chapter). Similarly, when organizing a group dinner, each party may be asked to bring a dish that can be adequately shared with others, with the expectation that each party will bring enough for everyone.

4. “*Market pricing* is based on an (intermodel) metric of value by which people compare different commodities and calculate exchange and cost/benefit ratios” (Fiske, 1991, p. ix). The values that govern this kind of relationship are determined by a market system. Things are typically measured by some single quantitative calibration, such as utility points or dollars, and exchanges are measured in some ratio of price to goods. In this kind of relationship, people see others as interchangeable because the deal *is* more important than the relationship; parties will deal with anyone who can provide the same goods and services for a good price. In the preceding car example, I will sell the car to anyone who offers my asking price because it is only the transaction that I care about. In market-pricing relationships, parties can attempt to change the ratio of price to goods in their own favor (maximize their utility), or they can seek what may be defined as a fair price. Much of what we described about negotiation dynamics in the first five chapters of this book is drawn from research on relationships that are dominantly market-pricing in nature.

The power of Fiske’s (1991, 2004) typology is that it is a universally applicable “grammar of pairs” that can be used to understand social dynamics within and across societies around the world. Fiske demonstrates how the four relational models shed light on how people in different societies create and exchange things, make choices, create different social orientations, and make judgments. His definitions are basic to understanding different social motives that drive relationships, such as power, achievement, equality, and affiliation. Moreover, it is important to understand that any given *two parties may enact more than one form in their relationship*. As Sheppard and Tuchinsky (1996b) note, a brother and sister may engage in all four relational forms, depending on whether they are discussing the value of a toy one borrowed from the other and then broke (market pricing), taking turns doing undesirable household chores (equality matching), running to get a bandage when the other gets hurt (communal sharing), or pulling seniority to claim privilege over who gets to select the TV channel (authority ranking). For another interesting application of negotiation across relationship forms, see Box 10.1.

Returning to the critique of negotiation research at the beginning of this chapter, much of the research has been dominated by the assumptions of a market-pricing relationship, a model heavily influenced by the work of economists, game theorists, and social psychologists with an “exchange” view of interpersonal behavior (Blau, 1964; Kelley, 1966). In the market-pricing paradigm, parties negotiate a price for a commodity, and how parties enact strategy and tactics consistent with this form of exchange is well understood. In authority-ranking relationships, actual “negotiations” have not been extensively studied, but there has been extensive study of the way bosses and subordinates use power and influence (see Chapters 8 and 9). Similarly, one might expect that negotiations in an equality-matching relationship involve discussions about what constitutes equivalence in outcomes, contributions, or resources, particularly when it is impossible to determine objectively true equivalence in treatment for all. (This is often a common problem in student teams when it comes to evaluating group member contributions to a report or project.)

There has been somewhat more research on negotiation in communal-sharing relationships (see Tuchinsky, 1998, for one review). These studies have shown that parties who are in a communal-sharing relationship are more cooperative and empathetic. They focus their

Managing Disputes with Relatives in Family Business

Conflict is common when family members go into business together. Conflicts over control, competing visions, succession, and inheritance are common. Parties often have conflicting expectations because they bring different relationship frames and expectations to the business—authority ranking (e.g., father–daughter), equality matching or communal sharing (brother–sister or cousin–cousin), and market pricing (significant economic issues in the business). And the problem becomes more complex because parties tend to avoid confronting the problem and hope it will go away, or they address problems insensitively rather than understand how to raise and productively resolve the conflicts.

Frank Sander and Robert Bordone (2006) suggest that integrative negotiation tools are most effective in resolving these disputes. Parties must consider all the interests involved, including the more covert (but equally important) strong emotions and relationship history that the parties bring to the dispute. They should consider options for dispute resolution that take into consideration different views of fairness or of the value of money. Finally, an acceptable BATNA might have to be considered within the family context, rather than going outside the family. They suggest four guidelines for making family business negotiations more productive:

1. *Prepare for complications.* Given the different frames/expectations people bring and the

degree to which family relationships make “simple solutions” complex, be prepared to work hard on these issues.

2. *Strive for transparency.* Be ready to be honest and open about the conflict and the challenges it creates for satisfactory resolution within the family.
3. *Consider a neutral adviser.* The complexity of the issues and the strong emotions involved in these disputes almost require a neutral third party to help manage the conversation—a business analyst, a mediator, a family therapist, or even a trusted family friend.
4. *Anticipate upcoming problems.* Some typical family business conflicts—leadership succession, promotion and assignment, or changing the direction of the business—may be predictable. Anticipate that these problems will arise and, if possible, agree to a process on how they will be approached and discussed when the time arrives.

Ideas for ways to handle difficult conversations can be found in Chapter 18, and more information on neutral advisers and third parties can be found in Chapter 19.

Source: Adapted from Sander, Frank E. A., and Bordone, Robert C., “All in the Family: Managing Business Disputes with Relatives,” *Negotiation*, vol. 9, no. 3, March 1, 2006.

attention on the other party’s outcomes as well as their own and are more likely to share information with the other. They are more likely to use compromise or problem solving as a strategy for resolving their conflicts and, hence, by some standards perform better on both decision-making and performance-coordination tasks.³ More recent research (Shapiro, 2010) has emphasized the uniqueness of communal negotiations. Shapiro has developed a broad-based approach to understanding negotiations within and across communities—nation-states as well as communities defined by common ethnic, economic, or political interests—called *relational identity theory*. Shapiro argues that these groups often function as a “tribe,” drawn together by a strong common identity that creates such rigid boundaries around it that most efforts at using traditional negotiation techniques to resolve the dispute (techniques that focus on issues, not identities) are almost predestined to fail.

It is unclear, however, whether parties in close relationships produce better solutions than other negotiators do. Some studies found that parties who did *not* have a close relationship were more likely to arrive at integrative solutions.⁴ It may be that parties in a relationship do not push hard for a preferred solution in order to minimize the conflict level in the relationship or, alternatively, may sacrifice their own preferences in order to preserve the relationship.⁵

Finally, some studies have explored how parties in a relationship enact different relationship forms, and the consequences of those differences for the way they approach negotiation. In a study of married couples who chose to participate in divorce mediation, men tended to use arguments based on principles of law and customary practice for handling problems and conflicts in the marriage dissolution, while women tended to use more arguments based on personal responsibility of parties to each other. Men tended to be more unemotional and reserved, while women tended to express deeper feelings of insult and pain (Pines, Gat, and Tal, 2002). These results not only exemplify how parties might interpret a dissolving relationship in terms of the “appropriate” ways of resolving conflict but also reveal gender differences in the approach to such relationships (see Chapter 14). For deeper insight into conflict management in relationships, see Box 10.2.

Key Elements in Managing Negotiations within Relationships

Given the complexity of most close personal relationships, it is difficult to know which dimensions might be most relevant to negotiation. In one study of dyadic work relationships (Ferris et al., 2009)—where, presumably, various kinds of negotiations are ongoing—the authors identified eight key relationship dimensions: trust, support, affect (emotion), loyalty, accountability, instrumentality (how much value anticipates from a social exchange), respect, and flexibility. Some of these dimensions were critical at the beginning of the relationship (instrumentality, affect, and respect), whereas all eight were critical as a relationship matured. *Reputations* (past experience—direct and indirect) and *justice* played important roles shaping relationship development. But across a variety of work relationships—leadership, mentoring, network connections, friendships, and so on—*trust* was the most common and most important dimension. In this section, we discuss the effects of these three important relationship components.

Reputation

Your reputation is how other people remember their past experience with you. Reputation is the legacy that negotiators leave behind after a negotiation encounter with another party. Reputation is a “perceptual identity, reflective of the combination of salient personal characteristics and accomplishments, demonstrated behavior and intended images preserved over time, as observed directly and/or as reported from secondary sources” (Ferris, Blass, Douglas, Kolodinsky, and Treadway, 2003, p. 215). Based on this definition, we can say several things about the importance of reputations:

- *Reputations are perceived and highly subjective in nature.* It is not how we would *like* to be known by others, or how we think we are known—it is what they *actually think* of us, and their judgment, that count. Once a reputation is formed, it acts as a lens, or

Conflict Resolution in Intense, Complex Relationships

Psychologist John Gottman (2007) has been studying conflict resolution in marriages throughout his career. He has taped thousands of couples as they talk about challenging problems in their marriages, and he offers the following insights into what make a relationship effective:

1. Successful couples look for ways to stay positive and say “yes” as often as possible. They constantly affirm the other’s ideas, contributions, opinions, and preferences. This is particularly important for men who often may not accept a woman’s influence.
2. They embrace conflict as a way to work through differences, rather than try to avoid it or give in all the time. Typical conflicts in a relationship are about different preferences for working and relaxing, punctuality, and the way they resolve a dispute when they disagree about something important.
3. Good relationships are not only about how to fight but also about how to repair a relationship after a fight. Humor, affection, apologies, and other forms of positive emotion that allow for true connection with the other are

critical. Gottman stresses that these are not large, complex events in a relationship—they are often brief, fleeting, and almost trivial moments but are critical for relationship management.

4. Successful long-term relationships are characterized by continuing to stress what they like, value, appreciate, and respect in the other. In contrast, the best predictors that a relationship will not last are frequent incidents of criticism of the other, defensiveness when the other is critical, stonewalling and refusal to yield or compromise, and contempt or disgust for the other and his or her views. Gottman views contempt as the most toxic element, which can quickly turn a relationship from good to bad.

Sources: Adapted from Gottman, John M., and Silver, Nan, *The Seven Principles for Making Marriage Work: A Practical guide from the Country’s Foremost Relationship Expert*. New York, NJ: Three Rivers Press, 1999, 45–50; and Coutu, Diane, “Making Relationships Work: A Conversation with Psychologist John Gottman,” *Harvard Business Review*, vol. 85, no. 12, 2007, 45–52.

“schema,” by which people form their expectations for future behavior (Fiske and Taylor, 1991, 2007; refer back to our discussion of perception in Chapter 6).

- *An individual can have a number of different, even conflicting, reputations* because she may act quite differently in different situations. She may distributively bargain with the person who runs the yard sale down the road but be quite integrative with the person who regularly services her computer. While individuals can elicit different reputations in different contexts, most commonly a reputation is a single and consistent image from many different persons across many contexts—in most cases, there is generally shared agreement on who we are and how we are seen.
- *Reputations are shaped by past behavior.* On the one hand, we may know someone’s reputation based on our own past experience with him (e.g., a history of cooperative or competitive behavior) (Ritter and Lord, 2007). On the other hand, our expectations may be shaped by the way the person behaves with other people. Thus, “direct” reputations (from our own experience) may be different from “hearsay” reputations (based on others’ experience). Individuals tend to trust more those with better experiential reputations, and they rely more on experiential reputations than hearsay reputations in deciding whether to trust another (Goates, 2008).

- *Reputations are also influenced by an individual's personal characteristics and accomplishments.* These include qualities such as age, race, and gender; education and past experience; and personality traits, skills, and behaviors. All of these work together over time to create a broad reputation—how other people remember someone in general—as well as a specific reputation that comes from how we, or others, have experienced this particular person in the past. In a negotiation context, research has shown that negotiator gender, satisfaction with the process and outcome, and whether an agreement was reached or not had a significant impact on the ratings of the other negotiator's skill and ethical reputation (Goates, Barry, and Friedman, 2003). Similarly, Torgersen and Rivers (2005) have argued that once this reputation is transmitted within a network of others, the reputational “legacy” retains substantial power to shape others' expectations of how the negotiator will behave.
- *Reputations develop over time; once developed, they are hard to change.* Our early experiences with another—or what we have heard about them from other people—shape our views of them, which we bring to new situations in the form of expectations about the other. These expectations are then confirmed or disconfirmed by the next set of experiences. Thus, first impressions and early experiences with others are powerful in shaping others' expectations; once these expectations are shaped, they become hard to change. A negotiator who develops a reputation as a distributive “shark” early on will have a difficult time convincing the current other negotiator that he is honest and trustworthy and wants to work toward a mutually acceptable agreement (Ferris et al., 2003). In contrast, individuals with favorable personal reputations tend to be seen as more competent and trustworthy and are often accorded higher status (Bromley, 1993).
- *Others' reputations can shape emotional states as well as their expectations.* Good hearsay reputations create positive emotional responses from others, and bad hearsay reputations elicit negative emotional responses from others (Goates, 2008). Several studies tend to support the power of reputations in shaping these expectations. In one study, Glick and Croson (2001) created five reputation types (Liar/Manipulator, Tough but Honest, Nice and Reasonable, Cream Puff, and No Reputation) and presented them to students in a negotiation course. For 78 percent of the students, the other's reputation was a significant element in determining the strategy they used. Against a Liar/Manipulator, 61 percent of negotiators used distributive tactics and 10 percent used integrative tactics; against Tough but Honest negotiators, 49 percent used distributive tactics and 35 percent used integrative tactics; against Nice and Reasonable negotiators, 30 percent used distributive tactics and 64 percent used integrative tactics; against Cream Puff negotiators, 40 percent used distributive tactics and 27 percent used integrative tactics. These findings were generally confirmed in two additional studies on the impact of specific negotiator reputations. In one study, negotiators who knew that the other party had a strongly distributive reputation trusted the other party less, exchanged comparatively little critical information about key bargaining issues, and reaped poorer outcomes than those who were unaware of the other's reputation (Tinsley, O'Connor, and Sullivan, 2002). In contrast, knowing that the other party had a reputation for integrative negotiation (creating value) led negotiators to expect less deception from the other party; to engage in a more candid discussion of specific needs, interests, and priorities; to engage in significantly less non-negotiation small talk; and

to be more optimistic about their ability to reach a mutually beneficial agreement (Tinsley and O'Connor, 2007). Thus, a “harsh” (distributive, competitive) reputation can undermine your ability to be successful in a negotiation, not because of what you do but because your reputation has negatively shaped the other’s expectations of you. Similarly, a “constructive” (integrative, cooperative) reputation can enhance your ability to be successful because your reputation has created positive expectations in the other party (cf. Goates, 2008).

- *Finally, negative reputations are difficult to repair.* The more long-standing the negative reputation, the harder it is to change that reputation to a more positive one. Reputations need to be actively defended and renewed in others’ eyes. Particularly when an event is likely to be seen by others in a negative light, we must work hard to defend and protect our reputation and to make sure that others do not remember the experience in a negative way. How we account for past behavior, how we apologize and ask another person to overlook or discount the past, or how we use excuses or justifications to explain why we did something the other views as unfavorable will have a major impact on how others remember us and their experience with us. We say more about the role of apologies, excuses, and other “accounts” in the next section.

Trust

Many of the scholars who have written about relationships have identified trust as central to any relationship.⁶ McAllister (1995) defined *trust* as “an individual’s belief in and willingness to act on the words, actions and decisions of another” (p. 25). Three factors contribute to the level of trust one negotiator has in another: the negotiator’s chronic disposition toward trust (i.e., individual differences in personality that make some people more trusting than others), situation factors (e.g., the opportunity for the parties to communicate with each other adequately), and the history of the relationship between the parties.

Early studies of trust envisioned it as a single, unidimensional construct. However, more recent studies have shown that there are several types of trust (cf. Lewicki and Bunker, 1995, 1996; Lewicki and Tomlinson, 2014). Lewicki and Tomlinson suggest that relationships of different depths (closeness) are characterized by two⁷ types of trust: calculus-based trust and identification-based trust.

Calculus-Based Trust Calculus-based trust is concerned with assuring consistent behavior: It holds that individuals will do what they say because (1) they are rewarded for keeping their word and preserving the relationship with others or (2) they fear the consequences of not doing what they say. Trust is sustained to the degree that the punishment for not trusting is clear, possible, and likely to occur. Thus, the threat of punishment is likely to be a more significant motivator than the promise of reward.

This form of trust is most consistent with the market-pricing form of relationships or with the early stages of other types of relationships. In this context, the trustor basically calculates the value of creating and developing trust in the relationship relative to the costs of sustaining or severing the relationship. Compliance with calculus-based trust is often assured both by the rewards of being trusting (and trustworthy) and by the threat that if trust is violated, one’s reputation can be hurt because the injured person will tell others that one can’t be trusted.

Identification-Based Trust The second type of trust is based on identification with the other's desires and intentions. At this level, trust exists because the parties effectively understand and appreciate each other's wants; this mutual understanding is developed to the point that each can effectively act for the other. Identification-based trust thus permits a party to serve as the other's agent in interpersonal transactions (Deutsch, 1949). One comes to learn what really matters to the other and comes to place the same importance on those behaviors, qualities, expectations, and standards as the other does. This is the type of trust one might expect to see developed in communal-sharing relationships or in market-exchange relationships that transform into communal-sharing ones. Parties affirm strong identification-based trust by developing a collective identity (a joint name, title, logo, etc.); co-locating (living together in the same building or neighborhood); creating joint products or goals, such as producing a new product line or building a new living space together; and committing to commonly shared values, such that the parties are actually committed to the same objectives and can substitute for each other in external transactions. High levels of identification-based trust can be seen in all kinds of relationships and teams. When people can anticipate each other's actions and intentions and precisely execute a great symphony, a complex surgery, a spectacular touchdown, a flawless relay race handoff, or an alley-oop pass to the basket with one second left on the clock, we see the product of strong, positive identification-based trust.

Trust Is Different from Distrust A second important distinction that is emerging in the trust literature is the *distinction between trust and distrust* (Lewicki, McAllister, and Bies, 1998). If *trust* is considered to be confident, positive expectations of another's conduct, *distrust* is confident, negative expectations of another's conduct—that is, we can confidently predict that some other people will act to take advantage of us, exploit our good faith and goodwill, or manipulate the relationship to their own personal ends. While early research tended to focus on trust as a single dimension—assuming that trust was on the high end and distrust or mistrust was on the low end of a continuum—understanding trust in complex personal relationships suggests that both trust and distrust can coexist in a relationship. Thus, I may trust my spouse to pick out a tie to go with my new suit, knowing that she has excellent taste, but not trust her to clean up my office, knowing that she has a tendency to throw away papers she thinks are worthless but I consider valuable. Distrust is high in today's work environment as sluggish economies, corporate scandals, and salary inequalities persist and proliferate (see Box 10.3).

Combining the two types of trust with this distinction between trust and distrust leads us to be able to describe four types of trust (Lewicki and Tomlinson, 2014):

Calculus-based trust (CBT) is a confident, positive expectation regarding another's conduct. It is grounded in impersonal transactions, and the overall anticipated benefits to be derived from the relationship are assumed to outweigh any anticipated costs.

Calculus-based distrust (CBD) is defined as confident, negative expectations regarding another's conduct. It is also grounded in impersonal transactions and the overall anticipated costs to be derived from the relationship are assumed to outweigh the anticipated benefits.

Consultants from Right Management have assessed the cost of losing employee trust. Organizations that don't "walk their talk"—valuing honesty and integrity as a key part of the culture—face high costs, including damage to the company's image, higher employee turnover, diminished ability to hire good talent, poor morale, and lower creativity and productivity. Ample evidence is available to show that high levels of trust, pride, and camaraderie are tied to organizational and financial success.

Despite the evidence, the trends indicate a decline in employee trust. In a survey of 202 organizations completed by the consultants in 2007, nearly 30 percent of employees said trust in their organizations had declined over the previous two years, 27 percent said levels were the same,

and 34 percent said trust had increased. Major causes of mistrust included managers withholding information, lying or telling half-truths, not "walking their talk," demeaning employees, and not supporting employee development.

Recommended actions for improving trust between employees and managers included showing respect for employees as equal partners, sharing information, acting with honesty and integrity, and being committed to developing employee talents and skills.

Source: "The Cost of Losing Employee Trust," Right Management Consultants, April 27, 2007.

Identification-based trust (IBT) is defined as confident, positive expectations regarding another's conduct. It is grounded in perceived compatibility of values, common goals, and positive emotional attachment to the other.

Identification-based distrust (IBD) is defined as confident, negative expectations regarding another's conduct, grounded in perceived incompatibility of values, dissimilar goals, and negative emotional attachment to the other.

Trust Building and Negotiations The four forms of trust suggest clear action strategies for negotiators who wish to build trust with another party. These strategies are summarized in Table 10.1.⁸ Note that if a negotiator is beginning a relationship with another party, or expects that the relationship with the other party will be no more than a market transaction, then the negotiator need only be concerned about developing and maintaining calculus-based trust, while managing calculus-based distrust. However, if the negotiator expects that the relationship could develop into a communal relationship, where identification-based trust would be more common, then the negotiator should establish calculus-based trust and work to build identification-based trust. However, this process cannot be rushed, nor can it be one-sided. While one party can initiate actions that may move the trust-development process forward, the strongest trust must be mutually developed at a pace acceptable to both parties. Finally, if the negotiator senses that identification-based distrust is building, then he or she should work both to carefully manage the boundaries of the relationship and to minimize contact with the other. For suggestions on building trust at the negotiating table, see Box 10.4.

Recent Research on Trust and Negotiation Many researchers have explored trust in negotiation.⁹ The early studies were often conducted with very primitive conceptualizations of trust and in reasonably primitive experimental settings; hence, the findings were rather

TABLE 10.1 | Actions to Manage Different Forms of Trust in Negotiations**How to Increase Calculus-Based Trust**

1. Shape the other party's expectations and then meet them. Be clear about what you intend to do and then do what you said you would do.
2. Stress the benefits of creating mutual trust. Point out the benefits that can be gained for the other, or for both parties, by maintaining this trust.
3. Establish credibility. Make sure your statements are honest and accurate. Tell the truth and keep your word.
4. Keep promises. Make a commitment and then follow through on it.
5. Develop a good reputation. Pay attention to both your direct reputation and your hearsay reputation. Work to have others believe that you are someone who has a reputation for being trusting and acting trustworthily.

How to Increase Identification-Based Trust

1. Develop similar interests. Cultivate interests in the same things.
2. Develop similar goals and objectives. Develop similar goals, objectives, and scenarios for the future.
3. Act and respond as the other does. Try to do what you know he or she would do in the same situation.
4. Stand for the same principles, values, and ideals. Hold similar values and commitments.
5. Actively discuss your commonalities with the other, and develop plans to enhance and strengthen them.

How to Manage Calculus-Based Distrust

1. Monitor the other party's actions. Make sure he is doing what he said he would do.
2. Prepare formal agreements (contracts, memoranda of understanding, etc.) that specify what each party has committed to do, and specify the consequences that will occur if the parties do not fulfill their agreements.
3. Build in plans for "inspecting" and verifying the other's commitments. Specify how you will know if the other party is not living up to her agreements, and establish procedures for gathering data to verify those commitments.
4. Develop ways to make sure that the other party cannot take advantage of your trust and goodwill by invading other parts of your personal space. Be vigilant of the other's actions, and constantly monitor your personal boundaries.
5. Use formal legal mechanisms if there are concerns that the other might take advantage of you.

How to Manage Identification-Based Distrust

1. Expect that you and the other party will regularly disagree, see things differently, take opposing views, and stand for different ideals and principles.
2. Assume that the other party will exploit or take advantage of you if he has the opportunity. Monitor your boundaries with this person closely and regularly.
3. Check out and verify information, commitments, and promises the other party makes to you. Never take her word as given.
4. Minimize whatever interdependence you have with this party, and strongly manage the interdependencies that you have to have. Be vigilant of his efforts to take advantage of you or your goodwill. Be controlled and distant in what you say and how you say it to this person.
5. Minimize personal self-disclosure to this individual so as to not disclose information that could make you vulnerable. Do not share any confidences or secrets; assume you will be betrayed if you do.
6. Always assume that with this person, "the best offense is a good defense."

Sources: Based on Lewicki, R. J., & Stevenson, M., "Trust Development in Negotiation: Proposed Actions and a Research Agenda," *Journal of Business and Professional Ethics*, vol. 16, 1998, 99–132; Lewicki, R. J., McAllister, D., & Bies, R. H., "Trust and Distrust: New Relationships and Realities," *Academy of Management Review*, vol. 23, no. 3, 1998, 438–58; Lewicki, R. J., & Tomlinson, E. C., "Trust, Trust Development and Trust Repair," in Deutch, M., Coleman, P. T., & Marcus, E. C., eds., *The Handbook of Conflict Resolution*. San Francisco: Jossey-Bass; and Lewicki, R., "Trust, Trust Development and Trust repair," in Deutch, M., Coleman, P., & Marcus, E., *The Handbook of Conflict Resolution*. San Francisco, CA: Jossey-Bass, 2006, 92–119.

The Program on Negotiation has summarized a number of research studies on trust and offers the following insights into building trust at the negotiation table:

1. Learn what you can about your counterpart. Check out her reputation with others. Is she honorable? Has she treated others well or badly? Can you believe what she says, and will she follow through on her agreements? Getting “reputational” information from even one source can help, and it is even more helpful if you can “triangulate” the information from several people who know the individual.
2. Get to know the person before you formally negotiate; in U.S. culture, it is much more likely that parties negotiate and then get to know each other. However, as we point out in Chapter 16, in many cultures negotiators spend considerable time getting to know each other before they negotiate. This strategy is recommended whether one has dealt with the other negotiator before or not. If one has not dealt with the other before, a session is useful—coffee, a lunch, or the like, in which you learn a bit about each other’s background, family, hobbies, hometown, and so on. The more commonalities or linkages that can be created, the more likely there will be a groundwork for trust. In contrast, if one *does* know the other party, this time period can be used for “catching up” with each other. Researcher Janice Nadler (2004) found that just five minutes of “getting-to-know-you” conversation considerably increased cooperation, information sharing, and trust development in a subsequent negotiation.
3. Proceed with caution on the other’s trustworthiness. Even if you believe that you can trust the other, you should use safeguards to protect yourself against errors of judgment. Various cognitive biases (see Chapter 6) contribute to significant overconfidence in the other’s trustworthiness. For example, as this section is being written, President Donald Trump has had negotiations with North Korean leader Kim Jong Un in which multiple promises were made by President Un, but it has been difficult to show evidence that the North Koreans intend to keep those commitments.
4. Win the other’s trust. Learn as much as you can about the other party’s history, interests, and culture. Make sure he understands the “cost” of a major concession on your part and that you don’t underestimate the value of a concession on his part.
5. Listen to and acknowledge the other’s concerns. Listening to and acknowledging the other creates feelings of fairness, which have a strong impact on trust development and overall satisfaction with the negotiation deal. Pay particular attention to areas of concern where she is emotional—acknowledging emotion may be one of the most important parts of effective listening as a vehicle for building trust.

Source: Adapted from “Negotiating Skills for Trust Building at the Negotiating Table,” PON Staff, Program on Negotiation at Harvard Law School, January 1, 2018. www.pon.harvard.edu.

limited. As we might expect, this early research generally showed that higher levels of trust make negotiation easier, while lower levels of trust make negotiation more difficult. Similarly, integrative processes tend to increase trust, while more distributive processes are likely to decrease trust (Olekalns and Smith, 2001).

A considerable amount of new research has been conducted in the last decade (see also Box 10.4).

First, as we noted in Chapter 1, trust and honesty are at the root of the two fundamental dilemmas for all negotiators (Kelley, 1966; Lewicki and Polin, 2013). Negotiators must decide how much to trust the other party and believe what the other party says. These judgments can precede a negotiation, based on expectations about the other party or the situation, and they can be shaped and reshaped by what happens in the first few minutes of dialogue. Similarly, negotiators must decide how honest to be about what they want and why they want it, and those honesty judgments are not made independently but often are affected by the level of trust they have for the other. Thus, the level of trust and honesty is absolutely central to how a negotiation starts, evolves, and finishes.

Second, research has shown that trustors (those initiating trust) and trustees (those being trusted) may focus on different things as trust is being built (Malhotra, 2004; Malhotra and Bazerman, 2007). Trustors may focus primarily on the risks of being trusted (e.g., how vulnerable they are), while those being trusted focus on the benefits to be received from the trust. Here we see a negotiator “framing bias” (see Chapter 6) by both the sender and the receiver that shapes how trust actions are viewed. Trustors are more likely to trust when the risk is low, but their willingness to trust does not seem to depend on the amount of benefit received by the person being trusted. However, the receiver is more likely to trust when the benefits to be received from the trust are high, but his or her trust does not seem to depend on the amount of vulnerability feared by the trustor. Moreover, Malhotra’s research participants reported that they were not particularly sensitive to the factors that affected their counterpart’s decision. Thus, while trust building is central to the way that a negotiation evolves, in fact, two parties who are trying to build a trusting relationship are often myopic to the other party’s perceptions and judgments about whether the process is going well or poorly. The process might be greatly facilitated if parties are able to communicate more clearly and directly about the vulnerabilities to be felt or the benefits to be received from the upcoming discussion—and how to manage these risks and benefits more effectively.

Third, research on trust in other relationship contexts has shown that trust judgments are also governed by characteristics of the trustee. Trustors tend to make judgments about trustees based on three dimensions of perceived trustworthiness: ability, benevolence, and integrity. *Perceived ability* is “that group of skills, competencies, and characteristics that enable a party to have influence within some specific domain” (Mayer, Davis, and Schoorman, 1995, p. 717). In a negotiation, are the negotiators well prepared? Do they know what they are talking about? Do they understand how to engage in effective give-and-take in order to reach an agreement? *Perceived benevolence* is “the extent to which a trustee is believed to want to do good to the trustor, aside from an egocentric profit motive” (Mayer et al., 1995, p. 718). Do the other parties treat us with courtesy and respect? Are they friendly and do they appear to be working hard to resolve the negotiation issue without getting angry or accusatory? (Benevolence can be most easily seen when the negotiation is integrative and/or when an identification-based level of trust has been reached: Each party seeks to help the other achieve his or her goals). Finally, *perceived integrity* is “the trustor’s perception that the trustee adheres to a set of principles that the trustor finds acceptable” (Mayer et al., 1995, p. 719). Are the other parties being honest? Do they speak with conviction? Will they follow through on what we agree to? Or are they using deceptive tactics or being dishonest, which might lead us to distrust them (see Chapter 5)? Whereas benevolence is defined by how nicely the opponent treats us (and vice versa, in his or her eyes), integrity gets at the fundamental ethical character of the other party. Integrity judgments are

made about others based on their broader patterns of behavior, not just the way they specifically treat us. Do they follow through with promises made, do they tell the truth (credibility), are they professional, and do people speak about them as having integrity?

Finally, a large number of factors contribute to trust in a negotiation—and that result from trust. Individual differences contribute to initial trust—expectations about the other party, personal motives, personality differences, and emotions. Situational differences also contribute to initial trust: the type of negotiation process the parties expect, whether they negotiate face-to-face; whether they negotiate by phone, email or other electronic means; and whether they are negotiating for themselves or negotiating on behalf of others. In the midst of a negotiation, trust tends to work together with previous expectations and motives to define how the parties share information and communicate with each other. Thus, as a result, trust enhances cooperative behavior, changes the way parties communicate, and influences whether the processes evolve toward a claiming-value process (distributive bargaining) or a creating-value process (integrative negotiation). These various research findings are summarized in Table 10.2 (see also Kong, Dirks, and Ferrin, 2014, for a review).

Bilateral Trust and Negotiation Several studies have taken a more sophisticated approach to understanding and summarizing trust development and negotiation. They have been particularly interested in how bilateral trust influences, and is influenced by, dyadic negotiation processes.

In one study, Lu, Kong, Ferrin, and Dirks (2017) performed a meta-analysis on the determinants of trust in dyadic negotiations. They built a “framework” of factors that might influence trust development during negotiation—attributes of the trustor, attributes of the trustee, and attributes that the parties shared. With regard to trustor attributes, the expression of positive affect led to trust development, while the expression of negative affect decreased trust development. Trust developed when a negotiator had a prosocial orientation toward the other, compared to a pro-self orientation. Power differences had no impact on trust development. With regard to joint attributes, the existence of a previous prenegotiation relationship had a positive impact, and the presence of “small talk” prior to negotiation contributed to negotiation trust. Face-to-face negotiations were also more likely to lead to trust development than was computer-mediated communication. Matthews (2017) has shown that gift giving early in a negotiation can be an initial trust builder—not necessarily because of the value of the gift itself but because it demonstrates that the giver is “benevolent,” which may prompt a reciprocal cycle of gift giving in the future. There were insufficient studies on trustee attributes on negotiator trust for Lu and colleagues to examine their impact.

Yao, Zhang, and Brett (2017) reported empirical evidence of trust development during a simulated negotiation. As was predicted, the more each party had a propensity or disposition to trust the other, the more likely these propensities were to lead to trust development. This trust tended to carry over to the way that the parties communicated with each other. Those with higher trust propensity tended to use more questions and answers about possible common interests with the other negotiator—i.e., tactics more likely to be associated with integrative negotiations—while those with lower trust propensity tended to use more arguments justifying their position and negotiating issues one at a time, rather than collectively searching for areas to find possible mutual gains or trade-off issues. These different approaches further affected their own and the other parties’ subsequent trust and negotiation tactics.

TABLE 10.2 | The Role of Trust in Negotiation**Individual Antecedents of Trust in Negotiation**

- People generally start with high levels of trust even in the absence of data about the situation or the other party.¹
- Individual motives shape expectations of trust.²
- Personality differences shape expectations. Some individuals have a greater disposition to trust; others have a strong disposition to distrust.³
- Emotions contribute to trust or distrust. Anger contributes to distrust and more competitive behavior; hope and positive emotions contribute to trust and more cooperative behavior.⁴

Situational Antecedents of Trust in Negotiation

- The nature of the negotiation process shapes trust expectations. Parties who expect more distributive negotiations are less trusting than parties who expect integrative negotiations.⁵
- Face-to-face negotiation encourages greater trust development than online negotiation.⁶
- Negotiators who are representing others' interests (in an agency capacity) tend to be less trusting and less trustworthy than if they were representing their own interests.⁷

Trust and Negotiation Processes

- The emphasis on focusing on different things is amplified by the type of negotiations the parties expect:
 - If they expect a distributive negotiation, the trustors tend to focus on the risks they face by disclosing information, while the trustees focus on the benefits they might gain from what they learn from the other.
 - If they expect an integrative negotiation, the trustors tend to focus more on what kind of information they can provide to the other, while the trustees focus on what kind of information they need from the other to meet common interests.⁸
- Trust tends to increase the number of “positive” turning points around common interests and decreases the number of “negative” turning points that might deadlock a negotiation around polarization of issues or negative emotions.⁹

Outcomes of Trust

- Trust cues cooperative behavior.¹⁰
- Trust enhances the sharing of information in a negotiation, and greater information sharing generally leads to better negotiation outcomes.¹¹
- Parties who trust each other tend to communicate more by using questions and answers in order to share information and understand the other's perspective.¹²
- Parties who trust each other less tend to argue for and justify their own preferences and listen less to the other; hence, they are less likely to understand the other's perspective and more likely to “force” their view on the other party.¹³

¹Kramer, 1994; Meyerson et al., 1999.²Olekalns, Lau, and Smith, 2002.³Kramer, 2004; Rotter, 1967.⁴Liu and Wang, 2010.⁵Malhotra, 2003; Olekalns and Smith, 2001.⁶Naquin and Paulson, 2003; Schweitzer, Hershey, and Bradlow, 2006.⁷Song, 2004.⁸Malhotra, 2003.⁹Gunia et al., 2011.¹⁰Butler Jr., 1995, 1999.¹¹Butler Jr., 1995, 1999.¹²Gunia et al., 2011.¹³Gunia et al., 2011.

Kong, Lount, Olekalns, and Ferrin (2017) note that while these studies have provided some insights into how trust dynamics evolve in bilateral negotiations, significant work remains to be done. These dynamics need to be studied in the context of multiparty negotiations, as well as studied through more consistent definitions of trust and more rigorous methods for exploring the interactive dynamics.

Trust Repair The preceding review of research clearly indicates that trust improves negotiation processes, leads to more integrative negotiations processes, and frequently produces better negotiation outcomes and that distrust hinders negotiation processes, leads to more distributive negotiations, and can diminish strong negotiation outcomes. Because the link between trust and positive negotiation processes and outcomes is so critical, an effective negotiator needs to be cognizant of ways that broken trust can be repaired in order to return negotiations to a more productive path.

Research has shown that there are three major strategies that a trust violator can use to repair trust. First, there are verbal accounts. Negotiators can use words or emotional expressions in an effort to repair the violation of trust. Apologies, explanations, accounts, and so forth are all efforts to address the *intent* of the trust violator—that is, the reasons the violator did it: “I’m sorry”; “It was a mistake”; “I didn’t mean it”; “I misspoke.” Second, the violator might pay reparations in an effort to manage the *consequences* of the action—specific tangible resources such as money or goods—to repay the victim for losses that might have occurred as a result of the violation. Finally, the violator and the victim might attempt to impose new structures so as to minimize the *circumstances* by which trust violations could occur in the future, such as contracts, monitoring systems to create regulations and detect violations, or referees to control undesirable behaviors (Dirks, Kim, Ferrin, and Cooper, 2011; Kramer and Lewicki, 2010).

The first approach to repairing trust is to make some form of verbal statement, such as an explanation, apology, or expression of regret. Apologies are the most common. A good apology is likely to contain six major elements: an expression of regret for the offense, an explanation of why the violation occurred, an acknowledgment of responsibility for causing the action, a declaration of repentance, an offer to repair the impact of the violation, and a request for forgiveness. When one or more of these elements are missing, the apology is less likely to be received as effective (Lewicki, Polin, and Lount, 2016). Research on the impact of apologies has shown that they can be a very effective way of repairing trust; a summary of research on the impact of apologies is presented in Table 10.3. It should be noted, however, that apologies may not always be effective in repairing trust or that it might not be a simple task to understand what the impact might be. First, the context in which the violation occurs can affect trust repair efforts. Tomlinson (2011) has argued that how dependent the parties are on each other affects how the victim interprets the trust violation, which can then shape the effectiveness of the apology, and that the severity of the consequences incurred by the trust violation can complicate this effectiveness even further. Moreover, at least one set of studies has shown that when individuals apologized after a breakdown in their competence (i.e., “I made a mistake”), the apology was effective; however, when they apologized after a breakdown in their integrity (i.e., “I didn’t tell you the truth”), denials of culpability were actually more effective than apologies (Kim, Ferrin, Cooper, and Dirks, 2004).

TABLE 10.3 | The Impact of Apologies on Trust Repair

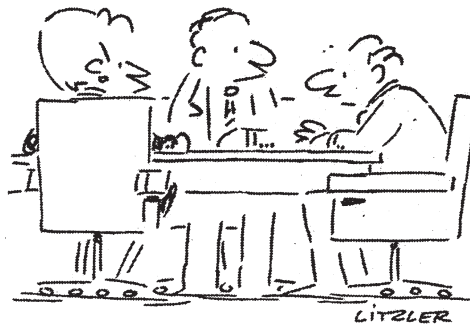
Apologies are one major strategy that negotiators tend to use when there has been a trust breach. Apologies tend to be more effective under the following conditions:

- An offer of an apology, or some kind of verbal statement acknowledging that trust might have been broken, is more effective than not making any comment.
- The sooner an apology occurs after trust is broken, the more effective it is likely to be.
- The more sincerely an apology is expressed, the more effective it is in repairing trust.
- If the apologizer (the trust violator) takes personal responsibility for having created the trust breakdown, the apology is more effective than when the apologizer tries to blame external circumstances (bad luck, an accident, someone else).
- If the incident that caused the breakdown in trust was an isolated event, rather than an event that occurred repeatedly, the apology is more likely to be accepted.
- If the incident that caused the breakdown was not created by deceptive behavior, the apology is more likely to be accepted. Deceptive conduct (lies, bluffs, misinformation—violations based on weak integrity) appears to do more damage to trust than violations due to low competence or low benevolence.

Sources: Results summarized from Bottom, W. P., Gibson, K., Daniels, S., & Murnighan, J. K., "When Talk is not Cheap: Substantive penance and expressions of intent in the reestablishment of cooperation," *Organization Science*, vol. 13, no. 5, 2002, 497–513; Frantz, C. M., & Benningson, C., "Better Late than Early: The Influence of Timing on Apology Effectiveness," *Journal of Experimental Social Psychology*, vol. 41, no. 2, 2005, 201–7; Kim, P. H., Dirks, K. T., Cooper, C. D., & Ferrin, D. L., "When More Blame is Better than Less," *Organizational Behavior and Human Decision Processes*, vol. 99, no. 1, January 2006; Lewicki, R. J., & Polin, B., "Trust and Negotiation," in Olekalns, M. & Adair, W., eds., *Handbook of Research on Negotiation*. Northampton, MA: Edward Elgar, 2013; Schweitzer, M. E., Hershey, J. C., & Bradlow, E. T., "Promises and Lies: Restoring Violated Trust," *Organizational Behavior and Human Decision Processes*, vol. 101, no. 1, September 2006, 1–19; and Tomlinson, E. C., Dineen, B. R., & Lewicki, R. J., "The Road to Reconciliation: Antecedents of Victim Willingness to Reconcile Following a Broken Promise," *Journal of Management*, vol. 30, no. 2, April 1, 2004, 165–87.

Pepper . . . and Salt

THE WALL STREET JOURNAL



**“Let’s offer an apology but
without expressing contrition,
regret or responsibility.”**

Source: From The Wall Street Journal, permission Cartoon Features Syndicate

Numerous authors have pointed out that gift giving, either early in a relationship or during relationship building, can serve as a signal that the giver is kind and benevolent, and hence deserving of one's trust (e.g., Matthews, 2017). Gift giving is particularly important and symbolic in the conduct of international diplomacy. An excellent example was visible in a 2018 joint press conference between U.S. President Donald Trump and Russian Premier Vladimir Putin after the Helsinki summit. Near the conclusion of the press conference, Putin presented President Trump with a soccer ball from the recently completed World Cup matches in Sochi, Russia. Trump graciously accepted the ball and

tossed it to his family, promising that it would be given to his son Barron.

Under normal circumstances, such gift giving would be seen as a simple gesture of trust in the developing relationship between the United States and Russia. However, given suspicions about Russian spying on the United States, the ball was immediately seized by the U.S. Secret Service for thorough checking for electronic devices and other security concerns, and evidence of a microtransmitter chip in the ball was detected. Even given that inspection, the government was not sure what to do with the ball. As some have noted, even a simple gift and "trust-building gesture" can be complicated.

The second way that trust can be repaired is through "reparations," or the payment of compensation to the victim for the consequences of the trust violation. Several have argued¹⁰ that apologies and other verbal accounts are no more than "cheap talk" and that direct compensation is the only effective way to repair trust. One study (Bottom et al., 2002) showed that while apologies enhanced the effectiveness of trust repair, making a financial offer of penance was essential to any trust repair effort. Moreover, the amount of money offered was less critical than the offer itself; small amounts of reparations were just as effective as larger amounts. A study by Desmet, DeCremer, and van Dijk (2011) contributed greater understanding to this finding by showing that the amount of compensation was most effective when the amount of reparation was slightly larger than the amount lost through the trust violation; however, the result was completely nullified when it was discovered that the trust violation was the result of the violator's deceptive behavior. More recently, Druckman and Lewicki (2018) compared the impact of "words" (apologies) versus "deeds" (compensation). Their results showed that deeds were far more impactful than words, and particularly when the compensation focused on addressing costs incurred in the past rather than rewarding future behavior.

Reparations can also take the form of symbolic gestures of peacemaking and goodwill. While these gestures may appear to be given in good faith, even the most apparently benign gesture may backfire (see Box 10.5).

The third approach to trust repair is "structural solutions," or an effort to create rules, regulations, and procedures to minimize the likelihood of trust violations in the future. These rules and procedures can be strengthened by also creating fines and penalties for rule violation. Dirks and colleagues (2011) have shown that both reparations and regulations can be effective if it was clear to the victim that these intentions truly signal intended penance by the violator. One form of structural solution is a procedure called "hostage posting" (Nakayachi and Watanabe, 2005), in which the parties post a "security deposit," or resource that is lost to the other party if trust is violated. Far more research needs to be done to investigate how a variety of formal and informal rules and procedures can work to minimize trust violations or enhance trust repair in negotiations (see Gillespie and Dietz, 2009, for one review).

Justice

The third major issue in relationships is the question of what is fair, or just. Justice has been a major issue in the organizational sciences; individuals in organizations often debate whether their pay is fair, whether they are being fairly treated, or whether the organization might be treating some group of people (e.g., women, minorities, people from other cultures) in an unfair manner.

As research has shown,¹¹ justice can take several forms:

- *Distributive justice* is about the distribution of outcomes. Parties may be concerned that one party is receiving more than he or she deserves, that outcomes should be distributed equally, or that outcomes should be distributed based on needs (Deutsch, 1985). For example, Benton and Druckman (1974) showed that outcome fairness is often determined in a distributive negotiation as the point midway between the opening positions of the two parties (what is often known as a “split-the-difference” settlement—see Chapter 2).¹² The presence of such an obvious settlement point appears to increase both concession making and the likelihood of settlement (Joseph and Willis, 1963). However, Sondak and Tyler (2001) showed that in important allocation decisions (such as who should work on Christmas or who should receive a highly desirable parking place), many people would rather have a respected third party make the decisions than to resolve the problem by negotiation.
- *Procedural justice* is about the process of determining outcomes. Parties may be concerned that they were not treated fairly during the negotiation, that they were not given a chance to offer their point of view or side of the story, or that they were not treated with respect. Because negotiation is an environment in which parties are offered an opportunity to shape the outcome they receive, procedural fairness is generally high in most negotiations. Concerns about procedural fairness are more likely to arise when negotiators are judging the behavior of third parties. Tyler and Blader (2004) emphasize how important the procedural fairness of the third party is in viewing the third party as neutral; in seeing that party as trustworthy; in accepting the third party’s decisions; and, in the case of formal authorities such as police, in voluntarily accepting the party’s decisions and directives (see also Chapter 19).
- *Interactional justice* is about how parties treat each other in one-to-one relationships. Research has shown that people have strong expectations about the ways another party should treat them; when those standards are violated, parties feel unfairly treated. Interactional justice can be further divided into two components: interpersonal justice, which reflects how much respect and propriety authority figures use in treating others, and informational justice, which reflects how much truthfulness and honesty are offered during that treatment. Bies and Moag (1986) argue that when the other party practices deception, is not candid and forthcoming, acts rudely, asks improper questions, makes prejudicial and discriminatory statements, or makes decisions or takes precipitous actions without justification, negotiators feel that fairness standards have been violated (i.e., both informational and interpersonal justice expectations have been violated). Shapiro and Bies (1994) confirmed these predictions; they found that while negotiators who used threats were perceived as more powerful, they were also perceived as less cooperative and less fair because the parties felt unfairly treated.

- Finally, *systemic justice* is about how organizations appear to treat groups of individuals and the norms that develop for how they should be treated. When some groups are discriminated against, disfranchised, or systematically given poorer salaries or working conditions, the parties may be less concerned about specific procedural elements and more concerned that the overall system may be biased, or discriminatory, in its treatment of certain groups and their concerns. We discuss the ways that these traditionally low-power groups respond in Chapter 12.

The issue of fairness has received some systematic investigation in research on negotiation dynamics. The following conclusions can be drawn from key studies:

- Involvement in the process of helping to shape a negotiation strategy increases commitment to that strategy and willingness to pursue it (Jones and Worchel, 1992). This is the familiar “procedural justice effect,” in that parties involved in the process of shaping a decision are more committed to that decision. In the Jones and Worchel study, negotiators who helped develop a group negotiation strategy were more committed to it and to the group’s negotiation goals.
- Procedural justice also appears to have an impact on the way that negotiators approach the negotiation process. In a complex analysis of 11 historical cases of intergovernmental negotiations, Wagner and Druckman (2012) showed that the observation of procedural justice was strongly related to using problem-solving processes and achieving integrative outcomes. On the other hand, the durability of the negotiated agreement was strongly related to adherence to principles of distributive justice—that is, the parties could be assured that the agreement itself was perceived by all the parties as “fair” in the way that each party gave/received something in the outcome.
- Negotiators (buyers in a market transaction) who were encouraged (“primed”) to think about fairness were more cooperative in distributive negotiations. They made greater concessions, acted more fairly, reached agreement faster, and had stronger positive attitudes toward the other party. They also demanded fair treatment from the other party in return. However, when the other party did not reciprocate the negotiator’s cooperative behavior, the negotiator actively retaliated and punished the other’s competitive behavior. Thus, stating your own intention to be fair and encouraging the other party to be fair may be an excellent way to support fair exchanges, but watch out for the negotiator whose fairness gestures are double-crossed (Maxwell, Nye, and Maxwell, 1999, 2003)!
- Similarly, parties who receive offers they perceive as unfair may reject them out of hand, even though the amount offered may be better than receiving nothing at all. Here, we see the role of intangibles entering into a negotiation. Economists would predict that any deal better than zero should be accepted (if the only alternative is zero), but research has shown that negotiators will often reject these small offers (Pillutla and Murnighan, 1996). Clearly, a less-than-fair small offer creates feelings of anger and wounded pride, and negotiators will often act spitefully to sink the entire deal rather than accept a token settlement.
- Establishment of some objective standard of fairness has a positive impact on negotiations and satisfaction with the outcome. We discussed the role of setting an objective standard for fairness in Chapter 3 (Fisher, Ury, and Patton, 2011). Research

by Kristensen (2000) found that among students who participated in a simulation of a corporate takeover, buyers who knew what a fair selling price would be for the company were more satisfied with those offered selling prices, more willing to buy the company, and more willing to do business with the other party in the future. Buelens and Van Poucke (2004) have shown that knowledge of an opponent's BATNA, as well as information about estimated market prices for the negotiated object, most strongly determines negotiators' judgments of fairness.

- Judgments about fairness are subject to the type of cognitive biases described in Chapter 6. For example, most negotiators have an egocentric bias, which is the tendency to regard a larger share for oneself as fair, even if the obvious fairness rule is an equal split. Research has shown that this egocentric bias can be diminished by strong interactional justice. That is, recognizing the need to treat the other person fairly and actually treating the other fairly lead to a smaller egocentric bias, a more even split of the resources, quicker settlements, and fewer stalemates (Leung, Tong, and Ho, 2004).
- These egocentric biases vary across cultures. At least one study has shown that egocentric biases are stronger in cultures that are individualistic (e.g., the United States), where the self is served by focusing on one's positive attributes in order to stand out and be better than others, compared with more collectivist cultures (e.g., Japan), where the self is served by focusing on one's negative characteristics so as to blend in with others (Gelfand et al., 2002). (We examine cultural differences in greater detail in Chapter 16.)

Given the pervasiveness of concerns about fairness—how parties view the distribution of outcomes, how they view the process of arriving at that decision, or how they treat each other—it is remarkable that more research has not explicitly addressed justice issues in negotiation contexts. Several authors have studied how the actions taken by third parties are particularly subject to concerns about fairness (see Karambayya, Brett, and Lytle, 1992). Justice issues are also raised when individuals negotiate inside their organizations, such as to create a unique or specialized set of job duties and responsibilities. These “idiosyncratic deals” have to be managed effectively to make sure that they can continue to exist without disrupting others' sense of fairness about equal treatment (Rousseau, 2001). And they may not always be as fair as they seemed at the outset. Negotiated exchanges might be seen as procedurally fair because the parties collectively make the decision, know the terms in advance, give mutual assent to the process, and make binding decisions. Yet at least one study has shown that after such agreements are struck, negotiators perceive their partners as *less* fair and are unwilling to engage in future exchanges with them. Thus, rather than making things more fair, negotiated exchanges may emphasize the conflict between actors who are blind to their own biases and inclined to see the other party's motives and characteristics in an unfavorable light (Molm, Takahashi, and Peterson, 2003).

Finally, although we have identified the forms of justice (distributive, procedural, interactive, systemic) as separate entities, they are often intertwined. For example, many researchers have noted the relationship between procedural and distributive justice¹³: Parties who feel that a given outcome is unfair are also likely to see that outcome as coming from an unfair procedure, and vice versa. Perceptions of distributive unfairness are likely to contribute to parties' satisfaction with the result of a decision, while perceptions of procedural unfairness are likely to contribute to the parties' dissatisfaction with the result or with the institution that implemented the unfair procedure (see Cropanzano and Folger, 1991).

Relationships among Reputation, Trust, and Justice

Not only are various forms of justice interrelated, but reputations, trust, and justice all interact in shaping expectations of the other's behavior. For example, when one party feels the other has acted fairly in the past or will act fairly in the future, he or she is more likely to trust the other (see Lewicki, Wiethoff, and Tomlinson, 2005). An extensive analysis of research that studied relationships over time has shown that interactional justice was the most significant predictor of subsequent trust; procedural and interpersonal justice were significant predictors of how trustworthily the other would behave in the future (Colquitt and Rodell, 2011). We would also predict that acting fairly leads to being trusted and also enhances a positive reputation. Conversely, several theoretical and empirical works have shown that when parties are unfairly treated, they often become angry and retaliate against either the injustice itself or those who are seen as having caused it.¹⁴ Unfair treatment is likely to lead to distrust and a bad reputation. Trust, justice, and reputation are all central to relationship negotiations and feed each other; we cannot understand negotiation within complex relationships without prominently considering how we judge the other (and ourselves) on these dimensions.

Section Summary

In this section, we examined three core elements common to many negotiations within relationships: reputations, trust, and justice. Not only are these elements essential, but they also feed each other. Trust issues are central to relationships. While some amount of trust exists in market-transaction negotiations, trust is more critical to communal-sharing relationships in which the parties have some history, an anticipated future, and an attachment to each other. In addition, justice concerns are absolutely central to negotiation in relationships. Negotiations between many parties—husband and wife, business partners, or nations in the Middle East—focus heavily on both fair solutions to distribution problems and fair processes for resolving those disputes. Finally, past evidence of trust and fairness—either from our own experience or from the experience of others—strongly shapes whether negotiators have a positive or a negative reputation, which in turn determines how negotiators shape their approach to us in the future.

Not only are these elements critical to relationships, but as pointed out, building a relationship may be an essential critical component of being successful in negotiation. For one company's approach to building relationships in order to enhance sales, see Box 10.6.

Repairing a Relationship

There are many steps to repairing a relationship. Trying to overcome a bad reputation, rebuilding trust, and restoring fairness to a relationship are much easier to talk about than to actually do! Fisher and Ertel (1995), discussing processes that lead to effective integrative negotiations, suggest the following diagnostic questions one can ask in seeking to improve a relationship:

1. *What might be causing any present misunderstanding, and what can I do to understand it better?* If the relationship is in difficulty, what might have caused it, and how can I gather information or perspective to improve the situation?
2. *What might be causing a lack of trust, and what can I do to begin to repair trust that might have been broken?* Trust repair is a long and slow process. It requires adequate explanations for past behavior, apologies, and perhaps even reparations.

On February 14, 2007 (Valentine's Day in the United States), airline JetBlue suffered a major crisis. Two inches of snow and ice at New York's JFK airport led to 1,000 flight cancellations, huge delays, and passengers stranded on planes for up to nine hours. The event received massive media visibility, and it took almost a week for JetBlue to resume normal operations. While other airlines also suffered service disruptions because of the storm, JetBlue received most of the visibility for the breakdown—largely because, in its seven-year history, it had inspired very high expectations of good treatment from its loyal customers.

JetBlue founder and CEO David Neeleman was faced with the challenge of how to repair the public's trust in a way that would strengthen the strong brand identity the company had created. In the week following the crisis, he appeared in every local and national news media outlet. He accepted responsibility for bad decisions and organizational problems. He apologized repeatedly, promised refunds for stranded passengers, and promised to fix the problems that created the disaster. He also introduced a customer "bill of rights." Two weeks after the meltdown, 43 percent of a sample of people visiting JetBlue's website said the airline was still their favorite.

In a time when most airlines enjoy very little customer confidence, Neeleman's successful handling of the crisis has been highlighted as an example of creating a trustworthy brand identity—and being able to sustain it in a time of crisis. Bruce Blythe, CEO of Crisis Management International, sums it up well: "The single most important thing that a company needs to show in a crisis is that it cares. That's not a feeling. It's a behavior."

Here is an abbreviated text of JetBlue's apology, which is considered by many to be a gold standard for a good apology:

Words cannot express how truly sorry we are for the anxiety, frustration, and inconvenience that you, your family, friends, and colleagues experienced. . . . JetBlue was founded on the promise of bringing humanity back to [our industry], and making the experience. . . happier. We know we failed to deliver on this promise last week. You deserve better—a lot better—and we let you down.

Source: Summarized from Salter, Chuck, "Lessons from the Tarmac," *Fast Company*, May 2007. www.fastcompany.com.

3. *What might be causing one or both of us to feel coerced, and what can I do to put the focus on persuasion rather than coercion?* How can we take the pressure off each other so that we can give each other the freedom of choice to talk about what has happened and what is necessary to fix it?
4. *What might be causing one or both of us to feel disrespected, and what can I do to demonstrate acceptance and respect?* How can we begin to appreciate each other's contributions and the positive things we have done together in the past? How can we restore that respect and value each other's contributions? (See one example in Box 10.6).
5. *What might be causing one or both of us to get upset, and what can I do to balance emotion and reason?* How can we surface the deeply felt emotions that have produced anger, frustration, rejection, and disappointment? How can we effectively vent these emotions, or understand their causes, so that we can move beyond them? These are important questions. If the relationship problem is not significant or long lasting, the parties may be able to work them out on their own. If the problem has persisted for a time, or the breakdown creates serious costs for one or both sides, third parties will probably have to intervene (see Chapter 19, and see Box 10.7 for an example).

How can getting together over a few beers help to solve a major relationship crisis? Here's one example.

On July 16, 2009, a Caucasian Cambridge, Massachusetts, police officer, Sgt. James Crowley, off duty and in civilian clothes but in the vicinity, responded to a 911 "crime in process, possible breaking and entering" call at 12:45 p.m. (i.e., midday). That neighborhood had seen 23 cases of breaking and entering in the past six months, many of them in broad daylight. The 911 caller, a Harvard employee who was standing on the sidewalk near the house in question, reported that she believed there were two suspects, one of whom was black, attempting to enter the house by forcing the front door. Sgt. Crowley arrived and saw the black man standing in the foyer of the house. Crowley found the man in the front hallway of the house, and asked him for identification. Crowley looked at the identification but did not recognize the man's name. He then asked the man to step out onto the porch, but the man refused. The man said later that he asked Crowley to identify himself several times, but Crowley "refused." When Crowley asked again, the man reportedly responded, "you don't know who you are messing with." Being alone, and having received the 911 call about a possible break-in, and because the "suspect" was raising his voice in argument, Crowley decided to place the man under arrest. Meanwhile, unable to reach Crowley during this time period and fearing the worst, the police dispatcher sent six more police cars to the scene. At 12:51 pm, the suspect was handcuffed and placed under arrest.

Of course, this turned out to not be a simple arrest. The man under arrest was Henry Louis Gates Jr., a distinguished professor of African American studies at Harvard University. Gates had just completed a 14-hour flight from China and taken a limousine from the airport to his house, but he found the front door lock jammed. So he asked the limousine driver to help him wedge the door open—which is what the 911 caller saw as she was walking by. The police officer, Sgt. Crowley, was well known

for being a careful, sensitive, community-minded professional on the Cambridge police force and had frequently taught courses at the local police academy on how to avoid racial profiling. But because Gates had refused Crowley's initial requests to move to the porch, and both men had begun raising their voices, Crowley felt he was forced to place the man under arrest.

Although the incident went unnoticed for a few days, the national news media soon picked up the story, dramatically playing up controversial themes of racial profiling in police actions, stereotypic reactions to police interventions, and broader issues of racial bias and discrimination. U.S. President Barack Obama commented publicly that he thought Crowley had acted "stupidly" but later backed off that comment. What really occurred was a classic situation of how two individuals, in a matter of five minutes, had created two different realities out of the same sequence of events—and, in the process, opened a window onto the complexity of race relations. About two weeks later, the incident culminated in an invitation to Professor Gates and Sgt. Crowley from President Obama to "join him for a beer" in the Rose Garden of the White House. Even before that meeting, Gates and Crowley had begun a series of conversations in an attempt to understand each other's perspective and actively continued their dialogue after the meeting.

Commenting on the event, President Obama later said, "My hope is that as a consequence of this event, this ends up being what's called a teachable moment, where all of us, instead of pumping up the volume, spend a little more time listening to each other."

Sources: Compiled from articles "The Beer Summit," *The Washington Post*, July 27, 2009. www.washingtonpost.com.; Cooper, Helene and Goodnough, Abby "Over Beers, No Apologies, but Plans to Have Lunch," *The New York Times*, July 27, 2009; and "Obama's 'Beer Summit' Derailed him on Race: Column," *USA Today*, July 31, 2009. www.usatoday.com.

Chapter Summary

In this chapter, we explored the way that existing relationships shape negotiation. Much of negotiation theory and research is based on what we have learned in experimental research settings, consisting of two negotiating parties who don't know each other, don't expect to deal with each other in the future, and are engaged in a one-time market transaction over price and quantity. Yet much of the professional negotiations conducted in business, law, government, communities, and international affairs occur in a context in which the parties have a past (and future) relationship and in which their relationship strongly affects the negotiation process.

In addition, we cannot assume that negotiators are involved only in arm's-length market transactions about the exchange of fees for goods and services. Many negotiations concern how to work (and live) together more effectively over time, how to coordinate actions and share, or how to manage problems that have arisen in the

relationship. In this chapter, we evaluated the status of previous negotiation research—which has focused almost exclusively on market-exchange relationships—and evaluated its status for different types of relationships, particularly communal-sharing and authority-ranking relationships. Within relationships, we see that parties shift their focus considerably, moving away from a sole focus on price and exchange to also attend to the future of the relationship, including the level of trust between the parties and questions of fairness, and to build strong positive reputations. We argue that most negotiations occur within these relationship contexts, and future work must attend to their unique complexities.

In the next chapter, we turn to another aspect of negotiations involving relationships: how things change when negotiators are representing the interests of other parties rather than their own interests, and when more than two parties are actively involved in the negotiation process.

Endnotes

¹ Douglas (1962); Friedman (1994); Iklé (1964).

² See Holmes and Murray (1996); Kelley et al. (1983); Reis and Patrick (1996); and Rusbult and Van Lange (1996).

³ Ben-Yoav and Pruitt (1984b); Dant and Schul (1992); Ganesan (1993); Greenhalgh and Kramer (1990); Lowenstein, Thompson, and Bazerman (1989); Macneil (1980); Shah and Jehn (1993); Sondak, Neale, and Pinkley (1995); Tuchinsky (1998).

⁴ Fry, Firestone, and Williams (1983); Thompson, Peterson, and Brodt (1996).

⁵ Barry and Oliver (1996); Tripp, Sondak, and Bies (1995).

⁶ Greenhalgh (2001); Greenhalgh and Chapman (1996); Tuchinsky, Escalas, Moore, and Sheppard (1994).

⁷ Earlier papers by Lewicki and Bunker (1995, 1996) suggested three types of trust: calculus-based, knowledge-based, and identification-based. However, their more recent work has eliminated the knowledge-based form of trust, suggesting that knowledge of the other was more a component of the relationship itself than of trust. Thus, later theorizing only discusses calculus-based and identification-based forms of trust.

⁸ See Lewicki (2006).

⁹ For example, Butler (1991); Kimmel, Pruitt, Magenau, Konar-Goldbaud, and Carnevale (1980); Lindsfold, Bentz, and Walters (1986); Schlenkler, Helm, and Tedeschi (1973); and Zand (1972, 1997).

¹⁰ See Bottom, Gibson, Daniels, and Murnighan (2002); Farrell and Rabin (1996); and Gibson, Bottom, and Murnighan (1999).

¹¹ See Greenberg and Colquitt (2005) and Sheppard, Lewicki, and Minton (1992) for reviews of justice issues in organizations and Albin (1993) for a commentary on the role of fairness in negotiation.

¹² See also Lowenstein, Thompson, and Bazerman (1989).

¹³ See Ambrose and Arnaud (2005); and Brockner and Wiesenfeld (2005).

¹⁴ See Greenberg (1990); Sheppard, Lewicki, and Minton (1992); and Skarlicki and Folger (1997).



Agents, Constituencies, and Audiences

Objectives

1. Understand how negotiation dynamics change when additional parties are added to a two-person negotiation.
 2. Explore how negotiation changes when a negotiator has to represent someone else's interests (i.e., act as an agent) rather than his or her own.
 3. Consider the critical actions and influence exerted by constituencies and audiences to a negotiation.
 4. Gain specific advice on how constituencies should manage their agents and how agents manage their constituencies.
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CHAPTER OUTLINE

The Number of Parties in a Negotiation

How Agents, Constituents, and Audiences Change Negotiations

Audiences: Team Members, Constituents, Bystanders, and Others

Tactical Implications of Social Structure Dynamics: The Negotiator's Dilemma

Advice to Agents on Managing Constituencies and Audiences

Clarify the Role Expectations and Performance Contract

Clarify Authority to Make Agreements

Manage Constituency Visibility and Communication

Communicate Indirectly with Audiences and Constituents

Communicate Directly to the Other Party's Constituency

Communicate Directly to Bystanders

Build Relationships with Audiences, Constituents, and Other Agents

When to Use an Agent

Managing Agents

Chapter Summary

In this chapter, we explore how negotiation changes (1) when we move beyond simple one-to-one negotiations and add other parties to the process and (2) when negotiators act as agents in the process—that is, when they are not necessarily presenting their own issues and interests but are also representing the perspective of others who may or may not be at the table. This situation is called an *agency relationship*.

Our objective is to examine how adding negotiators makes the social environment significantly more complex and dynamic. We examine the ways that negotiations change when negotiators are representing the interests of others rather than arguing for their own interests. Within this larger context, individuals and groups attempt to exert both direct and indirect pressures on negotiators to advocate their interests. A second dimension of complexity, therefore, is the type of influence strategies that negotiators use, as well as the different types of influence attempts that occur as the number of parties increase.

The Number of Parties in a Negotiation

An important aspect to consider in negotiation is how the number of parties—either at the table, influencing what happens at the table, or affected by what happens at the table—affects the dynamics of negotiating. The simplest negotiation form is a negotiating dyad. This structure occurs when two isolated individuals—*negotiators*—negotiate for their own needs and interests. Each member of the dyad is responsible only for expressing his or her own positions and needs and for working with the other party to arrive at an agreement. Each has the full power to decide on the acceptable outcome and finalize the deal.

Negotiations become more complex when there are more than two negotiators. If a family is trying to decide where to spend a summer vacation, each party—Mom, Dad, the two children, and Grandma—has his or her own preferences and priorities. Although each is responsible for expressing his or her own positions and needs, the agreement has to reflect the views of all parties (although some parties with lower power may be forced to go along with the agreement by the others). When there are more than two negotiators, there is a strong possibility that some parties will form alliances, searching for strength in numbers or in the coincidence of their interests. We explore the dynamics of these alliances in Chapter 12, on the topic of coalitions.

Negotiation can also occur within or between *teams* of negotiators. A team is two or more parties on the same side who are collectively advocating the same positions and interests. The *intrateam* dynamics (e.g., whether some members have more power or status than others) will affect the *interteam* negotiation process. Moreover, as the number of negotiators increases, the likelihood of finding common ground and thereby satisfying all interests usually decreases. We discuss the care and planning necessary to conduct effective intrateam negotiations in Chapter 13.

Negotiation also increases in complexity with the addition of *agents* and *constituencies*. Often negotiators act not only for themselves but also for others. In these situations, the negotiator is an *agent* and the individuals he or she is representing are the *constituent* (also called a *principal*). A constituent is a party who has designated someone else (the agent) to represent his or her positions and interests in a negotiation. Two common examples of an agent and a constituent (principal) are an attorney and a client and a salesperson and her boss or manager. Constituents usually do not participate in the actual negotiations (although

they may be present); rather, they choose agents both to advocate their interests to the other negotiator and to report back accurately on what has transpired during the deliberations.

Finally, negotiation becomes most complex when *bystanders*, *audiences*, and *third parties* also are active in the negotiation. *Bystanders* are those who may have some stake in a negotiation and who care about the substantive issues or the process by which a resolution is reached but who are not formally represented at the table. Bystanders frequently follow the negotiation, express public or private views to the negotiators about the potential outcomes or the process, and in some way are affected by what happens. An *audience* is any individual or group of people who are not directly involved in or affected by a negotiation but who have a chance to observe and react to the ongoing events and who may at times offer input, advice, or criticism to the negotiators. Bystanders and constituents can also serve as audiences. So, too, can members of negotiating teams who are not actively engaged in dialogue with the other party. Finally, *third parties* are bystanders who may be drawn into the negotiation specifically for the purpose of helping to resolve it. Third parties often can reshape a polarized situation into a constructive agreement. Bystanders can be effective as third parties if they have the necessary skills and are seen as neutral. We examine the key roles played by bystanders and audiences later in the chapter and by third parties in Chapter 19.

It is important to understand that although we have distinguished these different roles, negotiating parties may, in fact, assume more than one role during the life of a negotiation. Agents can become constituents or bystanders, and so on. We now explore how agents, constituents, and audiences can change the nature of negotiation.

How Agents, Constituents, and Audiences Change Negotiations

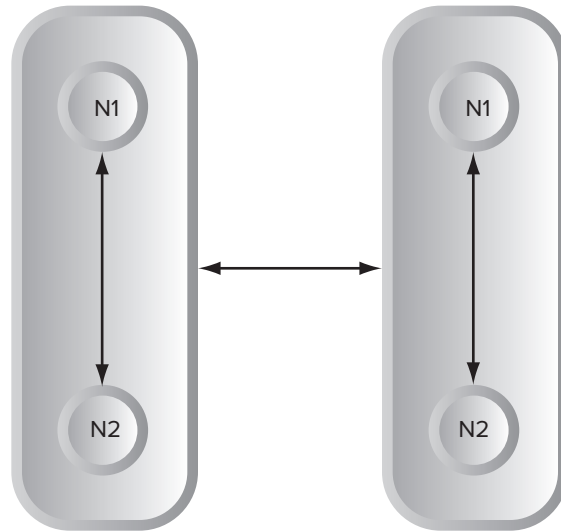
There are often parties to a negotiation who are not active participants in the process because others are negotiating on their behalf. The interests of these parties are represented by an agent; they will be affected by the outcome achieved by the agent, and/or they may observe the agent's behavior and perhaps offer comments, critiques, or evaluations of the process or outcome. When these circumstances occur, the negotiator must redirect some of his or her attention away from the other negotiator and toward these other parties. We broadly describe the attention paid to these additional parties—regardless of who they are—as *audience effects*.

In this section, we first examine the different types of audiences that can exist in negotiation and the consequences that audiences have on a negotiator's behavior. We then examine the ways in which negotiators can manage their audiences so as to be more effective in dealing with the audience and with the other negotiator.

Audiences: Team Members, Constituents, Bystanders, and Others

There are many different kinds of audiences and audience effects. We identified the primary ones in the preceding introduction. Initially, we include all the roles delineated—negotiating team members, constituents, bystanders, and even neutrals (everyone except the focal negotiators)—as audiences because they can all serve the function of constituents, observers, and commentators relative to the focal negotiators' behavior.

One form of audience is the *additional team members* who are present with the negotiator at the deliberations. Members of a negotiating team may take on one or more important roles: chief

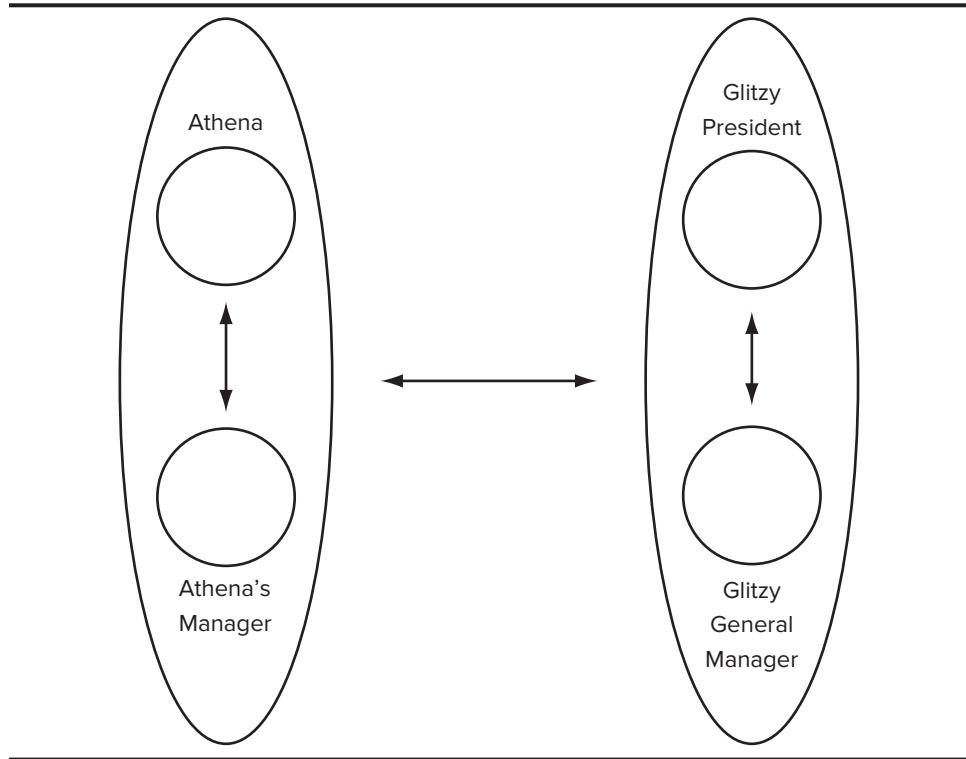
FIGURE 11.1 | Each Negotiator with a Partner

spokesperson, expert or resource person on a specific issue, advocate for a particular subgroup with a stake in the outcome, legal or financial counsel, statistician or cost analyst, recording secretary, or observer. Team members may agree to play a special role in negotiation, but they may also shift into another role as the negotiation evolves. The most frequent role shift is from being the chief negotiator to being a passive observer who is silent while others are speaking. The observer may be taking notes, listening to the discussion, preparing to make comments to be introduced later on, or simply evaluating and judging the actions of those who currently hold the floor. Negotiators also direct their comments toward observers on the other side. So, for example, while a member of one team (chief spokesperson) may appear to be talking directly to a member of the other team (the other chief spokesperson), the purpose of the conversation may be to influence the other team's legal or financial expert (also at the table) on some point.

Team members can play multiple roles. Team members can do as much to influence and shape a spokesperson's behavior as what the opposing negotiator says or does. Figure 11.1 represents a simple negotiation between two pairs of negotiators—on each side, one may be the primary spokesperson (N1) while the other (N2) assists, but within each side, N1 and N2 may change roles at any time. In this example, imagine the focal negotiators are a renowned rock singer, Athena, and her manager, negotiating a performance contract with the president and general manager of Glitzy Productions Inc., a media company organizing the halftime show for the next Super Bowl (Figure 11.2).

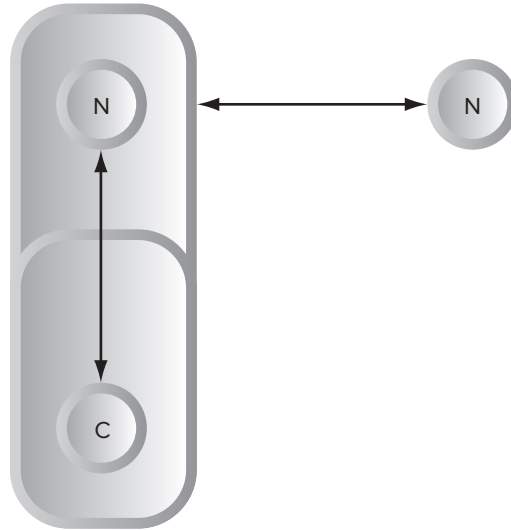
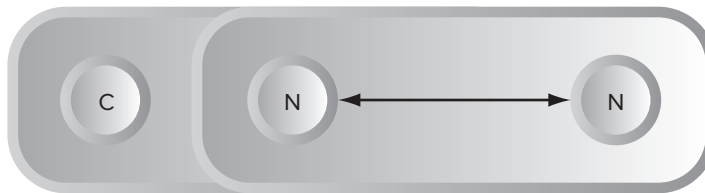
Another type of audience is a *constituency*. A constituency is one or more parties whose interests, demands, or priorities are being represented by the focal negotiator at the table. The term *constituency* usually applies to politics; elected officials are usually accountable to the voters who elected them (their constituency). For attorneys, accountants, and consultants,

FIGURE 11.2 | Athena and Her Manager versus the President and General Manager of Glitzy Productions



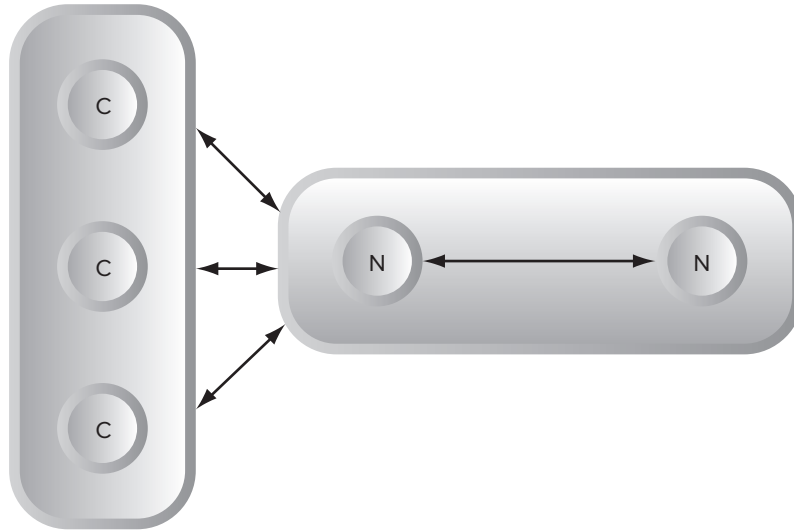
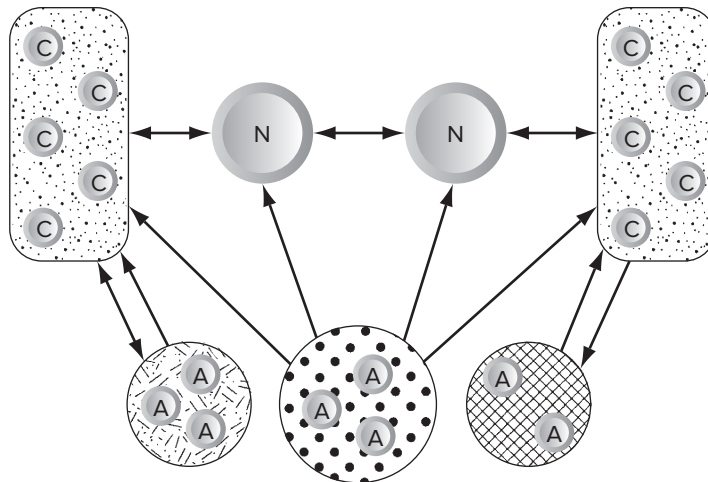
their constituents are their clients. The social structure of this negotiation is represented in Figures 11.3, 11.4, and 11.5. In Figure 11.3, the negotiator (the manager) has a constituent who is also a team member (Athena the rock star) and is present during the negotiation; in Figure 11.4, the negotiator represents a constituent who is outside the negotiating setting (e.g., Athena did not attend the meeting but will have to authorize the deal); in Figure 11.5, the negotiator represents a group of constituents (Athena’s nine-member band—the Greek Gods—plus media promoters, equipment managers, bodyguards, and the like).

As these different groupings suggest, negotiators who have constituents are usually involved in two distinctly different relationships—and often in two separate and distinctly different negotiations. The first negotiating relationship is between the agent and constituent (sometimes called “negotiating at the back table”; see Docherty and Campbell, 2005). Sometimes the agent is simply told what to do by the constituent; at other times, the agent has preferences as well, and those preferences may be different from the constituent’s. Thus, the two must collectively decide on what they want to achieve in the negotiation (fee for the appearance, advertising and promotion, etc.) and the strategy and tactics of how to get it. This can often be a tense negotiation in itself if the two parties differ on their goals for the negotiation or the strategy and tactics they should use. Once the two agree on their goals, the constituent then delegates some power

FIGURE 11.3 | Negotiator with a Constituent Who Is Present versus Other Negotiator**FIGURE 11.4** | Negotiator with a Constituent Who Is Not Present versus Other Negotiator

and authority to the agent to achieve the goals in discussions with the other negotiator. Constituents expect that their agents will accurately and enthusiastically represent the collective interests of the constituent in the deliberations, periodically report back as negotiations evolve, and eventually report back the outcomes at the end of the process. Constituents therefore expect to profit (or lose) as a direct result of the agent's effectiveness, and they often select their agent based on his or her ability to achieve their goals (more on this later in the chapter).

The second negotiating relationship maintained by the agent is with the other agent—the opposing negotiator—as the two negotiators attempt to reach a viable and effective agreement. These negotiations usually take place at the “front table” (Docherty and Campbell, 2005). Reaching an agreement may require the agent to compromise at the front table on the goals set with his or her constituency at the back table and then to explain and justify those compromises back to the constituent. Because agents may be unable to both completely satisfy their constituent and achieve an agreement with the other party, representing a constituent creates unique pressures and conflicts for agents. These pressures and conflicts are discussed in detail throughout this chapter.

FIGURE 11.5 | Negotiator with Several Constituents versus Other Negotiator**FIGURE 11.6** | Negotiators Representing Constituencies with Input from Audiences

A third type of audience is composed of external bystanders and observers. Remember that negotiating team members themselves can act as bystanders and observers. In addition there may be many bystanders whose interests may not be directly represented in the negotiation, or present at the table, but who are affected by the negotiation outcome or have a vantage point from which to observe it and some strong need to comment on the process or the emerging outcome. Figure 11.6 represents this most socially complex environment for a negotiation. In our example, this may include other groups negotiating with Glitzy Productions (e.g., other

performing artists, groups that will manage the audio systems, set designers, security, etc.) and observers/bystanders (such as the entertainment media, the Super Bowl organization, the TV network that will be covering it, and the like). The public nature of this negotiation offers a context in which many parties are watching and evaluating the negotiation, but it also offers many ways for the negotiator to use these audiences to bring indirect leverage to bear on the other negotiator. We examine some of these tactics later in this chapter.

Characteristics of Audiences We can describe the major characteristics of audiences in several ways (Rubin and Brown, 1975). First, audiences vary according to whether they are physically *present at or absent from* the negotiation. Some observers (like team members) may be present during negotiations and directly witness the events that occur; others may be physically removed and learn about what happens only through reports and accounts. Whether an audience is present or absent affects how a negotiator behaves; he or she may say one thing with the audience present and another with the audience absent. In addition, when audiences are absent, agents must report to them what happened in the negotiation; when the audience has no real way of independently knowing what happened, these accounts may not be completely accurate.

Second, audiences may or may not be dependent on the negotiators for the outcomes derived from the negotiation process. Audiences who are *outcome-dependent* derive their payoffs as a direct result of the negotiator's behavior and effectiveness. In our rock concert example, the compensation paid to other groups negotiating with Glitzy Productions—warm-up acts, interim musicians, and so on—may be directly affected by the agreement between Athena and Glitzy Productions. In contrast, a *nondependent* audience will not be directly affected by the results. Although members of the general public may be interested in the contract arrived at by Athena and Glitzy, they will be less directly affected by the settlement, except perhaps through the ticket prices they must pay. Other bands that learn of the terms of the contract may also use the contract as a benchmark to demand higher pay for themselves.

A third major way in which audiences affect negotiations is by the *degree of their involvement* in the process. Audiences may become *directly* involved in the negotiation process; when they do, the complexity of the interaction increases in a number of ways, depending on who the audience is, what is at stake, how much power the audience has, and what kind of a role the audience chooses to play. In international affairs, the United States has often become involved in another country's or region's local disputes—the Middle East, North Korea, Iraq, Iran, Afghanistan, Eastern Europe, and emerging African nations. U.S. involvement has occurred in almost every form and variation—including expressing a preference for a particular strategy, process, or outcome; attempting to facilitate negotiations and work out internal difficulties; and becoming militarily involved, and either taking sides or keeping parties separate to help achieve a peaceful resolution.

Audiences also give periodic *feedback* to the negotiators, evaluating their effectiveness and letting them know how they are doing. Feedback may be verbal in the form of personal conversations and advice, notes, messages, or letters, or it may be nonverbal in the form of smiles and nods of affirmation or scowls and frowns of disapproval. Feedback may be directed toward the positions that a negotiator has taken, concessions made, agreements reached, or behavior during the deliberations. (See Box 11.1 on how a principal can better manage an agent.)

Principal-agent theory is a popular theory derived from economics. The theory primarily focuses on situations in which an agent's primary motivations or interests differ from the principal's. This divergence is most likely to occur when the principal—(in our language, the constituents)—cannot directly observe an agent's actions, nor can the principal accurately determine what the agent is doing by simply looking at the outcomes.

There are three major ways that an agent's interests and behavior can differ from what the principal wants and expects and how the principal reacts to these situations: monitoring, incentives, and coordination. First, agents can engage in "shirking"—that is, working less hard than the principal expects but trying to appear as if he is working hard. In negotiation, this might occur when the agent exaggerates the difficulty of reaching a deal with the other party—requiring extra time, energy, or emotional investment—when, in fact, the negotiation is quite matter-of-fact. Because principals worry about shirking, they often must invest in ways to monitor their agent—for example, arriving unannounced at a negotiation session to view it directly—which adds to the principal's costs of employing the agent in the first place.

In addition to monitoring the agent, the principal may also use incentives to control the agent, attempting to align the incentives paid to the agent with the employer's goals for the negotiation. However, experts who design incentives indicate that no incentives structure can be completely effective in creating this alignment—and hence any incentive structure creates new problems of alignment and monitoring. For example, if you incentivize a negotiator to negotiate a deal quickly (e.g., pay a fixed price based on when the deal is closed), he may do so, at the expense of ignoring and missing important details in negotiating and crafting the deal. In contrast, if you incentivize a negotiator to be careful and detail-focused (e.g., pay by the hour), she may take way too much time in completing the detail.

Finally, the third problem for the principal is assuring that the agent's goals and strategies are

fully coordinated with the principal's goals and strategies. Even if incentives are aligned and monitoring is in place, it takes considerable time and energy for the principal and agent to communicate with each other and coordinate interests, strategies, responsibilities, resources, and the like. Who attends negotiation sessions? What is said at those sessions? Does the principal share all information and interests with the agent, or only some information and interests? Who can make decisions and commitments in the negotiation? When should walkaways or BATNAs be invoked, and by whom?

Law professor Scott Peppet suggests six basic principles for empowering and managing agents to negotiate on your behalf:

1. If possible, use agents (or work for principals) whose preferences are known and acceptable to you.
2. If possible, use agents (or work for principals) whose preferences are known to the other side.
3. If possible, change the structure of the negotiation to align the incentives of principals and agents.
4. Share information between principal and agent to the extent necessary to accurately affect the principal's strategy.
5. Treat the delegation of authority to the agent, and coordination of role responsibilities, as an ongoing negotiation, not a one-time event.
6. Rely most heavily on an agent when the principal's own preferences, biases, and emotions can cloud decision making and lead to an unproductive, distributive process.

Sources: Adapted from Mnookin, Robert H., and Susskind, Lawrence E., *Negotiating on Behalf of Others*. Thousand Oaks, CA: Sage Publications, October 11, 1999; and Peppet, Scott R., "Six Principles for Using Negotiating Agents to Maximum Advantage," in Moffitt, Michael L., and Bordone, Robert C., *The Handbook of Dispute Resolution*. San Francisco, CA: Jossey-Bass, August 16, 2005, 189–202.

In contrast to this direct involvement, audiences may also be *indirectly* involved in the negotiation. Indirect involvement occurs when audiences make their own wishes and desires known through the communication of their ideas but do not directly try to influence the course of an ongoing negotiation. Again, there are numerous examples in international negotiations as well as labor and political disputes. In some circumstances, the United States makes its views known on how other countries should conduct their affairs through public statements or private informal communication but does not directly try to influence those actions. Consumers are often encouraged to boycott a store or product (e.g., grapes, lettuce) to support a labor union and back its demands or support a cause such as better environmental stewardship. Indirect communication also provides a large amount of feedback to the other party, indicating the degree to which the audience approves or disapproves of the agent's words and actions.

Audiences may vary in several other ways: identity (who they are and what they stand for), composition (the number and type of different points of view represented), size (which may affect their level of power), relationship to the negotiator (emotional ties, amount of informal control they can exercise over the negotiator), and role in the negotiation situation (readiness to try to influence directly the negotiator's behavior, style, or content of communication). In short, as soon as the negotiation setting is expanded to three or more parties, the nature and complexity of the interaction increases. Audiences play several different roles and attempt to shape the progress of negotiation in many ways. In addition, as the type of relationship among the parties changes from market transaction to some other form (see Chapter 10), the negotiation issues, strategies, and processes may change as well. For an example of the roles that can be played by one kind of audience—advisors—see Box 11.2.

Before we discuss audiences in more detail, we summarize the most important principles about audiences and the significant ways in which they influence an agent's behavior.

Audiences Make Negotiators “Try Harder” and “Act Tougher” Research has shown that the presence of an audience increases negotiator aspirations—that is, the negotiators “try harder” when they know they are being watched. Merely being aware that they are under surveillance can motivate negotiators to act tough. In one experiment, Carnevale, Pruitt, and Britton (1979) told some subjects in an experimental negotiation that they were being watched by their constituents through a one-way window, while others believed they were not being watched. Negotiators who believed they were under surveillance were significantly more likely to conduct their negotiations in a distributive bargaining manner and to use threats, commitment tactics, and put-downs of their opponents to gain advantage (see Chapter 2). They were in turn less likely to pursue integrative bargaining strategies, and they obtained lower joint outcomes than negotiators not under surveillance. More recent research has shown that when there are multiple parties in a constituency, even a few of them who are more “hawkish,” or militant, can make an agent act in a more competitive manner. The constituency does not have to be dominantly hawkish, or even by a majority; a small minority of hawks can sharply increase the agent's competitive behavior. The research showed that only when the constituency was 100 percent cooperative did the agent become more cooperative toward the negotiating partner (Steinel, de Dreu, Ouwehand, and Rameriz-Marin, 2009). Moreover, there appears to be cultural differences in how the relationship with the agent is

Law professor Jeswald W. Salacuse (2016) has given considerable thought to the role of advice in negotiations and how advisers influence what negotiators do. Salacuse defines *advice* as “a communication from one person (the advisor) to another (the client) for the purpose of helping the second person determine a course of action for solving a particular problem” (p. 103). Negotiators use advisers for two major reasons: to solicit the adviser’s expertise about a problem and to validate a particular fact, policy, or intention of the negotiator (i.e., to show the other side that a legitimate expert is providing information about the problem). While advice can be given to a negotiator with one intent or purpose, that advice can have significant consequences down the road that neither the adviser or the recipient can predict.

Salacuse points out that the process of advising needs to be grounded in a productive working relationship, requiring trust between the parties; confidence in the adviser’s loyalty, competence, and integrity; and a joint belief that each party will act in the best interests of the other (see Chapter 10). Advisers can be official (they have some kind of formal designation based on a key role or area of expertise—e.g., chairman) or unofficial (e.g., a close friend, spouse, or even lobbyist). There are three types of advisers:

- *The adviser as director.* In this approach, the adviser takes control of the negotiation process and directs the negotiator on what to say and how to act in order to achieve objectives.
- *The adviser as servant.* In this approach, the negotiator controls the adviser, giving directives on what she wants the adviser to do, what specific information she needs, and how to behave. Negotiators frequently have several different “servant” advisers to offer different perspectives or bits of information.
- *The adviser as partner.* Here, the negotiator and adviser work together in a collaborative manner. While the negotiator may retain the ultimate decision-making authority for the process and outcome, the parties must trust each other, share information, and discuss strategic and tactical moves.

In an extensive negotiation, these different advisory roles may evolve over time. Advisers also have different personal styles in the way they behave, how they communicate, and how much they are willing to take risks, as well as a variety of other personal characteristics and styles (see Chapter 13).

Salacuse offers great insight into the multiple roles advisers can play, as well as their individual styles. Negotiators should give strong consideration to whom they consult as advisers, and consider how those advisers may help or hinder their negotiations.

Source: Salacuse, J.W. (2016), *The Effect of Advice on Negotiations: How Advisors Influence What Negotiators Do*. *Negotiation Journal*, 32, 2, 103–124.

managed. Cultures with a high “relationship focus” (e.g., China) appear to manage accountability issues differently than cultures with a high “outcome focus” (e.g., the United States; Liu, Friedman, and Hong, 2012).

Druckman (1994), after reviewing a number of research studies on the impact of constituencies, suggests that inflexibility in public negotiations is largely due to pressures on group representatives to adopt tough postures. Time pressures can also significantly affect this inflexibility. Mosterd and Rutte (2000) state that when negotiators are negotiating only for themselves, time pressure makes the negotiator act less competitively, and a higher

proportion of the negotiations end in successful agreement. In contrast, when negotiators are negotiating on behalf of their constituencies, time pressures result in *more* competitive interaction and a higher proportion of impasses.

Negotiators Seek a Positive Reaction from an Audience The presence of an audience also motivates negotiators to seek a positive evaluation from the audience and to avoid a negative one. Thus, an audience increases aspirations because negotiators try to impress them in order to receive a beneficial evaluation. Tjosvold (1977) reported that agents who received a strong affirmation of personal effectiveness from their constituents resisted compromising toward the other agent's position in order to maintain their image of competence to their constituents. Thus, when there is a trade-off between a positive self-image and an agreement with the other party, a favorable self-image for the negotiator may dominate.

Pressures from Audiences Can Push Negotiators into "Irrational" Behavior In addition to the mere presence of an audience, the presence of a salient audience—one valued for its opinions and supportive comments—affects a negotiator even more dramatically. A classic study by Brown (1968) reveals the power of feedback from a salient audience on a negotiator's subsequent behavior. In Brown's experiment, high school students played a competitive negotiation game with someone they thought was another student, but who was, in fact, an ally of the experimenter playing a preprogrammed strategy. In all cases, the preprogrammed strategy was aggressive and exploitative—thus, the students lost a lot of money in the early part of the game. The students then received contrived feedback messages from a group of their "peers" (whom they thought had been observing the first round), telling them either that they looked weak and foolish as a result of the way they had been exploited in the first game or that they looked good and strong in the first round because they had played fair. Students then played a second round of the game, during which they were given the choice of using either a retaliatory strategy to get back at the opponent who had taken advantage of them (a strategy that would also cost them a great deal of money to execute), or a second strategy that did not involve retaliation, thus ignoring the challenge to their self-esteem created by the negative messages from the audience. The experiment, therefore, required the subjects to choose between pursuing a strategy in which they made money but lost face (image and self-respect) in front of the peer audience and pursuing a strategy in which they retaliated against the opponent and restored their image with the important audience, but at great financial cost. As Brown summarized,

The results were striking: publicly humiliated subjects—those who received the derogatory feedback—were far more likely to retaliate, and with greater severity and self-sacrifice—than subjects who received the more favorable feedback. . . . Of special interest is the fact that when asked why they chose severe retaliation, 75 percent of the subjects who did so reported that they didn't want to look foolish and weak as a result of having been exploited, and that they retaliated in order to reassert their capability and strength. (Rubin and Brown, 1975, p. 45)

In a follow-up study, Brown tested whether knowledge of the costs of retaliation was important in getting subjects to engage in retaliatory behavior. In one variation, the audience knew how much cost the subject endured in order to retaliate. In a second variation, the audience did not know the costs. The results of these two variations demonstrated clearly that retaliation was

greatest when the audience told the subject that he or she looked foolish and the audience did *not* know how much it cost the subject to retaliate. Brown's research highlights the classic face-saving dilemma for negotiators who need to maintain a "strong" image to their constituents: Do I preserve my image to an audience, often at high costs not known to the audience, or do I run the risk of looking foolish and weak but conserve resources? The research clearly shows that negotiators are most aggressive when there is a high need to regain a positive image with an audience that does not know the amount it costs the negotiator to do so (Brown, 1970).

Brown's study has several important implications for understanding the power of an audience over a negotiator. First, the student subjects in the study did not know the specific identity of anyone in the audience—only that they were from the same high school. The student negotiators never saw the audience, which was only vaguely identified as an important group. Thus, even audiences who are viewed only as a somewhat-important group to please can exert powerful influences over a negotiator's behavior by simply telling negotiators that they look weak and foolish. A second finding was that some students retaliated against the other party even when there was no audience present. This suggests that the opposing negotiator may act as an audience as well. Negotiators who believe that the opposing negotiator made them look foolish or has evaluated their behavior as weak and ineffective may try to regain a positive evaluation as "tough," even from their adversary. (See Box 11.3, which represents a simple negotiation between two pairs of negotiators.) Anyone who has ever played a "friendly" game of tennis, golf, basketball, or touch football with some competitive friends will recognize that much of the banter, teasing, or verbal harassment that occurs is designed to undermine the opponent's self-confidence or to challenge him or her to play better. While this is usually done with good-natured humor, the banter can quickly turn serious if a comment is made too pointedly or is misinterpreted, and it can both seriously unsettle the opponent and hurt the relationship. One can thus imagine the impact of a message to a negotiator from the other party that he or she was "easy to beat." Not only does losing embarrass the other party, but the taunting will magnify the embarrassment. Such comments are the fuel for revenge and long-standing, deep-seated animosity.

Brown's research shows how important face saving is to negotiators whose behavior is highly public, visible, and subject to a great deal of feedback from audiences. For example, Wheeler (1999) studied sports agents who represented their clients in salary and contract negotiations, examining the impact of this representation process on agents' perceptions of their reputations. He found that agents who felt that their reputations were at stake as part of the negotiation were more likely to take higher risks, set higher walkaway points for the negotiation, and have higher impasse rates than agents without their reputations at stake (for a somewhat different view, see Box 11.4). Other examples come to mind from international relations, politics, and labor relations. Decades ago, President Lyndon Johnson characterized the U.S. presence in South Vietnam as one of a "pitiful, helpless giant," which soon led to the massive military buildup in Southeast Asia in order to "win" a war that would not humiliate American military capability at home and abroad (but ultimately did). Not only was this effort to "free" South Vietnam ultimately unsuccessful—thus sustaining the actual loss of face that Johnson and others had dreaded—but also the loss was incurred at a huge cost in dollars, military equipment, and human lives, the magnitude of which was disclosed to the American public only long after the war ended. These face-saving dynamics and characteristic language persist in many other areas of international relations.

The midwestern United States is a fertile ground for budding sports agents, who seek to represent many college athletes moving into professional sports, as well as professional hockey players, coaches, broadcasters, and musicians. Among their insights are the following:

- Competition for top players is very heavy. The number of potential agents—registered and unregistered—far exceeds the number of eligible athletes in any given year.
- Many agents choose not to represent first-round football draft picks. “The only way to compete is to cheat,” says agent and attorney Bret Adams. “If you don’t cheat, you’re not going to get the first-round draft picks. You either break the rules, or you sell your soul, by doing things that you normally wouldn’t.” “Cheating” includes signing players to contracts while they still have amateur status, giving gifts to players (cash, cars, investment funds), and the like. Adams chooses to represent coaches and broadcasters, who are less in demand and require him to stay within ethical boundaries.
- Depending on the sport, some agents don’t get involved in any of the salary negotiations. For example, in representing golfers in the Ladies Professional Golf Association, agents are only responsible for signing endorsements—with golf equipment manufacturers, soaps, shoe companies, and so on.
- While many agents are attorneys and are bound by a legal code of ethics, others define their business as a “ministry” and follow religious principles to guide their conduct.
- Commissions vary significantly depending on whom the agent is representing. In 2001, National Football League contracts capped the agent’s compensation at 3 percent of the player’s contract, but endorsements can go up to 15 percent on a football player’s contract and to 20 to 25 percent for a Ladies Professional Golf Association contract.
- Many states are passing regulations that limit what agents can do—requiring them to register with a state agency; placing language into the agent’s contract with the player that spells out the consequences of rule violation for the player, including loss of college eligibility; and posting a security bond that could pay damages to athletes and universities if the agent misbehaves.

Extensive processes for educating coaches, athletes, their parents and families, and agents themselves are the best mechanisms for preventing agent abuse, but every year there are a few widely publicized incidents that indicate that problems still persist.

Source: Adapted from Josh Caton, “Big League Agents,” *Columbus Monthly*, vol. 27, no. 6, June 2001, pp. 54–60.

Finally, tragic twists to face-saving dynamics can also occur when audiences are only indirectly involved. For example, in the mid-1990s, a spokesperson for the state of Ohio’s Prison Corrections Department questioned the credibility of a group of prisoners in a prison riot who were holding prison guards as hostages and threatening the hostages’ safety. When asked by the press whether the prisoners’ threats were real, the spokesperson dismissed the threats, stating that “prisoners threaten to kill hostages all the time.” Soon after these comments, the prisoners actually killed a guard—perhaps just to prove that their threat was a credible one and to save face with their own constituents inside and outside the prison.

Audiences Hold the Negotiator Accountable Audiences maintain control over negotiators by holding them accountable for their performance and by administering rewards or

“Face Threat Sensitivity” Seen as Roadblock to Agreement and Joint Gain

A group of researchers validated and updated Brown’s classic research findings on the power of face saving. Several interesting findings were reported by these researchers:

1. Individuals differ in the degree to which they are sensitive to face-saving dynamics, which these researchers call “face threat sensitivity.” Individuals who are stronger in face threat sensitivity are more likely to agree with the following three statements:
 - a. “My feelings are hurt easily.”
 - b. “I don’t respond well to direct criticism.”
 - c. “I am pretty thin-skinned.”
2. In a simulated negotiation experiment, buyers and sellers were less likely to reach an agreement that was in the interest of both parties when the seller was higher in face threat sensitivity.

3. In a simulated negotiation of a job interview, both recruiters and job candidates reached an employment contract that contained less joint gain when the candidate was higher in face threat sensitivity. Moreover, those candidates who reported higher face threat sensitivity described themselves as more competitive, and this competitiveness mediated the relationship between higher face threat sensitivity and lower joint gain.

It is clear that face threat sensitivity can be a powerful factor in determining negotiation outcomes.

Source: White, Judith B., Tynan, Renee, Galinsky, Adam D., and Thompson, Leigh, “Face Threat Sensitivity in Negotiation: Roadblock to Agreement and Joint Gain,” *Organizational Behavior and Human Decision Processes*, vol. 94, no. 2, July 2004, 102–24.

punishments based on that performance. This accountability occurs under two dominant conditions: (1) when a negotiator’s performance is visible to the audience so that the audience is able to judge how well the negotiator performs and (2) when the audience is dependent on the negotiator for its outcomes. An audience that is dependent on a negotiator’s performance for its outcomes will generally insist that he or she be tough, firm, demanding, and unyielding in the struggle to obtain the best possible outcome for the audience. Failure to perform in this manner in the eyes of the audience may lead to public criticism of the negotiator, with the expectation that this criticism will embarrass him or her into performing in ways that guarantee a larger payoff for the audience. This was demonstrated in a study reported by Breaugh and Klimoski (1977). Some agents had been members of a group that developed a negotiating position, while other agents were “outsiders” who had not helped to develop the position. After negotiations concluded, the agents had to go back and “sell” the negotiated agreement to their constituents (back-table negotiations). Agents who had been team members had a far more difficult time selling the agreement than the outsiders did because of their earlier participation in developing the group’s position.

Continued characterizations of a negotiator as weak or soft, or as someone who sells out, may lead to unfortunate but predictable outcomes. First, the negotiator may become increasingly inflexible or retaliatory to demonstrate to the constituency that he or she is capable of defending their interests. Second, the negotiator may try to be a more loyal, committed, and dedicated advocate of the constituency’s preferred outcomes and priorities in order to regain their good favor and evaluation. Finally, the negotiator may resign, judging him- or herself incapable of representing the constituency’s best interests. Remarkably, the status level of the agent does *not* seem to affect the pressures. One might

expect that high-status agents would believe that they had more flexibility and autonomy to decide what was best for their constituents. However, there is no strong evidence that high-status members of a group (e.g., senior-level managers or formally designated leaders) actually negotiate more quickly, achieve fewer deadlocks in the negotiating process, or attain better agreements than low-status members (Klimoski and Ash, 1974; Kogan, Lamm, and Trommsdorf, 1972). As a result, the presence of accountability pressures leads to longer, more time-consuming negotiations than when accountability pressures are absent.¹

The effects of accountability to constituents do not have to be all bad, however. Constituents can keep negotiators from making extreme or outrageous commitments that might get them in trouble later. For example, Kirby and Davis (1998) had constituents monitor the investment decisions of managers in a simulated production game. The results of the experiment indicated that monitored managers were less likely than unmonitored ones to escalate their commitment to unproductive courses of action and less likely to pursue risky investment strategies. And Fassina (2004) points out that constituents can clearly develop at least two different kinds of contracts with their agents. The first is a *behavior-contingent* contract, in which the agent is primarily paid based on how he or she behaves in the role, versus an *outcome-contingent* contract, in which the agent is primarily paid based on the type of results he or she achieves. “Combined” contracts that specify both behaviors and outcomes are also possible. Fassina shows how aspects of the specific negotiation—expertise, emotional strain, the zone of possible agreement, and other issues—can help determine which form of contract is preferable and how those different contracts might lead to different negotiating behaviors displayed by the agent. Some clear ways for holding a negotiator accountable are offered in Box 11.5.

Tactical Implications of Social Structure Dynamics: The Negotiator’s Dilemma

The presence of an audience—particularly an outcome-dependent audience—creates a paradox for negotiators because of two sets of pressures. One set comes from the constituency and team, leading the agent to be tough, firm, unyielding, and supportive of the constituency’s demands. The other set comes from the opposing negotiator and calls upon the negotiator to be flexible, conciliatory, and willing to engage in give-and-take. (See Figure 11.6, which depicts these pressures simultaneously pushing the negotiator from opposite directions.) Cutcher-Gershenfeld and Watkins (1999) have noted that these dynamics create a dilemma of trust.² Agents enter negotiations with the challenge of representing the interests of their constituents (goals established at the back table) but bring their own interests as well. There is often a tension between how much they can pursue their own interests versus the interests of their constituents, and the negotiator must resolve this tension. The dilemma is that the more trust constituents put in a representative, the more autonomy and freedom the representative will feel to “create value” with other negotiators; the more they are involved in creating value, the more difficult it may be to go back and persuade constituents that the “new” solution truly represents the original interests of the constituents. (Note how the type of contract an agent has with his or her constituents—outcome versus behavioral—might help resolve some of this tension.)

Jennifer Lerner and Katherine Shonk have offered some excellent advice on how to hold a negotiator accountable. While they note that strong accountability of a negotiator might increase the negotiator's competitiveness (as we have already noted), accountability pressures might be desirable when the negotiator is involved in a distributive deal and must be willing to account for the negotiated outcome to the constituency. Here is some of the advice that they offer on how to create an effective "accountability system" for a negotiator:

1. Let the negotiator know that he will be accountable to the constituency before the talks begin. Not only does this increase the negotiator's commitment to the constituency's preferences, but it also allows the negotiator to better predict the other negotiator's responses.
2. Emphasize not only when the negotiator will be accountable but also for what she will be accountable. If a negotiator is held accountable for the process, it turns out that she will actually evaluate alternative courses of action more favorably than if she is only accountable for the outcome, which can simply escalate her commitment to the outcome and lead to negotiation deadlock with the other (see Chapter 2).
3. Provide instruction to the negotiator in what information is relevant and irrelevant to the outcome. Strong accountability may lead a negotiator to attend to every detail because he doesn't know what's relevant to the actual outcome. Better advanced preparation and discussion of the issues with the constituency can help prevent irrelevant information from contaminating the negotiator's thinking.
4. Reduce the negotiator's contentiousness by "practicing" possible integrative solutions to the issues with the other negotiator. By thinking through the other's likely demands and ways to move to win-win agreements, the negotiator becomes less contentious and can improve the likelihood of a successful outcome. (Note: This finding reinforces the importance of the extensive planning process we outlined in Chapter 4.)
5. Promote teamwork. Research by Kathleen O'Connor of Cornell University shows that when a group is held accountable, contentious behavior decreases because no one individual must carry the accountability burden alone. If possible, engage a team to be accountable so that they can both monitor each other and yet not individually feel compelled to exhibit unnecessary competitive behavior.

Source: Lerner, Jennifer S., and Shonk, Katherine, "Create Accountability, Improve Negotiations," *Negotiation*, vol. 9, January 01, 2006.

The basic dilemma, then, is to determine how negotiators can satisfy both the constituency's demands for firmness (and a settlement favorable to their interests) and the other party's demand for concessions (and a settlement favorable to the other party or to his or her mutual gain). The answer is that negotiators must build relationships with *both* the constituency and the other party—and in a way that allows them some flexibility to shape deals that will be acceptable to both groups. On the one hand, the relationship with the constituency must be cultivated on the basis of complete support for their demands and willingness to advocate these demands in negotiation. On the other hand, the relationship with the other party must be developed through stressing the similarity of the parties' collective goals or fate and the desirability of establishing and maintaining a productive working relationship to reach a positive outcome. However, each of these relationships must be developed privately, outside the visibility of the other group. Privacy ensures that negotiators can conduct deliberations with the other party without

accountability pressures. Maintaining privacy may require a certain degree of duplicity by negotiators, in that they must promise loyalty and dedication to each group out of view of the others. It is possible, however, to achieve this through carefully describing to each group what the negotiator is promising. And even then, privacy may not be sufficient. Negotiators and their constituents must also be aligned in their interests. Aaldering, Greer, Van Kleef, and De Dreu (2013) have shown that when the agent and the constituents did not share the same disposition toward working together with the other agent, this misalignment was likely to lead to less productive agreements.

Typically, negotiators first meet with the constituency to define their collective interests and objectives (the back table). They then meet with opposing negotiators at the front table in private so that they can candidly state their constituents' expectations but also make necessary concessions without looking weak or foolish to the constituents. Finally, a negotiator returns to the back table to sell the agreement to them, persuading them that it was the best outcome possible under the circumstances. Successful management of a constituency therefore requires negotiators to control the visibility of their negotiating behavior. Negotiators who do not have such control are going to be on public display all the time. Every statement, argument, concession, and mistake will be in full view of the constituents, who may pick it apart, critique it, and challenge it as possibly disloyal. Such potential pressure is highly undesirable and is likely to lead negotiators to appeal to the constituents rather than to find an agreement.

Managing constituencies is a very important but quite delicate process. In the following sections, we summarize this process by offering two forms of prescriptive advice: first, to negotiators who have constituencies to manage and, second, to those constituencies who must manage an agent.

Advice to Agents on Managing Constituencies and Audiences

Clarify the Role Expectations and Performance Contract

As noted earlier, Fassina (2004) suggested that constituents can negotiate either behavior contracts and/or outcome contracts with their agents. Behavior contracts simply require the agent to perform a specific set of behaviors (e.g., for an attorney, to provide adequate representation in a legal matter), while outcome contracts reward the agent for achieving certain outcomes (e.g., having the opponent drop the lawsuit). If the constituents do not specify how the agent is being evaluated or rewarded, the agent should ask directly so that he or she knows what to do and to eliminate misunderstandings. Bottom, Holloway, Miller, Mislin, and Whitford (2006) demonstrated that crafting a strong and clear outcome contract can provide assurance to the principal that the agent will be strongly motivated to achieve negotiation goals without having to regularly monitor the agent.

Rau and Feinauer (2006) point out that in some situations, agent roles can be even more complex. For example, in considering the role that a human resource manager (agent) might play in helping a new recruit obtain a good starting salary with her company, the agent might behave as

- A *bargainer* (act as an advocate for the company and distributively bargain over salary with the new recruit).
- An *advocate* (act as a surrogate agent for the new recruit to make sure the recruit gets the best starting salary possible from the company).

- A *mediator* (act more as a go-between between the company and the new recruit to make sure that a satisfactory agreement is achieved).
- A *fact finder* (simply make sure that information is flowing clearly between the company and the new recruit, in the hopes that they can reach agreement on their own).

Clearly, these options suggest that human resource professionals acting as agents can vary their roles considerably based on their contracts with their employers *and* on their own interpretation of what is best for themselves, the new recruits, and the companies. In some cases, agents become more like third parties than advocates (see Chapter 19).

Clarify Authority to Make Agreements

In addition to clarifying role and performance expectations, agents should also clarify how much authority they have to accept the opposing negotiator's offer *without* consulting the constituents. Subramanian (2006) points out that a negotiator should understand this in advance so as to not violate his or her constituent's expectations and to not bind his or her constituent to a deal that may later be deemed unacceptable. We point out later that agents should also determine how much authority the opposing negotiator has.

Manage Constituency Visibility and Communication

Agents can control both the visibility of their behavior and the communication process with constituents, audiences, and the other party by employing tactics that appear to enhance their commitment to their bargaining position. A few of the most common tactics are described here.

Limit One's Own Concessions by Making Negotiations Visible to the Constituency

Because negotiators who negotiate in full view of their constituencies are less likely to make concessions than negotiators who deliberate in private, negotiators strengthen their position by enhancing their visibility with their constituency. Negotiators typically go public when they want to remain firm. For example, a negotiator may insist on allowing the constituency to be present for all negotiations, knowing that most concessions are made when parties deliberate in private. As a result, observable negotiations will limit the agent's search for solutions and are likely to increase the frequency of impasse. They will also likely result in shifting priorities to issue-by-issue, short-term goals rather than long-term interests (King and Zeckhauser, 1999; Kurtzberg, Moore, Valley, and Bazerman, 1999).

Use the Constituency to Show Militancy A second way that a constituency can be used tactically is to make the constituency visible and let them demonstrate that they are more extreme, radical, committed, and inflexible than the agent. Community groups that want to inspire public officials to enact change often insist that the officials come to an open meeting, in which community spokespersons confront the officials with their concerns or grievances. Those invited to speak at the meeting are often the most demanding or militant. Militants may be deliberately invited to let the other party know that

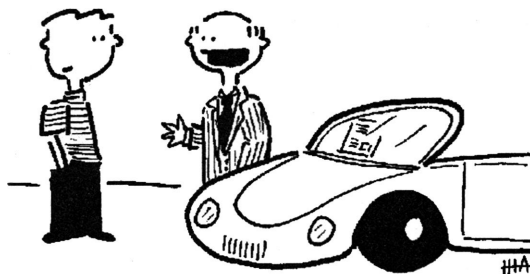
concessions will not come easily and that the only way agreement will be reached is if the other party makes major concessions. In addition to intimidating the other party, this tactic can have another benefit for the agent. A barely-under-control militant constituency may not only intimidate the other party but also allow the agent to seem like a nice, pleasant, reasonable person in contrast. It is natural to prefer to deal with nice, pleasant negotiators rather than angry, militant ones. As a result, a negotiator can look more cool, calm, and rational than the out-of-control constituency simply by contrast. If the negotiator then says, "Either you deal with me and my demands or you work with someone else from my constituency who is far more irrational than me," the negotiator is likely to gain significant ground with the other party. This is a variation of the classic good cop/bad cop negotiating tactic discussed in Chapter 2.

Use the Constituency to Limit One's Own Authority A third way that a negotiator can use a constituency tactically is to show the other party that the constituency has limited the negotiator's authority to make certain concessions. This tactic may be used either as a bluff or because of a genuine limit on authority. As a bluff, the negotiator leads the other party to believe that all concessions must be cleared with the constituency. As a genuine tactic, the negotiator's constituency has actually defined limits to what the negotiator can decide on his or her own. In banks, for example, new loan officers may be able to approve very few loans on their own signature, whereas the bank's senior loan officer has a wider latitude. While the senior loan officers could easily approve certain loans on their own authority, they may use their constituency (the bank's loan committee) both for protection (to make sure that the loan is not granted foolishly) and to pressure the borrower into meeting certain terms and conditions.

Negotiators must be careful about revealing how much authority and autonomy they really have. On the one hand, it might seem that limiting authority would give a party a distinct advantage. Every minor deviation from the originally stated position would have to be

Pepper . . . and Salt

THE WALL STREET JOURNAL



"OK, let me go pretend to talk to my manager."

approved, a process that is very tedious and time-consuming. If the other party is in a hurry, he or she may choose to make concessions to avoid the delay. On the other hand, the tactic may backfire. Not only is it very frustrating for the other party to wait while every minor change and concession is reviewed and approved, but it also frustrates the agent, who may feel embarrassed by his or her powerlessness. This mutual frustration eventually may lead to a complete breakdown in negotiations. Because negotiation is understood as the process of making concessions toward mutual agreement, encountering a negotiator who cannot make any concessions on his or her own violates expectations and creates anger. This may lead the other party to demand that the constituency send a representative who has the power to negotiate an agreement. Jackson and King (1983) argue that if constituencies really want to get an agreement, they should send their highest-status member (e.g., the CEO or president) or invest more authority in the negotiator when the group prefers to have a deal emerge.

Use Great Caution in Exceeding One's Authority Negotiators who overextend their authority or exceed the limits set by their constituency may be unable to persuade the constituency that the achieved settlement is a good one. This is often a problem in union-management relations, particularly when the union group is militant and has very high aspirations. After a long and arduous negotiation, a union negotiating team reaches a tentative settlement with management. But the union rank-and-file, who may have inflated expectations, rejects the proposed contract offer at the back table. This rejection vote is tantamount to a vote of "no confidence" in the negotiator. Sometimes negotiators in this position resign; at other times they return to negotiate with heightened belligerence to prove their toughness to their constituency, which jeopardizes the possibility of any effective agreement with the other party. In the extreme, negotiators may be willing to endure extremely high personal costs—a long strike, personal fines, jail sentences, and negative public opinion—to restore their image with the constituency.

For example, in the 1980s, the Professional Air Traffic Controllers Organization (PATCO) was negotiating against the Federal Aviation Authority (FAA). The PATCO leader, Robert Poli, spent several months negotiating a new package on behalf of his organization. When the deal was finally presented to the union for a ratification vote, 90 percent of the union members rejected the tentative contract as inadequate. So Poli returned to the FAA and attempted to gain a better package, but the FAA wouldn't budge; after two weeks of unsuccessful debate, PATCO called a strike. The strike (an illegal action by a government worker) led the FAA and the administration of President Ronald Reagan to (1) fire all the striking controllers from their jobs; (2) obtain federal injunctions and impose fines of several million dollars per day against the union and its leadership; (3) jail some union members and officials, including Poli; (4) impound the union's strike fund; and (5) ban all striking controllers from any further employment with the U.S. government, either as controllers or in any other federal job. In the early days of this confrontation, 90 percent of the union supported Poli's taking them out on strike and going to jail. Poli was put in the difficult position of either leading the union in its militant demands (and becoming a hero-martyr in going to jail for them) or affirming that the deal he struck with the FAA was a good one and shouldn't have been rejected by his union. As it turned out, the animosity from this dispute lingered for a long time: It was 12 years later when President William Clinton finally declared that fired air traffic controllers could be rehired.

Increase the Possibility of Concession to the Other Negotiator by Reducing Visibility to Constituencies

If increased audience visibility heightens the likelihood that negotiators will take tougher stands, be less flexible, and make fewer concessions, then a negotiator who wishes to be more flexible and conciliatory would want negotiations to be less visible. There are three approaches to accomplishing this objective:

1. *Establish “privacy” prior to the beginning of negotiations.* It is important to establish negotiating ground rules before the process begins. One rule that should be considered is that the negotiations at the front table will be conducted in private, that no media or public interviews will be granted, and that contact with the other party’s constituency and visibility to audiences will be strictly controlled. To keep the negotiations private, parties may select a remote location in neutral territory, where their meetings will not be too obvious or visible. When the time comes for announcements about progress or achievements, both parties can make them jointly, coordinating their communications. Needless to say, if the other party wishes the negotiations to be held in a public environment—where communication with constituencies is easy and audiences have a direct view—setting the terms and conditions for the visibility of the negotiation should be the first item on the negotiation agenda. Given the many ways in which people can communicate—smartphones, text-messaging, Facebook, email, etc.—finding and maintaining true privacy in a negotiation can be a challenge, but it can be done.
2. *Screen visibility during negotiations.* If negotiators have not agreed beforehand to a location that is private and secure, there are other options for screening out unwanted observers from sensitive discussions. One of the simplest ways is to have some discussions with the other agent occur informally, on a strictly unofficial basis. These discussions can occur during coffee breaks, on walks around the building, or even in the exercise room or bar of a hotel. Key representatives may agree to meet for breakfast before the day’s formal deliberations begin or for cocktails afterward. During such meetings, parties can speak more candidly off the record, or they can hint about their bottom-line position or signal their willingness to make certain concessions: “We’ve been sitting in that room for a long time, and you know, if your side is willing to name a proposal something like the following [insert the specific details here], my people would probably be willing to go along with it.” Druckman and Druckman (1996) have shown that negotiators with opposing positions are more flexible when media coverage is limited and when talks are held in a “peripheral location” where proceedings can be less formal and less visible to audiences and constituents.

Heads of state who negotiate major peace treaties, arms-limitation talks, and trade agreements are frequently photographed at dinners, receptions, or “walks in the garden.” Although a large portion of such functions is public and ceremonial, private time is frequently part of them as well.³ Every formal gathering between heads of state and heads of organizations is also an opportunity for informal contact.

In some cases, the meeting may be planned but very secretive. In one industry, for example, labor negotiations occurred every two years. Before starting formal talks, the union president and the company president met for dinner in a distant city half a continent away and broadly discussed the key issues that would be raised in the

negotiations. Although the union president could lose his job if the rank-and-file were to become aware of this meeting, both presidents considered the meeting invaluable to keeping an informal communication channel open between them and permitting them to maintain a personal connection in the midst of the confrontational negotiations that would occur for the next few months.

Other kinds of information can also be privately exchanged in these informal venues. Negotiators can grumble and complain, brag about their constituency and its support, or even let the other party overhear their conversations with their own constituents. All these tactics give the other side information about what is really possible without saying it directly during the formal negotiation.

3. *Be aware of time pressure.* Time pressure in negotiation may also increase competitive behavior, particularly when the negotiator is accountable to a constituency. Research indicates that when negotiators are not representing the views of constituents, time pressure tends to make negotiators act less competitively (Mosterd and Rutte, 2000). However, when negotiators are acting as agents of others, time pressure results in more competitive dynamics and a higher rate of impasse.

Establish a Reputation for Cooperation Finally, agents can establish a strong reputation for being cooperative, both with those they represent and with the other agent. For example, Gilson and Mnookin (1994) argue that lawyers can both effectively represent their clients and establish sound relationships with other attorneys, without compromising either objective:

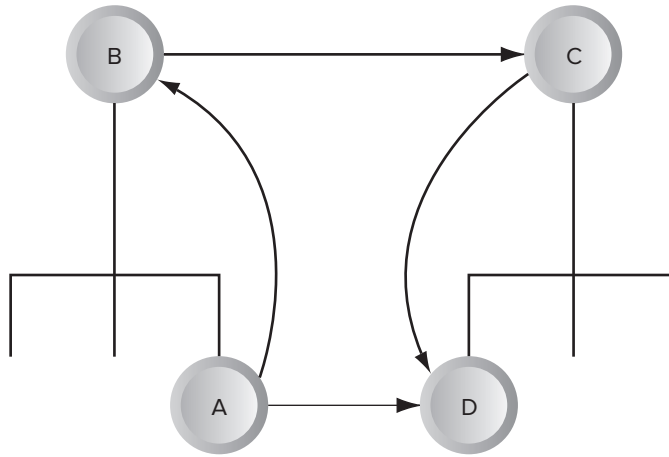
Our message is that the relationship between opposing lawyers and their capacity to establish credible reputations for cooperation have profound implications for dispute resolution: If the payoff structure establishes cooperation as the most desirable strategy and supportive institutional structures exist, lawyers may be able to damp conflict, reduce transaction costs and facilitate dispute resolution. (p. 564)

However, concern for reputations can create a problem for agents. Agents who feel that their reputations are at stake in a negotiation may be more likely to take risks toward toughness, display more contentious behavior, set higher walkaway prices, and have higher impasse rates than agents who do not feel that their reputations are at stake (King and Zeckhauser, 1999; Kurtzberg et al., 1999).

Communicate Indirectly with Audiences and Constituents

Negotiators can often create the observability/accountability dynamics described earlier by communicating indirectly. Indirect communications are efforts by the negotiator to bring the opinions of audiences and constituents to bear on the other party. Informal communication takes place in several ways.

Communicate through Superiors The technique of communicating through superiors is frequently used when negotiators are representatives of two hierarchically structured organizations (e.g., a company and a union or two companies engaged in a business deal) and when one or both negotiators are dissatisfied with the progress of negotiations or the behavior of the other party. To manage their frustration and dissatisfaction, they may go to their

FIGURE 11.7 | Indirect Communication between Negotiators through Their Bosses

own superiors and ask them to contact their counterpart in the opposing organization. The situation is represented in Figure 11.7. A salesperson, A (acting as an agent for her company), is frustrated in her negotiations with a buyer over a major sales contract. The buyer, D, wants a major price concession because of the volume of product being purchased. The salesperson isn't authorized to reduce the price, so she finally talks to her boss, B, the vice president of sales, who then approaches the buyer's senior purchasing manager, C. The senior purchasing manager spends several hours describing the details of competitive bids that the company has received from other sellers (their BATNAs) and explains why the seller must reduce her price or lose the business. B is convinced that the price decrease is necessary and finally authorizes the salesperson to sell the product at a considerably discounted price without losing her incentive bonus for completing the sale.

Such indirect processes work under several conditions. First, the tactic's effectiveness depends on a social structure in which the negotiator represents an organization or a group that has some formal hierarchy of power—and the other party also works in a similar structure (refer back to our discussion of legitimate power in Chapter 8 and authority-ranking relationships in Chapter 10). Negotiations between agents representing most formal private- and public-sector organizations fit this description. Second, the chief negotiator should *not* be the person with the most authority, such as the president, chairperson, or vice president of sales. The reason chief executives should not negotiate is not because they are too busy doing other things. Rather, conducting negotiations through an agent who is not the senior person allows the organization to limit its concessions by limiting the negotiator's power and authority to make decisions. Senior executives should become involved only when negotiations are extremely delicate, critical, or symbolically significant to the well-being of the organization and its relationships with other organizations, as well as absolutely necessary to close the deal. (In our example, if the vice president of sales thought that the buyer was bluffing when demanding a price decrease, he could simply tell the salesperson to hold firm—but he might run the risk of losing the business to a competitor.) Usually, much of the



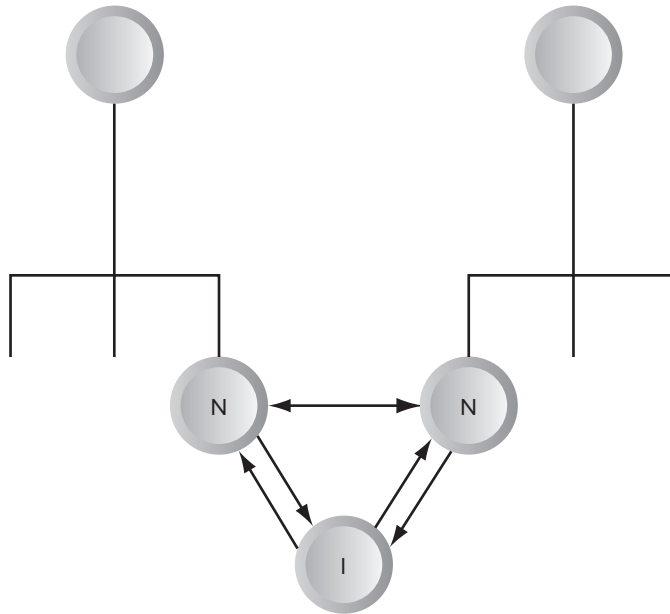
"I'm here to see you, Kleinfelter - I'm through negotiating with your puppets."

Source: ©Patrick Hardin/Cartoonstock

preliminary groundwork has been laid by subordinates and chief negotiators. In international relations, for example, contacts between nations occur on several diplomatic levels: diplomatic aides, chief diplomats, secretary positions, etc. The heads of state become directly involved in only the most delicate, symbolic, or politically important negotiations.

The effectiveness of executing this tactic depends on indirect communication originating from someone the other party either trusts or is less well-defended against. When the indirect communication comes from superiors, it may be even more effective because the communicator has high status, reputation, and visibility. Thus, in the previous illustration, the senior purchasing manager has to make a compelling case for the required price decrease; if the case is not made well, or if the sales vice president thinks it is a bluff, the tactic will not work. In this context, if the senior purchasing manager (who is indeed an agent) can be seen not as a "bargainer" but more as a "fact-finder" (presenting neutral information about the buyer's choice alternatives and what will influence them), the vice president of sales may be more likely to accept and believe the financial information than if the same information were presented by the buyer during the negotiation.

Communicate through Intermediaries Negotiators communicate through intermediaries when they need to make informal contact with the other party, an opposing negotiator, or a constituency (see Figure 11.8). Here the approach is made through an external contact who can serve as an intermediary or communication conduit. Those selected are usually

FIGURE 11.8 | Indirect Communication through an Intermediary

chosen for a valid reason—past experience in working together, a personal friendship or relationship, or a personal reputation for credibility, trustworthiness, impartiality, and integrity. The tactic is most often used under two circumstances: when a negotiator wants to feel out the opposing group to attempt to gain information about what the other party really wants or when deliberations are deadlocked and need to be unfrozen. In our Super Bowl halftime show negotiation, suppose that the booking agent for Glitzy Productions, Maurice, is frustrated in his discussions with Athena’s agent. Maurice thinks Athena would agree to the deal if only he could talk to Athena directly, but Athena’s agent won’t permit that. So Maurice goes to Athena’s current boyfriend, Justin, and asks Justin to take a new offer directly to Athena. Here, Justin becomes an important *intermediary* (I) in brokering the deal.

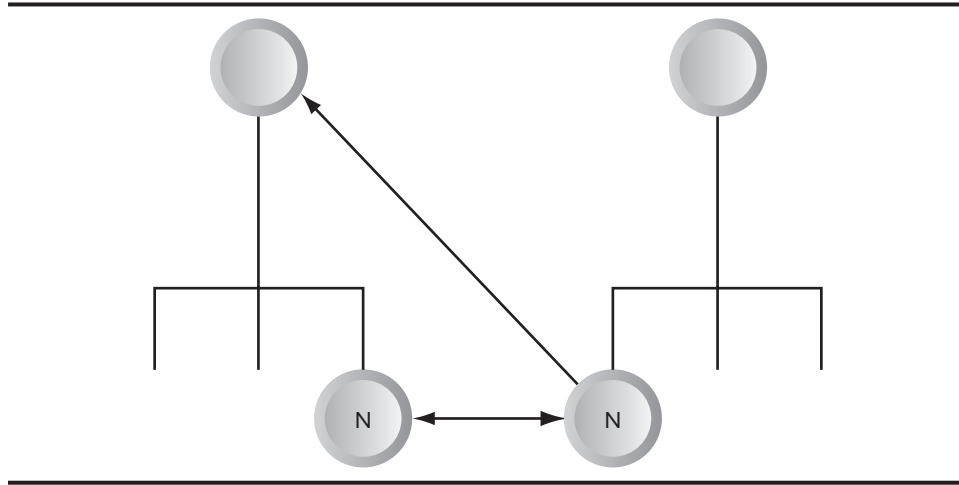
Pruitt (1994, 1995; also see Salacuse, 1999) has proposed a branching-chain model of interorganizational negotiation. This model employs the concept of influence networks (see our discussion of the power in networks in Chapter 8) and suggests that negotiations between organizations take place between organizational members and interested intermediaries across and within organizational boundaries. At the ends of the chains are major stakeholders, while all other members of the chain are intermediaries (diplomats, former and current leaders, friends and allies of each key party), who try to reconcile the needs and values of the different stakeholders. Examining several cases drawn from U.S. State Department negotiations, Pruitt (1994) offers a number of interesting ideas about the ways in which chains can be mobilized to achieve negotiation goals that cannot be achieved by the stakeholders themselves.

Political scientists have dubbed this process “back-channel diplomacy.” Wanis-St. John (2002, 2010) conducted an elaborate study of back-channel diplomacy in the Israeli–Palestinian peace negotiations from 1991 to 1998. He particularly studied the treatment of the negotiable issues, the role of secrecy, the exclusion of key parties that results because of secrecy, the role of third parties, and other dynamics. The major conclusion is that decision makers use back-channel diplomacy to control many of the uncertainties that affect negotiations but that are particularly salient for negotiations in violent international conflicts. These uncertainties include the cost of entry into the negotiations, the effect of spoilers in the peace process, the absence of key information about other parties’ interests and preferences that may be needed to decide how to negotiate, and the impact of the negotiation outcome on the decision makers. In the short term, back-channel diplomacy helps manage these uncertainties by achieving early breakthroughs where front channels often fail. However, because back-channel diplomacy is secretive and may exclude certain parties, the factors that make it successful in the short term may turn sour in the long term as “spoilers” work to corrupt the agreement, and those who were not involved in the early deliberations may ultimately reject or sabotage those agreements later on. Thus, for example, back-channel negotiations were essential in developing the Israeli–Palestinian peace process in 1994–1996, but critics on both sides have undermined the agreement because they believed their negotiators conceded too much (Shonk, 2015).

Similar to the tactic of communicating through superiors, the effectiveness of informal contact depends on engaging the right individuals: those who are not subject to the same accountability pressure that binds formal group representatives so they can use informal communication channels that may eventually clear blockages in the formal links.

Communicate Directly to the Other Party’s Constituency

In a third form of indirect communication (see Figure 11.9), one agent seeks to bypass the other agent and communicate directly with that agent’s constituency to persuade those involved to change their position or the instructions they are giving their representative. The agent himself may initiate this tactic, usually when he believes that negotiations are deadlocked, that the other negotiator is not communicating effectively with her constituency, or that the other agent is not representing her constituency’s interests clearly. Thus, the agent attempts to eliminate the other agent and communicate directly with the other’s supporters. In labor–management negotiations, for example, management representatives frequently prefer to speak or write directly to the rank-and-file rather than go through the union leadership. The intent may be to ensure that management’s position is clearly heard and understood, but this may also subtly undermine the credibility and effectiveness of the union leadership. In international relations, one country’s political message may be broadcast on the other country’s news media, or “propaganda” messages may be included with gifts of food, medical supplies, and the like. The tactic, of course, may also be initiated by the other negotiator. In this case, the opponent usually extends the invitation because she believes her credibility or integrity is being questioned and wants the agent to hear the message directly from her constituency. In our rock concert example, instead of going to Justin, Maurice shows up at one of the band’s rehearsals and tries to talk directly to Athena and her musicians about the offer.

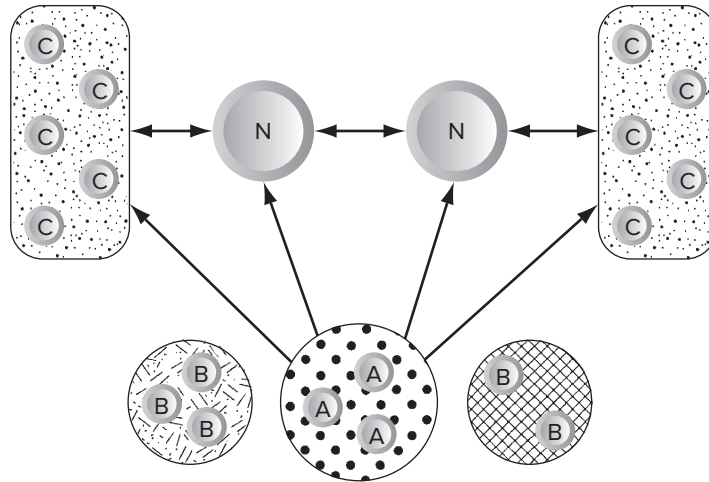
FIGURE 11.9 | Indirect Communication through a Constituency

Bypassing the other agent may be a necessary tactic when you are not sure that the other agent is well informed about the issues or when you don't believe that the other has the authority to make commitments and solidify an agreement. (When an opposing constituency wants to stall negotiations but make an appearance of "going through the motions," they will actually appoint a figurehead agent who may lack critical information and/or decision authority.) However, it should be clear that direct communication with the other party's constituency—particularly without the approval of the other agent—will likely be viewed as an inflammatory tactic. Negotiators who are undermined by their opponents in this way are likely to become defensive and rigid. The immediate impact on the negotiator's constituency, however, is less clear. They may perceive this tactic as one intended to undermine their leadership's effectiveness and respond by rallying around their leadership more strongly. At other times, particularly when a constituency may already have doubts about the effectiveness of their own agent, direct, open, accurate communication from the other negotiator may undermine their confidence in their agent even further.

Communicate Directly to Bystanders

An agent may also try to manipulate the opinion of bystanders and to mobilize their support, either to enhance their own position or to undermine the other party's position (see Figure 11.10).

Communication through bystanders may occur (1) as an explicit and conscious tactic to exert influence on the other party, but through circuitous channels; (2) as an effort to build alliances and support for one's own position; or (3) as a result of the natural tendency for conflict to proliferate and envelop innocent bystanders. In all cases, agents are public about their demands. They will tell anyone who will listen how fair, legitimate, just, and appropriate their position is and how unfair, unjust, illegitimate, and inappropriate the other party's position is. The agent's hope is that unaligned parties will openly side with

FIGURE 11.10 | Negotiating through Constituents, Audiences, and Bystanders

them, lend strength and credence to their arguments and their dissatisfaction and displeasure to the other party (thus undermining the strength and credibility of the other party's arguments). In our rock concert example, Maurice might go directly to the entertainment news media, announce that the rumored plan to have Athena and the Greek Gods perform at the Super Bowl halftime show is in serious jeopardy, and indicate that Athena's fans should text-message Athena and encourage her to accept Glitzy Productions' "very reasonable" offer. (Also see Box 11.6 on involving constituencies.)

Communication through audiences—particularly the media—is extremely common in major community, environmental, and intergovernmental negotiations. Most of these conflicts are well known for first having a public phase in which the negotiators address their arguments to audiences rather than to one another. In this phase, the media—online media, television, and newspaper—play an integral role by serving as both an audience themselves and a communication vehicle to reach other audiences. Media relations and image management often become ends in themselves; strong negotiators can consciously stage their performance before radio microphones or television cameras in order to win public opinion to their side, which will then put pressure on the other party to concede.

Communication through the media can also be used to reach one's own constituency. The quickest and most efficient way of letting one's own constituency know the exact elements of one's negotiating posture and commitment to this posture is to represent that position in the media—although, admittedly, many agents have learned that the media may not get the facts right, either. This approach is likely to be used when an agent wants to communicate firmness and toughness in a position—and not as likely to be used when the agent wants to communicate concession making or flexibility. Many environmental disputes play out this way: After failing to adequately influence a government agency or company about an issue, the aggrieved group "takes their case to the public" through various media coverage.

The Importance of Involving Constituencies in Solving Community Problems

BOX

11.6

When a Canadian regional government commission proposed to solve its budget problem by selling parklands known as the national capital area's "Emerald Necklace" (Greenbelt), residents in affected neighborhoods feared their open space would fall into the hands of developers. They launched an all-out campaign to block this sale of the "family jewels."

Closed-door negotiations among government officials soon produced a solution that seemed to avoid the residents' worst fears while accomplishing the commission's goals of slashing costs. However, by excluding the public in crafting a solution, these

behind-the-scenes arrangements may have so aroused public cynicism about this process that the regional commission would find it even more difficult to rally political support for future planning challenges.

This future failure, disguised as today's success, offers a clear lesson to public-dispute facilitators about the value of involving the public in the design of a consensus-building process.

Source: From a description of a parkland dispute in Canada Ottawa, Jackman, Richard, "Back Room Politics Solve Today's Problem—but Create Tomorrow's?" *Consensus Magazine*, April 1996, pp. 1-2.

Communication may also be designed to activate and win over interested audiences who will communicate directly with the other party. An example can be found in the major speeches given by heads of state in most democratic countries. Once the head of state delivers the speech, various political leaders and all forms of special interest groups who will be affected by the key issues begin to put their spin on the speech and cast it in negative or positive terms. The national political campaigns in the United States have brought this process center stage, fueled nonstop by Internet bloggers, call-in radio shows, all-news cable channels, and the like. The effectiveness of communicating through audiences is determined by several factors. First, the success of the tactic depends on the degree to which an audience's outcome hinges directly on the negotiator's effectiveness and how severe the consequences are likely to be. This degree and severity of effect can vary from outcomes that directly affect the audience in a dramatic way to those that only minimally and indirectly affect the audience. If I live in Canada, a strike by farm workers in the United States may not affect me very strongly, particularly if I can purchase fruits and vegetables grown locally or if I eat very few fruits and vegetables. On the other hand, if I have school-age children, a strike by school bus drivers in my local area is likely to affect me and my family very directly.

The second factor in the effectiveness of communicating through audiences is the degree to which the audience is organized as a coherent unit. An audience may be directly and seriously affected by the results of a particular negotiation but unable to exert leverage on the negotiations because they have no means for determining their collective sentiments or making decisions among themselves. Even a very large group of people is unlikely to have significant impact on the negotiations if their reaction cannot be brought to bear on the negotiators themselves. The many families who may be grossly inconvenienced by a strike of school bus drivers cannot easily organize to provide alternate transportation for all, nor can they bring much pressure on the strikers. Interestingly enough, the media are increasingly providing opportunities for such "disorganized majorities" to have a voice. The last two decades have seen a dramatic rise in radio and television talk shows, commentary and blogs, featuring hosts and authors who stir controversy over politically charged topics and provide both airtime and bait to their listening audiences. Call-in talk shows have been credited with being one of the only vehicles by which average citizens can have

a say in governmental and public affairs, and in many cases they have stirred significant public support for opposition to key political issues. Web-based chat rooms, Twitter, blogs, and media polls have also become popular vehicles for airing public opinion.

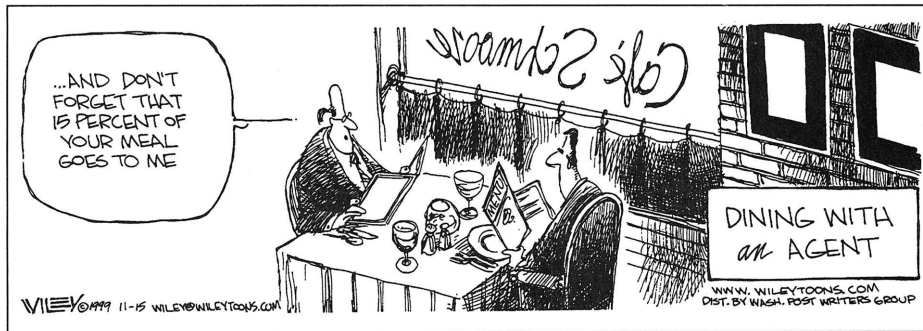
Having stated that audiences cannot have impact without some form of communication leverage, we must note that the reverse is also true: Well-organized audiences can have significant effects on the outcome of negotiations even if their total size is small. The effectiveness of particular political lobbies and special interest groups in state and federal government of all political persuasions and special interest orientations is testimony to the strength of organization. For example, numerous public opinion polls support government action on issues such as tax reform, gun control, abortion, and environmental protection legislation. But lobbyists who may oppose these changes succeed not because of size but because of their ability to strategically block such changes with key legislators, lawsuits, and procedural and technical delays (see Chapter 8).

Finally, appeals to audiences will be effective to the degree that the negotiator is sophisticated in the use of media relations. To someone who is naïve in using the media as an effective but indirect negotiating tool, media relations may involve no more than tweeting, appearing before a camera or microphone and reading a prepared statement. However, as we implied in Chapter 9, the content of one's message, particularly on television, often is considerably less important than the visual presentation and the performance. Portraying an image of confidence, control, and steadfast determination is essential. The negotiator needs to be well dressed, well spoken, and in control of the situation. Further, he or she needs to be able to respond to hostile or loaded questions effectively. Finally, an agent may wish to be surrounded by his or her constituency—the rank-and-file, supporters, close advisers—who will openly demonstrate their solidarity and support. Effective politicians in all industries and contexts have learned how to use the media to get their message across and win the hearts and minds of key audiences.

Build Relationships with Audiences, Constituents, and Other Agents

At the beginning of this chapter, we suggested that negotiators who are intent on building or strengthening a relationship with the other party should negotiate differently than if the negotiation is a simple, one-time market transaction. The same principles are true for how negotiators should manage relations with constituents, audiences, and opposing agents. Rather than undermining the other party's support, negotiators should try to develop personal relationships with the other party. The underlying assumption should be that it is easier (and definitely more pleasant) to work with and persuade a friendly counterpart than an unfriendly one. Individuals who see themselves as similar to each other, who are attracted to each other, or who are likely to experience a common fate are more likely to change their attitudes toward each other (refer back to our discussion of source and receiver factors of influence in Chapter 9). In addition, building a personal relationship will permit the agent to get his or her message across to a less defensive, less antagonistic adversary. Thus, the better the relationship between an agent and other agents, the more the final agreement will represent long-term interests rather than short-term gains (Kurtzberg et al., 1999; McKersie, 1999). In essence, the agent is attempting to convert the relationship context from more market transaction to more communal (see Chapter 10).

Many of the tactics we described earlier in this chapter can be applied in this setting. Some negotiators meet informally outside the context of negotiations. Shared cocktails, a meal, or even a coffee break is an obvious opportunity for promoting friendliness, easy conversation, and cordiality. When parties drop their formal negotiator roles and meet as individual people, they can discover their commonality and develop their liking for each other. The agenda for both sides is



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usually not to conduct formal deliberations but to communicate openly, build trust that will alleviate the tension and conflict inherent in formal deliberations, and keep negotiations from ending in deadlock or an angry walkout. But even in these conversations, parties are still negotiating.

In addition to developing a relationship based on shared personal interests or genuine liking, agents may also stress their common fate—namely, the accountability pressures put on them by their constituencies. If both agents feel strongly pressured by their constituencies, they are likely to stress their common fate as a way to build the relationship. Thus, “You and I are in this together,” “We both have our constituencies to deal with,” “We want to achieve the best for all of us,” and “We want to develop an agreement based on mutual respect that we can live with successfully in the future” are all statements that typify the opening stages of negotiation (see our discussion of stages in Chapter 4). Many experienced negotiators refer to these expressions of common fate as the “harmony-and-light speech.” They may believe that the other party is using such expressions merely as a tactical ploy to soften them up before presenting tough demands. Although that allegation may be true, all of the flattering, optimistic, “happy talk” that opens many formal negotiations does play a critical role. Even if the speech is ritualistic, it communicates that the other party is interested in building a personal relationship. Moreover, the absence of the speech may indicate that the parties are so adamant in their positions or so angry at each other that they cannot bring themselves to make the speech. This may be a clear sign that the negotiations will be tense and are likely to become deadlocked.

A further purpose of informal meetings is to permit each party to get a sense of the other’s objectives. In many negotiations, chief negotiators meet before the formal deliberations, much like the corporate and labor leaders we described earlier. The purpose of this meeting is usually twofold: to sense what the other side’s major demands will be and to develop a relationship and an open channel of communication that can be used regardless of how tense the negotiations become. Such meetings are usually held privately because publicizing the event might lead other managers or union members to view the meeting as collusion. However, some negotiators may choose to publicize the event to demonstrate a spirit of cooperation.

Finally, a strong relationship between agents should allow the negotiators to do a better job of coordinating their actions in presenting their settlements back to their constituents. The better the relationship, the better able the agents will be to present their agreement back to constituents in a way that makes it appear to meet both sides’ interests, even if this is not truly the case (Kurtzberg et al., 1999; McKersie, 1999).

When to Use an Agent

This chapter has contained a great deal of advice to negotiators on the ways that negotiations change when more people become involved and when agents, constituents, audiences, and bystanders begin to play their roles. In Table 11.1, we summarize the conditions under which a negotiator might wish to employ an agent and when a negotiator may choose to go it alone.

Managing Agents

While most of our prescriptive advice has been to the negotiator in managing one's audience and constituents, we should also spend some time describing how a constituency can effectively manage their agent. Much of this advice can be extracted from our earlier discussion of the impact of audiences on agents—the impact of competing interests, pressures for



" I do all of my negotiating through the media. "

TABLE 11.1 | When to Use an Agent and When to Negotiate for Yourself**When to Use an Agent**

1. When the agent has distinct or unique knowledge or skills in the issues or the negotiation context (e.g., legal or accounting issues) that are essential to achieving an agreement.
2. When the agent has better negotiation skills than you do (this judgment requires clear self-reflection on your part to recognize your relative competence).
3. When you strongly care only about the outcome, and not the relationship. Experts agree that we either give in more quickly or hold out unreasonably when negotiating for ourselves.
4. When the agent has special friends, relationships, or connections that he or she can use to contact the right people to access critical decision makers to get a deal done. (This access or connections are the type of relationship power that we discussed in Chapter 8.) These special friends and relationships may be used to gain information the negotiator would not necessarily obtain on his or her own, or they may be used to access and persuade others who cannot be accessed through direct contact.
5. When you are very emotionally involved in an issue or a problem and need to be represented by someone who is less likely to get emotionally sidetracked by the discussion.
6. When you want the flexibility to use negotiation tactics that require several parties, such as the good cop/bad cop or limited-authority tactics described in Chapter 2. These tactics are more common in the context of a distributive negotiation.
7. When your natural conflict management style is to compromise, accommodate, or avoid. Even if agents have the same conflict management style as you, because of agency dynamics, they will be tougher as your agent than if they were negotiating for themselves.
8. When you are in negotiations with high stakes to be gained if you do well and/or high costs to suffer if you do poorly.

When to Negotiate for Yourself

1. When you want to develop or reestablish a strong personal relationship with the other negotiator and/or you want him or her to develop a strong personal relationship with you. Trust is best built and cultivated one-to-one, without the agents. It is not uncommon for parties in a lawsuit to dismiss the attorneys and attempt to cut a deal on their own.
2. When you need to repair a damaged relationship. Explanations and apologies for past behavior, and promises for future performance, are better delivered personally than through an agent (see Chapter 10 on repairing damaged trust).
3. When you want to learn a lot about the other party before you craft an agreement by using informal meetings, dialogue and conversation, etc.
4. When your negotiation skills are better than those of any available agent. Again, modesty and unbiased self-perception are required to make this judgment.
5. When you believe that your agent is more likely to represent his or her own interests rather than yours.
6. When hiring an agent may be too costly or time-consuming. Schotter, Zeng, and Snyder (2000) argue quite convincingly that there is a substantial increase in inefficiency when bargaining through an agent.
7. When the “image” of being represented by an agent may make the other side suspicious, defensive, or less likely to agree. Most of us would probably not use an agent to negotiate a pay increase with our boss.
8. When the agent is too emotionally involved, defensive, adamant, and caught up in game playing of his or her own and is endangering the agreement because of his or her own emotional investment and commitment. For example, attorneys may become so caught up in legal technicalities and the like that they are unable to have a productive conversation on the specific aspects of the deal.

accountability and face saving, deadlines, and so on. We also draw on Fisher and Davis (1999) and their advice to constituencies on managing agents, particularly those attempting to achieve an integrative outcome:

1. Check out the agent's credentials and qualifications. Interview the agent, find out his or her experience, check references, and decide whether you and the agent are compatible.
2. Spend time getting to know the agent. Make sure that your "contract" with the agent and your stated expectations are clear.
3. At the outset, until you are familiar with the agent's negotiation skill and understanding of the key issues, the agent should have no authority to make a binding commitment on any substantive issues.
4. At the outset, the agent should have the discretion, with your ongoing consultation, to design and develop an effective overall negotiation process.
5. You should focus most of your communication to the agent on interests, priorities, and alternatives, rather than specific settlement points, unless there are some absolutely hard-and-fast nonnegotiables.
6. You should establish clear expectations about the frequency and quality of reporting back to you.
7. You should instruct the agent on exactly what the agent can disclose in negotiation—interests, ranges of acceptable settlement, key facts, the principal's identity (sometimes kept secret in business or real estate deals), and so on.
8. The agent's authority should expand as you and the agent gain insight into and comfort with each other through the negotiation process.
9. Specific and direct instructions to the agent should be put in writing and be available to show to the other side when necessary.
10. You should craft a behavior or outcome contract that both of you are clear about and should be ready to clarify if it appears that there has been miscommunication or misunderstanding.

Chapter Summary

Sometimes negotiation is a private affair between two parties. At other times, however, there are audiences to a negotiation, and the presence of an audience has both a subtle and a direct impact on negotiations.

Three types of audiences may be encountered. First, when teams of people (rather than individuals) negotiate, the chief negotiators provide much of the actual dialogue. Although these two usually speak directly to one another, they also use their own and opposing team members as an audience. We address these dynamics extensively in the next chapter.

A second type of audience is the constituency the negotiator represents. A husband or wife negotiating for a new house represents a family, division heads on a companywide budget committee negotiate what portion of capital resources their departments will have for the coming year, sales or purchasing people negotiate for their companies, and diplomats negotiate for their countries. The audiences in each case have a stake in the outcome of the negotiation and benefit or suffer according to the skills of their representatives.

The third type of audience is bystanders. Bystanders see or hear about the negotiations and form favorable or unfavorable opinions of the settlement and the parties involved. Bystanders may or may not be indirectly affected by the course and outcome of the negotiations.

Audiences influence negotiators through two different routes. One is that negotiators desire positive evaluations from those who are in a position to observe what they have done. The other is that audiences hold negotiators responsible for the outcomes of negotiations. They can reward negotiators by publicly praising them and punish negotiators by firing them. They can intrude and change the course of negotiations—as when the public requires mandatory arbitration or fact finding in some disputes. They make their preferences known—for example, by talking to the press—thereby putting pressure on one or both negotiators through the impact of public opinion and support.

Audiences can have both favorable and unfavorable effects on negotiations. Sometimes negotiators try to use an audience to their advantage, as when they try to pressure the other party into taking a more flexible or desirable position; they may also try to prevent an audience from having influence when they think it might be undesirable for their position. Although there are many different ways of influencing an audience, all involve controlling the visibility or communication with that

audience. There are four basic strategies to influence audience effects:

1. Limit concessions by making actions visible to one's constituency, thereby putting oneself in a position that the other party will recognize as difficult to change.
2. Increase the possibility of concessions on the part of both sides by cutting off the visibility of negotiations from the audiences.
3. Communicate indirectly with the other negotiator by communicating with his or her audiences.
4. Facilitate building a relationship with the other negotiator by reducing visibility and communication with both parties' audiences.

Finally, we offered suggestions for constituents that they can use to manage their agents in negotiation. These include processes for managing agent authority, helping the agent understand the constituent's primary interests and alternatives, giving the agent discretion to manage the process, and establishing the process for frequent reporting between agents and constituents.

When negotiations move from a private to a public context, they become more complex and more formal. In setting strategy, a negotiator needs to consider whether negotiations should be held privately or involve audiences in various ways. To ignore this social context is to ignore a potent factor in determining negotiation outcomes.

Endnotes

¹ See Benton (1972); Breaugh and Klimoski (1977); Haccoun and Klimoski (1975); and Klimoski (1972).

² In Chapter 1, we noted a dilemma of trust that most negotiators face: how much to trust and believe what the other says (Kelley, 1966). To trust and believe everything the other says puts the negotiator under the other's control, but to trust and believe nothing the other says precludes any agreement. A comparable dilemma of trust exists between agents and constituents.

³ Blessing's 1988 play *A Walk in the Woods* is an interesting re-creation of the way President Jimmy Carter shaped the Camp David accords between Israel and Egypt through a number of informal discussions with Prime Minister Menachem Begin and President Anwar Sadat.



Coalitions

Objectives

1. Understand what coalitions are and why they are important in negotiation.
 2. Explore how coalitions form and develop and what makes them strong or weak.
 3. Consider how coalitions and their members make decisions about negotiation issues.
 4. Gain practical advice on how to build and maintain coalitions.
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CHAPTER OUTLINE

A Situation with More Than Two Parties

What Is a Coalition?

Types of Coalitions

How and Why Coalitions Form and Develop

When Do Coalitions Form?

How Do Coalitions Develop?

Standards for Coalition Decision Making

Power and Leverage in Coalitions

How to Build Coalitions: Some Practical Advice

Chapter Summary

In Chapters 10 and 11, we focused on the social context of negotiation and developed two major themes: (1) that negotiation dynamics become more complex when there is an ongoing relationship between the parties and (2) that negotiation dynamics become more complex when negotiators represent other parties. We considered negotiators as agents representing the interests of others at the table, as well as the dynamics between agents and their constituents. In this chapter and Chapter 13, we extend the analysis to three situations that involve multiple parties. Our focus now is on situations in which multiple (more than two) parties are negotiating with one another, with each party striving to achieve its own individual objectives. In this chapter, we examine how parties ally into *coalitions* to achieve these objectives. In Chapter 13, we look at negotiation involving multiple parties and negotiations in which multiple individuals constitute each party.

In this chapter, we present an overview of what a coalition is and describe the different forms that coalitions take. We then analyze how and why coalitions form and develop, the nature of coalition decision making, and the role of power and leverage in coalitions. The

chapter concludes with some practical advice for building and maintaining coalitions. Done well, coalitions are not just convenient vehicles for the pursuit of self-interest through short-term alliances with expedient partners but can be ways to achieve beneficial and lasting outcomes for all parties at the negotiating table and for the larger social systems (e.g., organizations, communities) within which coalition politics arise. Our hope is that this chapter helps you become more proficient in the art and science of building and maintaining constructive coalitions and become better “consumers” of the coalition politics that swirl around you in multiparty negotiation and dispute resolution.

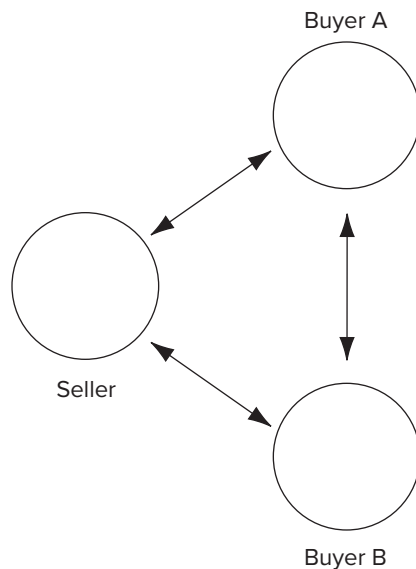
Let’s begin with an example illustrating some of the complexities that arise when multiple parties are involved.

A Situation with More Than Two Parties

A negotiation situation becomes more complex when more negotiators are added (see Figure 12.1). For example, let’s consider a student who wants to sell a used LED Smart TV. He posts a notice on an online campus ad board, providing details about the TV for sale and a suggested price. Two interested students call. Let’s now assume three variations on this situation:

- In the first case, the two potential buyers are roommates. One roommate has agreed that she will do the talking and try to negotiate the best deal with the seller, while the other one stays silent but comes along for moral support.
- In the second case, the two buyers do not know each other. The seller can sell to the first one who calls, sell to the first one who shows up at his apartment, or ask the two

FIGURE 12.1 | A Seller and Two Buyers



to come at the same time and try to play the two off against each other. In this case, each buyer's offer on the TV becomes the seller's alternative for the other's offer (assuming both offers are acceptable), and the seller can, in effect, auction the TV off to the highest bidder.

- In the third case, the two buyers show up at the door together, exchange greetings, and discover that they live in the same campus residence. They also discover that they were both asked to come at the same time by the seller and figure out that the seller is probably trying to get them to bid against each other. So they agree to make a lowball offer on the TV and not increase their bids by more than a few dollars. They hope that if they try to hold the price down but offer to pay cash on the spot, they can get the seller to sell the TV now.

These are three different variations on a three-party negotiation. The first case resembles the typical agency relationship situation we described in Chapter 11. One buyer is representing the other, and we have two negotiations occurring: one between the buyer and the seller and one between the buyer and her roommate. In the second case, the seller is conducting a sequenced series of one-on-one transactions; he gets one to bid, then goes to the other with the bid and asks her to raise it; thus, he is using each potential buyer as his alternative while he tries to get them to compete in an auction. The seller's success in this case relies heavily on the buyers' unwillingness or inability to communicate with each other. In the third case, the seller is about to be unwittingly compromised by the buyers. Having discovered the seller's intent to get them to compete, the buyers are motivated and able to collude as a way to hold the price down and to punish the seller for trying to structure the deal as an auction. If the buyers are successful, they may be able to purchase the TV at a bargain price (although they still may face a negotiation between themselves over who actually gets the TV or the terms of its use). In this chapter, we are focusing on this third situation—what happens when the parties form coalitions or alliances in order to strengthen their bargaining position through collective action.

What Is a Coalition?

A *coalition*, simply defined, is a collection of two or more parties within a larger social setting who work together to pursue mutually desirable goals (Guo and Lim, 2007; Murnighan, 1986). So, for example, in a four-party negotiation, two parties might come together as a coalition to try to influence the outcome in a way that makes the two of them happy, even if that means the other parties' interests are given less emphasis.

There has been extensive research on coalitions. Much of this work has been done in laboratory settings with experimental bargaining games or simulations of voting behavior, but some has consisted of applied studies that analyze coalition formation in real-world settings. One particularly appealing context for studying coalitions is complex organizations, where decisions are often made by coalitions of people. Venerable theories of organizational governance and management¹ refer to the group of people who direct and manage the organization as the "dominant coalition." This usually includes those with the

highest rank, such as a president or executive officer, but may also include consultants, senior advisers, attorneys, or others who may not have major titles but have significant influence over the organization's goals and direction.

Pearce, Stevenson, and Porter (1986) suggest that coalitions have these attributes:

- *Coalitions are interacting groups of individuals.* People who may want the same thing but do not specifically interact (the second variation in the TV example) are excluded from this analysis. Coalition members communicate with each other about pertinent issues. Usually, most people in a coalition are aware of those who belong and those who do not belong.
- *Coalitions are deliberately constructed and issue oriented.* In a coalition, the parties are intentionally joining to accomplish some specific purpose that serves their interests. Once interaction concerning these issues ceases to occur, the coalition is no longer active, although it may continue to exist in a dormant state with potential to reactivate when a new issue arises.
- *Coalitions exist independent of formal structure.* A coalition is not necessarily a formal group, such as a department, team, or task force (whose members may unite because they have been created by design in the organization), although a department or team could also informally band together around a common purpose or objective. The origins of a coalition are informal, based on the interests of the parties rather than created by formal organizational designation.
- *Coalitions lack formal structure.* Because coalitions lack formal organizational designation and legitimacy, they also lack any internal hierarchy or formal legitimate authority. Informal leadership and roles may evolve as the coalition persists and grows, however.
- *Coalitions focus on goals external to the coalition.* For the most part, coalitions form to exert influence on a person or body external to the coalition. This may be another individual or group inside their organization (but who is not in the coalition), or an individual or a group outside their organization.
- *Coalitions require concerted member action.* A coalition requires the commitment of its members to focus their action collectively on an intended target. The members may act in concert or may focus on refraining from action (e.g., an organized protest of some form), but the objective is to achieve collectively what they cannot accomplish individually.

An essential aspect of a coalition is that its members are trying to achieve outcomes that satisfy the interests of the coalition, not those of the larger group within which the coalition is formed; at times, though, the two may be compatible (Polzer, Mannix, and Neale, 1998).

Types of Coalitions

Coalitions take many forms. We draw here on Cobb's (1986) inventory of the different types of coalitions that exist.

1. A *potential coalition* is an emergent interest group. It has the potential to become a coalition by taking collective action but has not yet done so. Two forms of a potential coalition can also be identified, latent and dormant:
 - A *latent coalition* is an emergent interest group that has not yet formed into an operating coalition.
 - A *dormant coalition* is an interest group that previously formed but is currently inactive.

Awareness of potential coalitions is valuable both to coalition members and to those they oppose. Being able to identify what will lead a supportive or opposing coalition to form (or will invigorate a dormant one) makes it possible to choose courses of action that are more or less likely to activate that coalition.

2. An *operating coalition* is one that is currently operating, active, and in place. Two forms are common, established and temporary:
 - An *established coalition* is relatively stable and ongoing across an indefinite time span. It may continue because its members represent a broad range of interests because the issues are never fully resolved or because they are in constant opposition to another established coalition that is taking action. For example, in most governmental systems there are established coalitions of liberals, conservatives, and moderates who are engaged in ongoing debates across a range of issues and involving a large cast of actors and operatives.
 - A *temporary coalition* operates for a short time and is usually focused on a single issue or problem. These alliances form for the express purpose of exerting collective action; when their objectives are met, they disband. Often, however, people in temporary coalitions discover that they have a number of other common interests that are more persistent or long-term; thus, temporary coalitions often transform into established ones.
3. A *recurring coalition* is one that may have started as temporary but then determined that the issue or problem does not remain resolved; hence, the members need to remobilize themselves every time the presenting issue requires collective attention in the future. For example, a citizen's group that successfully opposed the location of a fast-food restaurant in a certain neighborhood may discover that the issue does not completely go away and that they need to remobilize when a massive convenience store subsequently seeks a building permit for the same site.

How and Why Coalitions Form and Develop

When Do Coalitions Form?

Coalitions Form All the Time In families, parents may be seen as acting in a unified front, creating major obstacles for children who want to influence them about extending curfew times or lightening the load of household chores. Parents often align with one or more of their children in order to exert pressure on the other parent; "Go tell your mom

that it would be great to order in Thai food,” says Dad (who doesn’t feel like making dinner that night) to the oldest child. Similarly, coalitions form constantly in political organizations where people are mobilizing their efforts to support or oppose any number of legislative agendas. The same occurs within business organizations, where parties get together to support or oppose an action being planned by the organization’s formal leadership. Coalitions may also form across corporations, as when complex mergers are proposed (Gomes, 2015). In each of these contexts, the fundamental dynamic is the same: Parties come together to pool their efforts and resources in pursuit of common or overlapping goals.

The forming of coalitions can have the added benefit of making a difficult conflict situation more tractable. As we mentioned earlier, conflicts inevitably grow more complex as the number of parties grows. Starkey, Boyer, and Wilkenfeld (2015), professors of politics and policy who write about international conflict and negotiation, observe that forming coalitions can have the simplifying effect of reducing the number of actors at the table, creating “a more familiar and manageable model for the participants” (p. 51).

Coalition Formation Can Be Analyzed in Different Ways Coalitions have been studied within a variety of social science disciplines, including economics, sociology, psychology, and political science (among others). Sociologists tend to look at real-life collectivities and movements as landscapes for coalition building (e.g., Simpson, 2015). For example, Netta Van Dyke (2003) used historical archives to examine the conditions under which coalitions formed both within and across social movement boundaries. Van Dyke analyzed more than 2,000 protest events that occurred on college campuses between 1960 and 1990. Findings suggested that single-movement coalitions are more likely to form when resources are available and when local threats are present. In contrast, psychologists and economists often explore coalition dynamics through laboratory “games” where individuals possess resources that may have to be pooled in order to realize some desired outcome. The focus is often on how individual actors can form the smallest possible “winning” coalition and the payoffs that each player can obtain from participating in that coalition (Murnighan, 1982). Control over resources is the basis for two critical pieces of the coalition formation process: what each member brings to the coalition and what each member should receive if the coalition forms.

A Classic Coalition Game To understand when and why coalitions form, we examine a classic coalition problem: the 4–3–2 game (Murnighan, 1978, 1982). In this game, three players are given an unequal number of votes in order to collect a prize (e.g., a pool of money). Andrea (A) has four votes, Barbara (B) has three votes, and Cecilia (C) has two votes. To collect the prize, they must assemble at least five votes; thus, no player can claim the prize without forming a coalition with another player, and each player must use all her votes at once. The players can communicate with one another (sometimes by talking, sometimes only by sending written messages); their job is to determine whom to ally with and then how they are going to split the prize. Not surprisingly, the most important factor that determines who aligns with whom is how they decide to split the money. From a series of research studies (Murnighan, 1986, 1991; Murnighan and Brass, 1991), these findings emerged:

- The 3–2 (Barbara–Cecilia) coalition is the most common. This result usually occurs because Andrea (with four votes) argues that she contributes the most to the coalition and hence should receive the largest share of the outcomes. Either because Andrea’s demands are seen as excessive (they may be), or because Barbara and Cecilia feel badly treated by Andrea, or because Barbara and Cecilia recognize that they can pool the fewest votes to get the whole pot, Barbara and Cecilia tend to form a coalition most often.
- Once the 3–2 coalition arises, it appears to be stable. That is, on a large number of repeated trials, the Barbara–Cecilia coalition will continue to dominate. Barbara and Cecilia will choose each other to the consistent exclusion of Andrea. The most common distribution of the pool is 50–50 or a small advantage to Barbara (with three votes).
- Occasionally, stable coalitions are broken. This is most likely to occur because Andrea makes a very attractive offer to Barbara or Cecilia that lures one of them away from the Barbara–Cecilia pattern. Interestingly, research results show that if Andrea wants to break the Barbara–Cecilia coalition, she should make Barbara or Cecilia a dramatically good offer (e.g., a 10–90 split). In fact, however, Andrea seldom does this; she may make marginally better offers than she did before, but usually the improvement is so minimal that it does not cause Barbara or Cecilia to defect from their prior agreement.

When Andrea is successful, she is more likely to get Barbara to defect than Cecilia (Murnighan, 1986). Murnighan speculates that this may be due to Barbara’s inflated ego—“I’m getting a better deal, probably because I deserve it,” she thinks, “and why shouldn’t I deserve an even better deal?” (Murnighan, 1991, pp. 131–32). The result may also be due to the increased loyalty of Cecilia to a deal in which she is getting consistently less than the other and has to rationalize continued involvement; hence, she may be less likely to defect.

If a defection occurs, what happens next? The defector (assume Barbara), who probably got a big incentive to defect (e.g., a promise of a large share of the pot), now may insist that she continue to receive the bonus. Andrea usually views this action as greedy, even though Andrea herself encouraged the greediness by offering the hefty bonus to begin with! As a result, Andrea may reject Barbara in future deals because of Barbara’s greediness. Moreover, Cecilia is still mad at Barbara for defecting from the stable B–C relationship. Hence, Barbara, who was tempted to defect and took the opportunity, may now be rejected by both sides, who then ally with each other in an Andrea–Cecilia coalition. This coalition may persist for a long time, often until Barbara is able to put a highly tempting offer on the table that will break the Andrea–Cecilia coalition.

A “Real-World” Example There are a number of real-world parallels to the coalition dynamics found in the 4–3–2 game. For example, the first formulation of the European Economic Community (EEC), in 1957, included the charter members Germany, France, Italy, the Netherlands, Belgium, and Luxembourg. Germany, France, and Italy were very large and economically powerful; Belgium and the Netherlands were weaker than the “big three” but more economically powerful than Luxembourg. In the first EEC treaty, each government had voting power proportional to its economic and physical size (four votes

each for Germany, France, and Italy; two votes each for Belgium and Netherlands; and one vote for Luxembourg). Some decisions required unanimous votes, while others required only a majority vote (four out of six countries). These requirements produced a tremendous amount of coalition behavior. When the votes needed to be unanimous, even the smallest countries could exert strong control over the decision because they could block any deal that came along. In contrast, when the votes only needed to be a majority, smaller countries could ally with larger countries, and it was even possible for all the small countries to be excluded if the big three decided to get together. These dynamics did not fundamentally change until the EEC expanded its membership in 1973. When Denmark, Ireland, and the United Kingdom entered the EEC, the proportional votes held by each party changed, as did the total number of votes necessary to carry a majority and take action (Murnighan, 1991).

The Nature of Coalition Inputs In general, people form coalitions to preserve or increase their resources. As Murnighan (1986) notes, there can be several different types of resources: money, information, natural resources, discretion (the ability to make decisions without consulting others), and so on. In the situations we have been discussing—both the 4-3-2 game and the real-world example of the formation of the EEC in the 1950s—the resources involved were potential votes that individual parties brought to a decision-making process. Early research on coalitions in laboratory situations tended to define resources as votes (Gamson, 1961), but studies of voting behavior are often difficult to generalize when the votes don't translate into any real power to control anything.

It is important to keep in mind, however, that the resources that serve as coalition inputs take many other forms, depending on the specific context involved. In organizations, for example, coalitions realistically form around key resources such as information, money, or control over the future direction of the group or organization. Coalition inputs may also include other kinds of resources: the amount of effort exerted, the ability or skill contributed to the task or problem, or the level of expertise obtained. Effort, ability, and skill may be as critical to the coalition as control over specific resources; for example, in the formation of joint ventures in organizations, ability, skill, and expertise are often as critical as money, plant capacity, or raw materials.

Coalitions can also form around a shared sense of social identity, which arises when two or more parties see themselves as part of common social categories. Those categories can involve the kinds of large social groupings that are routinely the basis for group identity and social stereotyping (e.g., gender, race, nationality, etc.), or they can involve categories that emerge as individuals become acquainted and group interaction occurs (e.g., strong vs. weak contributors, or individuals in common task roles; Swaab, Postmes, and Spears, 2008). Note that when coalitions form purely around social identities, they are not really “rational.” In other words, they aren't formed on the basis of the substance of the negotiation—on the shared ability of coalition partners to influence the outcome through collective control of resources—so the coalition will not necessarily help the allied parties achieve their negotiation objectives. Nonetheless, negotiators are humans, and humans tend to form alliances with others who are similar to them, making identity-based coalitions an inevitable possibility in multiparty interaction.

For an interesting example involving somewhat unusual inputs into coalition formation, see Box 12.1 on the role of coalitions in string quartets.

Researchers Keith Murnighan and Donald Conlon studied the group dynamics and coalition politics that occur in string quartets. Their analysis was based on interviews with musicians in 80 string quartets in England and Scotland.

In a string quartet, four musicians—two violinists, a viola player, and a cellist—must play together so that their music sounds like it is played by a cohesive unit. But each group, because of the individual talents of its members and their collective work together, develops its own idiosyncratic style; thus, two quartets playing the same piece of music can sound quite different from each other. There is a lot of debate, discussion, and negotiation among the players, driven in part by roles and reputations:

- The first violin is usually the strongest player and the driving force behind the group; he or she usually carries the tune for the group, and much of the best music is written explicitly for this role. Therefore, it is not uncommon for the first violinist to develop a big ego.
- The second violin always has to follow the first and is usually seen as a weaker player whose job is to play “second fiddle” and support the first violinist.
- Viola players are often seen as the flakiest and most unconventional; it is assumed that many of them began playing the violin early in their career, couldn’t make it in the strong competition with other top violinists, and switched to the viola as a less demanding instrument.

- Finally, cellists are seen as playing a background role; they often play the bass notes, which set a foundation for the rest of the group.
- Compared with the first violinist, the remaining three are often referred to as the “bottom” of the quartet, whose job it is to complement and show off what the first violinist can do.

Based on their interviews, Murnighan and Conlon determined that coalition dynamics are most common in the bottom and middle of the quartet. The first and second violins often form an alliance because they play the same instrument. In contrast, the researchers observed that the cellist is rarely excluded from any coalition, even though he or she plays a larger instrument, one that is not held under the chin. Moreover, other differences within the coalition can drive the dynamics (e.g., if one member is female and the others are male, or if three live together in a different part of the city, or if one person’s ability and/or commitment to the group creates a significant problem for the other three).

Applying principles of coalitions to these very specialized groups sheds light on how we negotiate the inherent conflicts and coalitions that lie beneath the surface of groups of all kinds.

Source: Adapted from Murnighan, J. K., and Conlon, Donald E., “The Dynamics of Intense Work Groups: A Study of British String Quartets,” *Administrative Science Quarterly*, vol. 36, no. 2, June 1991, 165–86.

The “Tragedy of the Commons” The coalition games and examples we have discussed to this point involve actors forming coalitions to achieve some desired outcome that meets shared objectives. However, coalitions also form in order to avoid a poor outcome that will occur if individuals act alone in a self-interested manner. A classic statement of this type of problem (called a social dilemma or a commons dilemma) is a famous anecdote developed by Garrett Hardin (1968) known as “The Tragedy of the Commons” drawn from 17th-century village life in England. Murnighan (1991) relates the story:

Near the center of the town was a common area that everyone in the town could use. Picnics, county fairs, and summer weddings often took place on the commons. Early on, there were no rules about this area. All the townspeople could use the commons in any way they pleased.

Unfortunately, a herdsman in one end of the town realized that he could expand his herd without having to buy more land if he grazed his cows on the commons. This way he could make the most of his own farmland and maximize his returns on his now larger herd. Once one herdsman started, the others in the town realized what a beneficial plan this was and they too began to graze their cattle on the commons. Before long, of course, the commons was reduced to a barren field, with no grass, no attraction for anyone, and no social activity. When it rained, the commons was a pool of mud. No one even thought of getting married there anymore. As Hardin put it, “Ruin is the destination toward which all men rush, each pursuing his own best interest in a society that believes in the freedom of the common. Freedom in a common brings ruin to all.” (pp. 141–42)

The concept of a *social dilemma* applies to a number of contemporary issues—air and water pollution, use of natural resources, charitable contributions, voting (or not voting) in elections. In each situation, if a large enough number of people reason that their behavior or vote will not make a significant difference, then a major social problem ensues. For instance, a New England lobster fisherman may wish to continue fishing to support a family; if all fishing in the same waters (in the “commons”) continues unabated, however, there will be little lobster left for future generations. Commons dilemmas can be avoided only if a large number of people accept some responsibility for doing their part to avoid taking advantage of a limited good, so that others may also be able to share that resource in the future.

Unfortunately, commons dilemmas often become an unending downward spiral. There are, however, ways to increase pro-social responses to these kinds of dilemmas, including expanding communication between the individuals involved (Orbell, Van de Kragt, and Dawes, 1988), educating those involved about the resource in question (Roch and Samuelson, 1997), and asking individuals to commit publicly to conserve resources (Dickerson, Thibodeau, Aronson, and Miller, 1992). In addition, those who feel included and respected by their social group are more likely to behave in ways that benefit the group as a whole (De Cremer, 2002). These potential strategies for inducing cooperation highlight the important effect that coalitions can have during times of group conflict that might otherwise threaten the common good.

How Do Coalitions Develop?

Through a series of studies, Keith Murnighan and his colleagues (Murnighan, 1986; Murnighan and Brass, 1991) offer a detailed assessment of the coalition-formation process. The following steps and activities seem to be the most critical.

Coalitions Start with a Founder The founder is the person who initiates the coalition. Typically, founders are those who recognize that they cannot get what they want through existing channels by themselves. Coalition founders usually identify an agenda or a course of action that must be accomplished or achieved. In terms of leverage (see Chapters 8 and 9), the founder develops some form of action agenda, vision, or commitment and persuades others to join him or her in pursuing it.

Discussions with others often take the form of a negotiation. In some cases, persuasion efforts alone may be successful: Simply by describing the agenda, or by portraying it in glowing and enthusiastic terms, the founder may be able to win the others' support. In

other cases, persuasion is not sufficient, and the founder may have to offer tangible rewards or benefits to get others to join the coalition. This is where the negotiation process really takes place. Murnighan and Brass (1991) suggest that early in the coalition-building process, founders may have to offer a disproportionate share of profits or benefits to potential partners. In other words, founders may have to offer an unequal or inequitable share to early prospects. This is done because the prospects may be unwilling to take the risk and make the commitment to join the coalition without some kind of significant incentive. One apparent paradox of being a founder, therefore, is that early in the coalition-building process the founder may have to give away a lot in order to apparently gain a little. This process does not continue indefinitely, however; as the coalition builds and strengthens, other prospective partners will have more interest in joining on their own, and the founder's power position shifts from weakness (having to give away a lot to gain supporters) to strength (being able to dictate what new members must give in order to join the coalition).

Murnighan and Brass (1991) identify two key factors that define a founder's ability to build a coalition:

- Successful founders have extensive networks. In Chapter 8, we discussed the power of having a network and being in a key position within a network. Successful founders usually have a strong network of friends and associates whom they know and whom they can approach when they need support for a particular agenda. As we mentioned in Chapter 11, multiparty negotiations often look like branching chains, and negotiators often work through the chains to eventually make contact with the other party and establish the basis for a more formal meeting or discussion (Pruitt, 1994, 1995).
- Founders' benefits from early coalitions are likely to be modest. Because others will be skeptical of lending their support to the coalition in its early stages, a founder needs to give early partners enough to make it worth their while. As we noted earlier, founders won't necessarily benefit right away from early support; in fact, they may become worse off until several others join the coalition and it builds some momentum.

Coalition building is a particularly important enterprise in the world of social movement activism. Box 12.2 describes a study of coalition success seen through the eyes of coalition leaders in social change settings.

Coalitions Build by Adding One Member at a Time Coalitions rarely come together in a single, defining event; instead, coalitions are typically built by adding individuals one at a time. The founder or an early ally is instrumental in driving this process. Contacts may be made simply through friends or acquaintances with whom the founder meets on a regular basis (the "network" advantage mentioned earlier). Proximity and convenience influence who is approached, but neither may be enough. This is where another key negotiation principle comes in—the founder can benefit significantly in coalition building if he or she understands the others' interests. A founder who knows what others want or need—and who can explain how coalition membership may deliver on those needs—has powerful tools for attracting new partners. The nature of these wants and needs, and resources that can be used to build and leverage them, can be multifaceted and complex. Discussions with others may be tentative, with the founder trying to find out what the others might want instead of

How do coalition leaders define success? What qualities of leadership are believed to contribute to that success? To answer these questions, researchers Terry Mizrahi and Beth Rosenthal (2001) interviewed 70 current and former coalition leaders from 40 distinct coalitions that mobilized for some social change initiative in the New York/New Jersey area. Participants were asked about their goals, strategies, structural and organizational techniques, and decision-making processes.

Results showed that coalition leaders defined success in a number of different ways. The majority of leaders interviewed felt that success comes from achieving one's goals and gaining recognition from targets for social change. Others defined success in terms of "gaining new consciousness of the issue," "creating lasting networks," and "attaining longevity."

Regardless of how these leaders defined success, the overwhelming majority believed that commitment to the goal of the coalition and competent leadership were the most important elements for success. Other important factors in coalition success cited by participants fell into two categories:

- *Internal* elements (under the coalition's control): process, structure, strategies, and available resources.
- *External* elements (outside the coalition's control): political climate, the target of influence, and timing.

A common theme raised was the importance of exchange within the coalition. Many leaders believed that it is important for members to receive something from the coalition in order for them to give back. "The more resources that members gave and received, the more they stayed committed" (p. 73). Thus, reciprocity was seen as key to success.

Asked what personal attributes make an effective leader of a coalition, participants responded that persistence, persuasiveness, and negotiation and facilitation skills were among the most important qualities.

Source: Adapted from Mizrahi, Terry, and Rosenthal, B. B., "Complexities of Coalition Building: Leaders' Successes, Strategies, Struggles, and Solutions," *Social Work*, vol. 46, no. 1, January 2001, 63-78.

making explicit offers; he or she may then move toward making offers to potential coalition partners, based on one or more of several criteria:

- The other has something important to bring to the coalition that will enhance its strength.
- The other wants less than other people do in order to be a member of the coalition. (The less the other demands, the more desirable he or she may be as a coalition prospect, but a person who demands too little may also not be seen as valuable or critical to have on board.)
- The founder can make some form of promise or commitment to the other about future rewards or benefits to be derived. Sometimes these commitments are clear, explicit, or even written; in other situations, they may be vague and oblique. A founder who can get away with making nonspecific promises maintains more discretion and control going forward than if the commitments are clear, specific, and costly.

Coalitions Need Opportunities to Form and Grow Motivation to form a coalition may not be enough if the parties involved don't also have the right *opportunity* to explore their mutual interests. In a multiparty negotiation, for instance, some of those involved may find it hard to form an alliance unless they have opportunities for side conversations apart from the main negotiation table. When the parties don't know each other (or each other's interests) very well prior

to coming together to negotiate, it may be hard to identify and solidify coalition partners unless they have the chance to caucus with them on the side, away from the main action. Research shows that opportunities for side conversations in small groups also give greater voice to minority points of view (Swaab, Phillips, Diermeier, and Medvec, 2008). Smart group leaders will think carefully about whether they want to allow or encourage side conversations, and the same advice is relevant for those who control process features of a multiparty negotiation.

Coalitions Need to Achieve Critical Mass Coalitions continue to grow through pairwise discussions and matching processes. How large they get is determined by a number of factors, but at some point, they reach a “joining threshold”—a level in which a minimum number of people are on board—and others begin to join because they recognize that their current friends and associates are already members. Founders and their early supporters make lots of contacts with other people, trying to determine others who might be interested in joining as well as the “price” of such membership. There is a point at which a coalition, having reached a critical mass (Schelling, 1978), may find that further growth is easier but at the same time less necessary (Murnighan and Brass, 1991). From that point forward, the coalition may continue to accumulate more members, “especially in particularly politicized, turbulent environments” (Murnighan and Brass, 1991, p. 292).

Coalitions Exclude Coalitions don’t just add members; they also *exclude* members. A study by van Beest, Wilke, and van Dijk (2003) explored the role of the excluded player in coalition formation. Actors left out of a coalition may be worse off as a result; van Beest and colleagues cite the example of a merger of two firms that hurts an excluded competitor, as well as the example of a newly created free trade organization that hurts countries not participating. Being left out isn’t always a liability, however; actors left out may actually be better off in some circumstances. For instance, two firms could form a coalition to market a product, while other firms in the same line of business—but not part of the coalition—benefit from publicity surrounding the merger. In their experiment, van Beest and colleagues (2003) predicted and found that individuals forming coalitions are motivated not only to pursue personal gain but also to maintain personal relationships and minimize harm to excluded individuals. Experimental participants were less likely to form smaller coalitions that excluded an individual when the excluded person received lower payoffs because of it.

The exclusion of parties from coalitions may depend in part on the communication channels through which multiparty negotiation and coalition politics play out. A study by Swaab, Kern, Diermeier, and Medvec (2009) looked at exclusion in a three-person game, where deals were possible with only two parties. Groups that interacted face-to-face were less likely to exclude a party than groups that interacted through a text-based online communication system. Publicness of communication also mattered: Even when groups interacted online, exclusion was less likely when side conversations were not allowed. These researchers conclude that if computer-based communication is the only available channel, and if cooperation rather than exclusion is desired, then those in charge of the process should limit interaction to public settings and discourage or disallow private, side conversations.

Weak Ties Can Be Strong Earlier, we explained that coalition founders will often seek out those who are the weakest for support because the weakest may need to be in the coalition most and will demand the least payoff for joining the coalition. A related dynamic

involves the founder's network. Research has shown that those founders who have a large, diverse network of weak ties are often in a better position to form a coalition than those who have a small, uniform network of strong ties (Granovetter, 1973; Kadushin, 1968).² Paradoxically, those who have a few strong ties, with interaction that happens often and in a variety of ways, already have a small coalition that demands a lot of their attention.

In organizational settings, we encounter what students of coalition dynamics call “veto players”—senior managers or others in formal authority positions. Veto players, by virtue of their positional power, are unlikely to be founders because they will not be willing to give much away and will have difficulty selling others on membership. Instead, veto players are more likely to wait until others approach them with initiatives and “bide their time until offers become attractive enough to accept” (Murnighan and Brass, 1991, p. 293). Founders, on the other hand, having extensive networks of weak ties with several other parties, often bring on those who have their own extensive networks (thereby extending the “network reach” of possible members) and use these ties to make contacts and build support.

Many Successful Coalitions Form Quietly and Disband Quickly Coalitions do not have to be permanent, large, or public to be effective. In fact, if they do become permanent and public, their members risk being seen as the opposition, as naysayers, or as people who are known for challenging the formal leader or established structure. A recent example in U.S. politics of a group that began as a coalition and evolved into an opposition group challenging established structure is the phenomenon of the “Tea Party,” a movement of individuals objecting to the size and reach of government who, beginning in 2009, sought to steer the Republican Party in a more conservative direction. Over time, though, the Tea Party began to act less like an issue-driven coalition motivated to pursue specific policy outcomes and, instead, took the form more of a general, ongoing challenge to the established structure and leadership of the Republican Party.

Successful coalitions are focused: They are often drawn together quickly around key issues and mobilize simply for the purpose of endorsing or blocking a particular course of action. The coalition seldom meets formally; instead, pairs and subgroups may meet informally (over lunch, by email) to exchange ideas, share information and rumors, and perhaps develop a common mindset about what is going on and how it is happening. When a critical action or decision is forthcoming, they mobilize to work together, then go back to their own individual activities and environments when either the objective is achieved or the critical moment passes. Note, by the way, that communication channels may play a role in the ability of coalitions to form and disband efficiently. In Chapter 7, we discussed how negotiation processes are affected when interaction occurs through different channels (face-to-face, telephone or teleconference, email, and so forth). Although coalition formation and interaction can occur through any medium, research does point to the challenges involved when online media, such as email, are used in multiparty negotiation (Kurtzberg, Dunn-Jensen, and Matsibekker, 2005). The more parties involved in a situation ripe for coalition formation, the more difficult it may be to identify common interests, and promising coalition partners, when using socially impoverished media such as texting or email.

Murnighan and Brass (1991) identify several reasons it is risky for a coalition to remain intact after the successful resolution of an issue:

- *Revenge of the vanquished.* If a coalition “wins” and is identified, the nonwinners may eventually want payback. Revenge can eventually pit coalitions against each other so that each one's sole objective is to keep the other side from succeeding. This is a

common dynamic in legislative bodies around the world as various liberal and conservative groups attempt to block each other's initiatives and agendas.

- *Turmoil within.* Public acknowledgment of the coalition may also lead to turmoil within the alliance that could damage future coalition activity. For example, if the coalition is comprised of people who all have strong egos, most will want to take more than their share of the credit for the coalition's success. If the coalition is informal, all can take credit and feel good; if the coalition's activity becomes public, actual contributions may become known and some members will be recognized as actually having contributed very little, which could then lead to infighting and threaten the viability of mutual cooperation in the future. Research on interteam negotiations finds that teams plagued with internal conflicts and dissension fare worse than teams acting in a more unified fashion (Halevy, 2008). Accordingly, internal turmoil not only threatens the coalition's stability but may also compromise its future effectiveness.
- *Desire for anonymity.* Some coalition members may prefer anonymity. The more publicly identified they become with the coalition, the more others may see their future actions as motivated by coalition membership and not by their own interests. They may lose the option to join other coalitions, and they may lose personal effectiveness because they are assumed to be puppets of the coalition's leadership. For this reason, many coalition members do not want to be known as being political or publicly associated with other coalition members, and they definitely want to be able to keep their options open to form other associations as their interests may dictate in the future.

Standards for Coalition Decision Making

Coalition decision rules define the criteria that parties will use to determine who receives what from the results of the coalition's efforts. What standards will coalition members use to make decisions, and how will the output or results of coalition activity be allocated among members? Decision rules tend to parallel three standards of fairness: equity, equality, and need. Those advocating an *equity* standard argue that anyone who contributed more should receive more, in proportion to the magnitude of the contribution. Those advocating an *equality* standard argue that everyone should receive the same, and those advocating a *need* standard argue that parties should receive more in proportion to some demonstrated need for a larger share of the outcome (see also Chapter 10).

In general, *parties tend to argue for the standard that is most likely to serve their own individual needs.* For example, returning to the 4-3-2 game we introduced earlier, Andrea, as the player with four votes, will probably argue for the equity standard—that she should receive the larger share of any pool because she contributes more votes. Cecilia, as the player with only two votes, might argue for equality, because she stands to make more in an equal split with either Andrea or Barbara than she would from an equitable split. Barbara, as the swing player with three votes, might argue for equality if she is trying to form a coalition with Andrea but might argue for equity when negotiating with Cecilia. If one player has a very strong need—for example, a need for money to repair her car so she can get to her job—that argument might prevail if she can convince the other two of the strength and validity of her need, relative to their needs, to get either an equitable or equal split of the resource pool.

Power and Leverage in Coalitions

Chapters 8 and 9 addressed the general nature of power and leverage in negotiations. The dynamics of power and influence are central aspects of the formation and maintenance of coalitions because coalitions tend to arise in situations where multiple actors have competing and partially overlapping interests. Leverage issues in coalitions are discussed from two perspectives: the issue of strength versus weakness in coalitions and the types of power that underlie coalition formation.

Where Is the Strength in Coalitions? The more resources a party holds or controls, the more likely that party is to be a critical coalition member. Such a person will be a central figure to pulling the coalition together, dictating its strategy, and influencing the distribution of the resource pool. This is known as the *strength-is-strength* argument. Note that this centrality directly parallels the type of centrality we discussed in Chapter 8: formal and informal power that comes from a person's position in a hierarchy and in a network structure. Coalition players with strength often become the center of communication networks that form in the process of both shaping the coalition and deciding on the distribution of the spoils (Murnighan and Volrath, 1984).

Sometimes, however, the goal is to form the smallest possible winning coalition; in these circumstances, those parties who have relatively fewer resources in a coalition may be stronger. This is true because their relatively weaker resource position leads them to ask for less from the winning pool, and hence they are more desirable coalition partners (Murnighan, 1978). Thus, when any winning coalition obtains the same payoff, and the structure of the situation indicates that two given actors are interchangeable (either one can contribute the same amount to the dominant coalition), those actors who appear to contribute the fewest resources, have the least power, or exert the least influence will have an advantage. This result is often referred to as the *strength-is-weakness* argument (Murnighan, 1986). As Murnighan notes, "When anyone will do, interchangeability favors those who appear weak. Thus, a supervisor who needs any supportive voice for a new group strategy will almost certainly attempt to convince the weakest, most agreeable group member to concur" (p. 161). Murnighan cautions, however, that although this may lead to adoption of the proposed strategy, a coalition based on weak members may, with its lack of dedicated support, undermine the implementation of that strategy.

How Is Power Related to Coalition Formation? Polzer, Mannix, and Neale (1995, 1998) identified three key types of power in multiparty negotiations: strategic, normative, and relational. Discussion of these types of power provides a convenient summary of the coalition-formation process:

- *Strategic power* emerges from the availability of alternative coalition partners. If negotiators have good alternatives, then they can walk away from any unacceptable deal and approach others who may be able and willing to discuss a better deal. The more resources a given potential partner brings to a coalition, or the greater variety in resources or types of inputs, the more that partner can add to the coalition and the more power he or she will have in contributing to the coalition and dictating what the coalition should look like.
- *Normative power* derives from what parties consider to be a fair or just distribution of the outcomes and results of a coalition. In essence, the party that proposes the rule or principle specifying what constitutes a fair distribution of the outcomes has more normative power. One party may argue for an equal distribution, the other for an equitable

distribution, and a third for a distribution based on need; the party whose arguments ultimately shape the allocation rule used by the group has the most normative power.

- *Relationship-based power* is shaped by the compatibility of preferences between two or more parties. As we noted in Chapter 10, parties who see each other as having common or compatible interests are more likely to begin and preserve a relationship with each other. The parties' compatibility may be based on shared or complementary interests (mutual gain), common ideology, or simply liking each other and enjoying being together.

In studies examining these three sources of power (Polzer et al., 1995, 1998), negotiators playing the role of one of three divisional vice presidents in a research and development firm were asked to allocate funding from two resource pools. The value of the first resource pool varied depending on which two of the three players were included in the final agreement on the pool; their varying power was based on the size of the division they represented. Thus, strategic power was manipulated by who could coalesce with whom to get the pool. Normative power was manipulated by the degree to which each division, if it received the resources, could use the resources to best contribute to the overall mission of the organization. Finally, relationship power was manipulated through the second pool, in which parties had more or less compatible preferences on negotiation issues. The results indicate that *relationship power from compatibility of interests was the overriding source of power*. As the authors note, players who had compatible interests were able to achieve higher individual outcomes from both portions of the task. This was true even when compatible players did not form exclusive two-person coalitions.

Polzer and colleagues (1995, 1998) also note that relationship dynamics can significantly affect the formation and stability of coalitions. Parties in relationships tend to see themselves as aligned in the future; thus, they expect that even if their interests are not being met now, they certainly will be in the future. As a result, they work together without requiring the certainty of immediate payoff. In addition, they see themselves as having compatible preferences, which means a common interest in seeing both parties achieve their respective goals. Finally, parties in relationships develop trust, which means greater confidence in the other's behavior and intentions, and greater recognition of opportunities to work together. For negotiators in multiparty situations, the lesson here is that personal relationships with other parties can be just as useful as identifying overlaps in strategic priorities, and sometimes even more useful.

How to Build Coalitions: Some Practical Advice

We conclude this section with a practical approach to coalitions developed by Peter Block (1987), who proposed a strategy of empowerment and positive politics in organizations. Empowerment, Block states, "comes from acting on our enlightened self-interest. Politics is the pursuit of self-interest, and positive politics is the pursuit of enlightened self-interest" (p. 105). Enlightened self-interest, according to Block, occurs when people

- Pursue activities that have meaning to themselves and to others.
- Are needed.
- Genuinely contribute to the organization and its purpose.
- Act with integrity and tell the truth about what they see happening.
- Treat others well and have a positive impact on them.
- Strive to be as good and productive as they can at what they do.

Parties who pursue enlightened self-interest are likely in their dealings with others to use authentic tactics grounded in the principles just listed. The contrast with authentic tactics would be expedient, dubiously ethical actions (such as those discussed in Chapter 5) taken exclusively in the service of a person's own self-interest, to the exclusion of concerns about what others want or how they are treated. Authentic tactics require parties to do the following:

1. *Say no when they mean no.* Rather than hedging a position, refusing to make commitments, sitting on the fence, or being nice to everybody regardless of beliefs, parties need to let others know where they stand. Although coalitions often benefit from parties having cooperative mindsets (as discussed in the next point), it is also the case that competitive stances at times are more likely to break through the clutter of a multiparty interaction and be influential (Steinel, de Dreu, Ouwehand, and Ramirez-Marín, 2009).
2. *Share as much information as possible.* Authentic tactics require parties to communicate with an eye toward maximizing what others know, maximizing the common pool of information, and increasing the ability of the parties to arrive at a solution that is in their individual and collective interests. As Block (1987) notes, this might mean sharing the entire budget, rather than only a small part; sharing complete financial data; involving people extensively in proposed changes and giving them this information early in the process; letting people know about possible failures early on so they can plan to avert them or minimize the impact; and letting people know where they stand and how their job performance is rated so they can make informed decisions about their lives and future. A pair of studies by van Beest, Steinel, and Murnighan (2011) revealed that holding information private rather than sharing it may often be advisable in two-party negotiation but is less effective in coalition bargaining. They conclude that “contrary to the general wisdom of dyadic negotiations, honesty may actually be the best policy in coalition bargaining, both in the short and the long term” (p. 746).
3. *Use language that describes reality.* Instead of using language that obscures, masks, or disguises what is really going on, parties should use language that is straightforward and clear. Politicians are frequently criticized for refusing to answer questions clearly or fully or for failing to give complete and accurate accounts of what has happened. Instead of using language that describes reality, politicians skillfully use language that distorts, obscures, misleads, or places the blame elsewhere (see Kurtz, 1998).
4. *Avoid repositioning for the sake of acceptance.* Parties should not shift their position, endorsement, or support simply to make it more acceptable, palatable, or consistent with what is “hot” or current. Such repositioning, often scorned as a “the flavor of the month” approach, may come off as an effort to polish up old, tired ideas and present them as new ones. For example, companies have often been accused of retreading the same fundamental management programs with new names and slogans, depending on what is hot—corporate culture, quality, empowerment, leadership, and so on. The more often this happens—and people recognize it—the more it breeds cynicism about whether real change is happening, or is even desired or feasible.

According to Block (1987), the dominant driving force for a coalition is vision—getting people collectively to endorse a view of accomplishment that others will buy into.

Recall, however, that relationships, common interests, and normative rules can also provide the organizing principle for building a coalition. Political action begins the moment parties try to move from articulating a vision to implementing it; parties begin to talk about their ideas and desires to other people and test out how those others react. As this occurs, Block suggests, you can think about other prospective coalition partners along two dimensions: First, do they agree with your objectives? And second, do they generate from you high or low levels of trust? Combining these two dimensions (agreement and trust, each of which can be high or low) reveals five possible roles for coalition partners: allies, opponents, bedfellows, fence sitters, and adversaries. The description of each is drawn from Block (1987).

Allies Allies are parties who are in agreement with a negotiator's goals and vision and who are also trusted by the negotiator. The preferred strategy with allies is to treat them as friends; to let them know exactly what is envisioned and planned; and because allies can help a negotiator compensate for the areas where he or she feels weakest, to share vulnerabilities and doubts. In addition, because there is trust, the negotiator can expect that person will tell the truth and will act in the negotiator's best interests.

Opponents Opponents are people with whom a negotiator has conflicting goals and objectives but who can be trusted to be principled and candid in their opposition. They challenge, ask tough questions, don't accept glib answers, and push the negotiator to be better and stronger at advocating a course of action. Negotiators expect that opponents will play by the rules and play to win. As Block points out, when people play a game against someone, they want the other person to perform well in order to push them to perform well; when they win, they want to feel that they have played against someone who also tried as hard as possible, and that therefore their victory was deserved.

Bedfellows Bedfellows are parties with whom a negotiator has high agreement on the vision or objectives but low to moderate levels of trust. The low levels of trust arise because either one or both sides don't share information, don't tell the whole truth, play it cagey, and say what they think the other wants to hear rather than the truth (see Chapters 5 and 10). Note that bedfellows can be created either by the other party's actions or by a negotiator's own actions; if negotiators are less than open and honest with the other party, or think the other party will be less than open and honest in return, trust levels tend to decrease. In politics, we encounter bedfellows—agreement without much trust—when groups on opposite sides of a core issue that distinguishes them (e.g., for and against gun control) find themselves in temporary agreement on a separate issue that unites them (e.g., rules regarding political contributions).

Fence Sitters Fence sitters are parties who will not take a stand on a given issue. They fear taking a position because it could lock them in, be politically dangerous, make enemies out of those they don't ally with, or expose them to risk. They also may truly not know what they want to do. As a result, the negotiator can have little trust in fence sitters because it is not clear where they stand, and they may be actively trying to maintain that ambiguity.

Author Peter Block has prescriptive advice for building a coalition with each of the five types of partners he identifies. His major suggestions can be outlined as follows.

With allies:

- Affirm your agreement on the collective vision or objective.
- Reaffirm the quality of the relationship.
- Acknowledge the doubt and vulnerability that you have with respect to achieving your vision and collective goal.
- Ask for advice and support.

With opponents:

- Reaffirm that your relationship is based in trust.
- State your vision or position.
- State in a neutral way what you think their position or vision is.
- Engage in some kind of problem solving.

With bedfellows:

- Reaffirm the agreement.
- Acknowledge the caution that exists.

- Be clear about what you want from bedfellows in terms of their support.
- Ask bedfellows what they want from you.
- Try to reach an agreement on how the two parties are going to work together.

With fence sitters:

- State your position on the project.
- Ask where they stand.
- Apply gentle pressure.
- Encourage them to think about the issue and tell you what it would take to gain their support.

With adversaries:

- State your vision or goals.
- State in a neutral way your understanding of your adversary's position.
- Identify your own contribution to the poor relationship between you and your adversary.
- End the meeting by restating your plan but making no demands.

Source: Block, P., *The Empowered Manager: Positive Political Skills at Work*. San Francisco, CA: Jossey-Bass, 1987.

Adversaries Adversaries are low in agreement, but unlike opponents, whom negotiators trust to conduct themselves with dignity, adversaries cannot be trusted. Efforts to speak to adversaries usually lead to a failure to agree and a failure to develop trust, reinforcing their adversary status. Many people become preoccupied with adversaries, often because the failure to negotiate with them reveals weaknesses and defects in their ability to manage relationships. In addition, adversaries often behave in ways parties find unacceptable; therefore, the goal is either to win over the adversary or to destroy the adversary. Unfortunately, as Block notes, it doesn't usually work this way. The more you focus on trying to convert or pressure other people, the more they adhere to their own beliefs, the more they threaten you, and the more you become obsessed with them. Kramer (2004) has shown how a long-term focus on adversaries can lead to paranoia and dysfunctional behavior in organizations.

Block (1987) suggests that it is possible to build a coalition with each of these five types, but that different strategies are appropriate in each case. His prescriptive advice is summarized in Box 12.3.

Chapter Summary

In this chapter, we addressed the nature of coalitions and explored the processes by which they are formed, led, maintained, and ultimately disbanded. We suggested that coalition formation occurs when there are more than two negotiating parties and is most likely when parties need to add the resources or support of others to enhance the likelihood of achieving their own individual outcomes. We discussed when, why, and how coalitions form; addressed how they work (and don't work) once formed; and considered the role of power and leverage in coalition politics. Finally, we offered some advice to those who are building a coalition, particularly regarding how to think about potential partners and what should be the agenda in conducting negotiations with those partners.

We conclude with a cautionary note about the importance of underlying relationships among the parties to a dispute that may involve the formation of coalitions. Murnighan (1991) observed that early work on coalitions overlooked the key question of whether the people who might unite in a coalition can actually work

well together. After all, the payoffs in a successful coalition involve more than just the negotiated outcome; there also may be interpersonal benefits that result from interactions with coalition partners. As Murnighan counsels:

You may maximize your monetary outcome in all your negotiations, but if you also sour all your interpersonal relationships, you'll end up rich and lonely. There's more to bargaining (and life) than winning negotiations, especially if you pay the price of alienating the other person. Burn enough personal bridges and the very opportunity to negotiate will disappear. (p. 137)

These issues of relationships between the parties—past, present, and future—clearly have an impact on how the parties select their coalition partners and whether those partnerships are likely to endure or to shift as economic incentives change.

Endnotes

¹ See Cyert and March (1963); March (1962); and Thompson (1967).

² In this context, the strength of ties is determined by the frequency and multiplexity of interaction that founders have with members of their network. *Interaction* frequency means the number of times that two parties

interact. *Uniplexity/multiplexity* means the number of different ways that the parties interact with each other. If parties only work on a single project together, the relationship is uniplex; if parties work together on different projects, see each other socially, and often eat lunch together, the relationship is multiplex.



Multiple Parties, Groups, and Teams in Negotiation

Objectives

1. To understand the ways negotiations become more complex when there are more than two negotiators at the bargaining table.
 2. To apply an understanding of effective group processes to the dynamics of a multiparty negotiation.
 3. To spell out the key stages for managing an effective multiparty negotiation.
 4. To understand the challenges of team-on-team negotiations.
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CHAPTER OUTLINE

The Nature of Multiparty Negotiations

Differences between Two-Party Negotiations and Multiparty Negotiations
What Dynamics Can Make a Multiparty Negotiation Effective?

Managing Multiparty Negotiations

The Prenegotiation Stage
The Formal Negotiation Stage—Managing the Group Process and Outcome
The Agreement Stage

Interteam Negotiations

Chapter Summary

In the previous two chapters, we focused on the way negotiation changes when additional parties are added to the context. In Chapter 11, we examined how negotiation changes when negotiators act as agents and represent the interests of others. In Chapter 12, we examined the ways that three or more parties negotiate by forming into subgroups (coalitions) and how those coalitions can exert influence on others. In this chapter, we extend the analysis to two situations that involve multiple parties:

1. Multiple parties are present at the negotiating table and represent multiple interests. We define this as a multiparty negotiation.
2. Multiple individuals are present on each “side” of the negotiation, organized into groups or teams. We define this as a multi-team or team-on-team negotiation.

The Nature of Multiparty Negotiations

A *multiparty negotiation* is one in which more than two interested parties are working together at the table to achieve a collective objective. To illustrate the nature of a multiparty negotiation, let's extend the example used at the beginning of Chapter 12 (a student is selling an LED Smart TV and puts up notices in the dorm and dining areas). However, now assume that there is not one seller but four roommates who jointly own and are selling the TV. A year ago, each put in \$200 to buy the TV; now they have different preferences for what they should do with it. Aaron (A) wants to sell it and simply split up the money because he wants to buy a new smartphone for himself; Bill (B) wants to sell it and buy a smaller, less expensive TV so he can watch his own shows; Chuck (C) wants to sell it and buy a big-screen TV and top-quality audio system that will require each of them to chip in a lot more money; and Dan (D) doesn't want to sell it at all and thinks the whole thing is a dumb idea. Each party has his own preferences and priorities, and the roommates must collectively decide what they will do, if and when the TV is sold. They might agree to make a single, collective decision about what to do next, or a pair might form some kind of compromise and pool their money, or each might go his separate way. When the parties agree to hold a meeting to discuss the options and make a collective decision, this is a multiparty negotiation that involves unique dynamics in a collective decision-making process.

The general model for a multiparty negotiation is represented in Figure 13.1. Each of the parties (there can be three or more) is representing his or her own interests. In a different situation (e.g., they might be representatives of different departments meeting together as a task force), they could be representing the interests of others (see Figure 13.2). Most of

FIGURE 13.1 | A Multiparty Negotiation

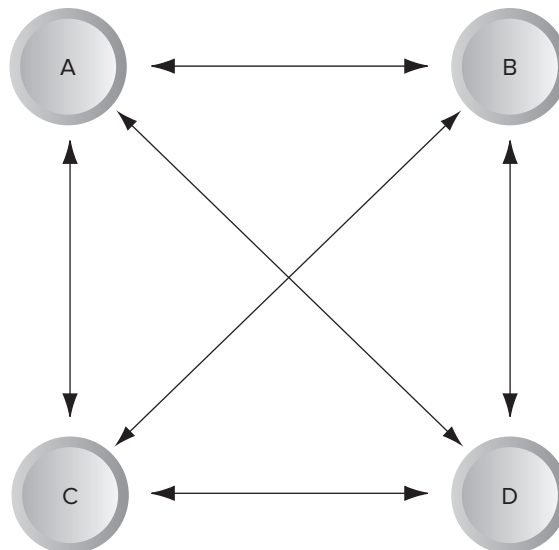
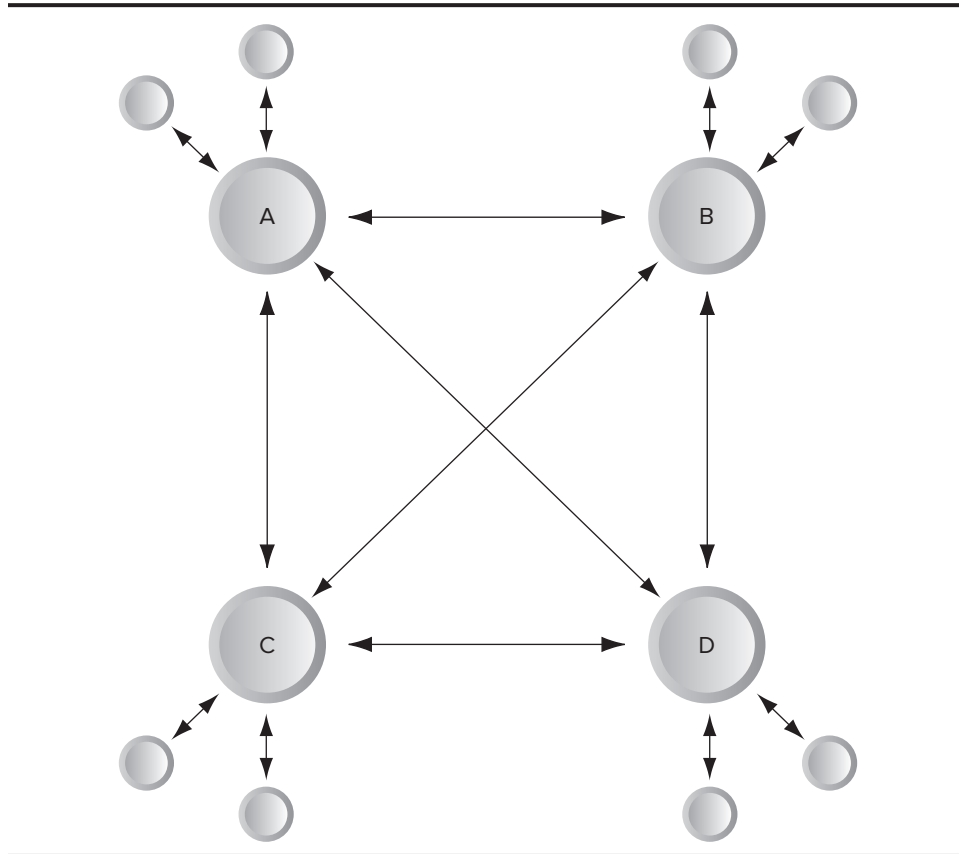


FIGURE 13.2 | A Multiparty Negotiation with Constituents

the complexities described in this section increase linearly, if not exponentially, as more parties, constituencies, and audiences are added.

In this chapter, we note the factors that make multiparty negotiations more difficult to manage than one-on-one negotiations. We comment on some of the key stages and phases of multiparty deliberations. For each phase, we consider a variety of strategies that can be used to manage multiparty negotiations effectively. We show the ways that multiparty negotiations are complex and highly susceptible to breakdown, and we show that managing them effectively requires a conscious commitment from the parties and a facilitator as they work toward an effective multiparty agreement.¹

Differences between Two-Party Negotiations and Multiparty Negotiations

Multiparty negotiations differ from two-party deliberations in several important ways. In every case, the differences are what make multiparty negotiations more complex, challenging, and difficult to manage.

Number of Parties The first difference is the most obvious one: Multiparty negotiations have more negotiators at the table. Thus, negotiations simply become larger. This creates challenges for managing several different perspectives and assuring that each party has adequate time to speak and be heard. Each party may be acting as a principal—that is, representing his or her own interests (Figure 13.1)—or an agent—representing the interests of at least one other party (the constituency; Figure 13.2). (Refer back to our discussion of these roles in Chapter 11.) In addition, parties may have different social roles outside the negotiation (e.g., president, vice president, consultant, specialist) that may lead to either equal or unequal levels of power and status in the negotiation (see Chapter 8). If the parties are all equals (e.g., all vice presidents), the exchange within the negotiation should be more open than if one party has higher status or power than the others. For instance, if one party is the president and the others are vice presidents, we can expect the president to control and dominate the process more actively.

Informational and Computational Complexity A second difference in multiparty negotiations is that more issues, more perspectives on issues, and more total information (facts, figures, viewpoints, arguments, documentary support) are introduced. “One of the most fundamental consequences of increasing the number of parties is that the negotiation situation tends to become less lucid, more complex, and therefore, in some respects, more demanding. As size increases, there will be more values, interests, and perceptions to be integrated or accommodated” (Midgaard and Underal, 1977, p. 332, as quoted in Kramer, 1991). Keeping track of all this information, the perspectives of each side, and the boundaries and limitations into which a solution must fit becomes a major challenge for the negotiators. Therefore, it is even more critical that negotiators spend time in more thorough preparation prior to a multiparty negotiation, rather than trying to keep track of issues and trade-offs as the negotiation is evolving.

Social Complexity A third difference is that as the number of parties increases, the social environment changes from a one-on-one dialogue to a small-group discussion. As a result, all the dynamics of small groups begin to affect the way the negotiators behave. First, how the process evolves may depend on the motivational orientation of the parties toward each other. One study found that parties with a cooperative (versus an individualistic) motivational orientation were much more likely to achieve a higher-quality outcome in their deliberations and that cooperatively motivated parties were more trusting and engaged in less argumentation than individualistic ones (Weingart, Bennett, and Brett, 1993). This orientation also seemed to affect the way the parties discussed the issues (discussed later).

Second, social pressures may develop for the aggregate to act cohesively, yet the members are in conflict with each other and cannot be cohesive unless they can find an acceptable solution. Members compare themselves with one another, evaluate themselves against one another, and try to use a variety of influence tactics to persuade one another toward their point of view (see Chapter 9 for a description of these tactics). Strong pressures for conformity develop as members pressure other members to adopt a common perspective or definition of the problem or to endorse a particular solution. In addition, the parties can develop their own dysfunctional dynamics. For example, if the parties want to be unified in their collective efforts, they may attempt to avoid or minimize conflict by downplaying their

differences or may not work through their differences adequately to reach an effective solution. Janis's (1982, 1989) research on policy-making and decision-making groups has shown that these efforts to minimize and avoid conflict can frequently lead to disaster. Fiascos such as the U.S. invasion of the Bay of Pigs in Cuba during the Kennedy administration (Janis, 1982) and NASA's decision to launch the *Challenger* space shuttle (Tompkins, 1993) were caused by dynamics in the key decision-making groups that pushed group members to avoid conflict and avoid expressing their real reservations about going ahead with the project. This hesitancy led to an illusion of consensus in which each party believed that he or she was the only dissenting member in a strong, emerging agreement about what actions to take. Afraid to express their dissent for fear of looking weak and foolish (note the face-saving dynamics—see Chapter 11), group members self-censored their reservations and concerns, thereby reinforcing the apparent surface consensus and leading to a decision with disastrous consequences.

Procedural Complexity A fourth way in which multiparty negotiations are more complex than two-party ones is that the process they have to follow is more complicated. In one-on-one negotiations, the parties simply take turns in presenting their issues and perspectives, challenging the other's perspectives, or moving the negotiation along from its early stages to the later ones. When more parties are involved, the procedural rules become far less clear. Whose turn is it to do what? How do the parties coordinate where they are in the negotiations (e.g., opening statements, presentation of viewpoints, moving toward agreement)? There are several consequences of this procedural complexity. First, negotiations will take longer (Sebenius, 1983), so more time must be allowed. Second, the greater the number of parties, the more complex and out of control the process can become—particularly if some parties choose to adopt a strategy of tough positional bargaining and dominate the conversation in an effort to railroad through their particular viewpoints (Bazerman, Mannix, and Thompson, 1988). Third, as a result of the first two elements, negotiators will probably have to devote explicit discussion time to *how* they will manage the process to arrive at the type of solution or agreement they want. These discussions—both about how expand the pie (negotiate integratively) and then divide the pie once expanded (bargain distributively)—are often tense because fairness concerns are prominent (see Chapter 10) and may be subject to many of the cognitive biases discussed in Chapter 6 (Thompson, Richardson, and Lucas, 2012). Finally, the parties must decide how they want to approach multiple issues on the table. Weingart, Bennett, and Brett (1993) reported that parties who discussed multiple issues simultaneously—considering all the issues at once and looking for ways to trade one off against another—achieved higher-quality agreements and increased the likelihood of achieving agreement compared with groups that approached the issues sequentially (one at a time, in a fixed or negotiated sequence). Groups that approached issues simultaneously also exchanged more information and had greater insight into the preferences and priorities of the other parties at the table.

Logistical Complexity A fifth way in which multiparty negotiations may be more complex has to do with the physical distance between the parties as they attempt to resolve their differences and reach agreement. If parties are not in the same room with each other; must communicate through electronic media such as telephones, videoconferencing, emails, or

texting; or are physically far away from each other, parties are more likely to feel socially disconnected from each other and react less positively to each other. Physical distance can affect how much the parties trust each other, the ways they interpret ambiguous behavior of the other parties, and the willingness to continue negotiation with each other as a conflict resolution strategy. This distance—whether physical or psychological—seems to affect how parties make sense of and interpret what others are doing and whether “signals” are interpreted as indications of cooperative or competitive behavior. Thus, achieving an integrative agreement in a multiparty negotiation can be facilitated not only by bringing the parties into closer physical contact with each other but also by helping them interpret what the other party is doing in situations where direct, face-to-face contact may not be possible (Henderson and Lount, 2011).

Strategic Complexity Finally, multiparty negotiations are more strategically complex than two-party ones. In one-on-one negotiations, the negotiator need only attend to the behavior of the other negotiator; strategy, therefore, is driven by the negotiator’s objectives, the other party’s actions, and the tactics they each use. The strategic and tactical options of two-party negotiations were discussed in Chapters 2, 3, and 4.

In a multiparty negotiation, complexity increases significantly. The negotiator must consider the strategies of all the other parties at the table and decide whether to deal with each of them separately or collectively. The actual process of dealing with each of them usually evolves into a series of one-on-one negotiations—but conducted within the view of all the other group members. Viewed in this manner, this series of one-on-one negotiations can have several consequences.

First, these exchanges are subject to the surveillance and audience dynamics described in Chapter 11. In this context, negotiators will be sensitive to being observed and may feel the need to be tough to show their firmness and resolve (both to the other party and to bystanders or audiences). As a result, this public visibility may lead negotiators to adopt distributive strategies and tactics—even if they did not intend to do so—simply to show their toughness and resolve to others. The short-term result is that negotiations may become strongly positional unless specific actions are taken to avoid this competitive escalation. A related dynamic is that once the parties have become strongly positional, negotiators will have to find satisfactory ways to explain modification of their positions—concession making or movement toward compromises and consensus—to their constituencies without the face-threatening dynamics discussed earlier. Even without constituencies, negotiators will not want to lose face with the other negotiators present. This will be particularly true in the situation shown in Figure 13.2, when negotiators have constituencies.

Second, negotiators who have some way to control the number of parties at the table (or even in the room) may begin to act strategically, using this control to serve their objectives. The tactic used will be determined by the strategic interests to be served by adding other parties. Additional parties may be invited to add support or credence to the negotiator’s position, to provide “independent” testimony or support to a point of view, or simply to present a show of force. For example, when communities are in dispute about whether to build a new shopping center or school, change a zoning law, or present a new tax package, it is not uncommon for the agents who will publicly speak about the issue to pack the audience with a large number of supporters who will occasionally show their enthusiasm and

support for (or opposition to) a position. (Recall the discussion in Chapter 11 of enlisting audience support to pressure an opponent.) Thus, negotiators can strategically add parties to the negotiation to enhance their perceived power through sheer numbers, to impress the other by displaying the prestige of the supporters, or to present some credible threat about the consequences that will occur if the negotiators do not get their way.

Third, negotiators can explicitly engage in coalition building as a way to marshal support, as described in Chapter 12. Parties may explicitly or implicitly agree to support each other's positions in order to add collective weight to their combined view and then use this coalition to either dominate the negotiation process or shape the desired settlement. Coalitions may be explicitly formed prior to negotiations or during negotiation recesses and breaks, or they may emerge as the discussion proceeds. Two or more parties may begin to realize that they have compatible views and agree to help each other achieve their separate objectives as the group objective is attained.

Members of coalitions can exert their strength in multiparty negotiations in a number of ways: by expressing solidarity with each other, by agreeing to help each other achieve their common or individual objectives, by dominating discussion time, and by agreeing to support each other as particular solutions and negotiated agreements emerge. Murnighan (1986) has suggested that the emergence of consensus in decision-making groups proceeds as a "snowballing coalition." As noted earlier, coalitions are built one party at a time. Thus, in a multiparty discussion, as parties share information and then deliberate possible solutions, a few people will emerge with a common perspective and then agree to support each other's views. Other individuals then negotiate with the emerging coalition to incorporate their own views. Those who may be unwilling to negotiate or modify their views are eventually rejected and left out of the collective decision.

The risk for those on the outside of an influential coalition is that they will not be an active participant in the discussions, some of which may occur in caucuses away from the main negotiating table. A study by Kim (1997) demonstrated that negotiators who are excluded from part of a multiparty negotiation receive a lesser share of the outcome than those who are present for the duration. Kim's findings showed that this is particularly damaging to the excluded party when he or she misses the second half of the discussion. The lesson seems to be that simply being present for key discussions is important, especially in the later stages as the parties hone in on a final settlement.

Polzer, Mannix, and Neale (1995, 1998) argued that relationships are the most significant force in shaping which parties will enter coalitions with each other in a multiparty negotiation. When a relationship is in place, parties extensively incorporate the time dimension into their deliberations and side negotiations with each other. Thus, what the parties have done for each other in the past, and/or what they think they can do for each other in the future, has a strong impact on the current discussions. In addition, as we noted in Chapter 10, relationships may lead the parties to have similar preferences, to have strong concern for the others and a desire to help the others achieve their outcomes, and to create and sustain strong trust among parties.

What Dynamics Can Make a Multiparty Negotiation Effective?

Multiparty negotiation looks a lot like group decision making because it involves a group of parties trying to reach a common solution in a situation where the parties' preferences may

diverge. Consequently, understanding multiparty negotiation means, in part, understanding the attributes of an effective group. Schwartz (1994) suggests that effective groups and their members do the following things:

1. *Test assumptions and inferences.* In effective groups, each member makes his or her assumptions and inferences clear by articulating them and checking them out with others. Unchecked assumptions and inferences can lead to unfounded conclusions.
2. *Share as much relevant information as possible.* In a competitive negotiation, parties are likely to use information strategically—sharing very little with other parties while attempting to gain much information from others. However, effective groups require the type of information sharing that occurs in integrative negotiation, in order to maximize the information available to the parties to find solutions that meet the interests of all. Thus, parties should discuss their interests, but not disclose their walkaway or BATNA.
3. *Focus on interests, not positions.* As in an integrative negotiation, multiparty deliberations should use procedures that surface the underlying interests of individual members, rather than just their stated positions: sharing information, asking questions, and probing for underlying interests or needs.
4. *Explain the reasons behind one's statements, questions, and answers.* Disclosing interests requires that we be clear to others about what is most important and that we indicate *why* those things are important.
5. *Be specific—use examples.* Parties should attempt to talk in specific terms about directly observable behaviors, people, places, and events. Generalities can lead to misunderstandings or ambiguity that can send problem solving off the track.
6. *Agree on the meaning of important words.* Participants should be careful to fully explain and define key words or language that may be part of the agreement. For example, if parties agree that all decisions will be made by *consensus*, they should all have the same definition of what will constitute “consensus”—general support by most members or full support by 100 percent of the members.
7. *Disagree openly with any member of the group.* If parties withhold their disagreement, conflict is forced underground, and the absence of conflict may ultimately lead to an inability to reach consensus or to implement a plan. Disagreement can be productive without being offensive.
8. *Make statements; then invite questions and comments.* Diversity of viewpoints should not just be reserved for disagreeing with another but should also be invited *from* others: Encourage others to clarify their own understanding of your interests and needs.
9. *Jointly design ways to test disagreements and solutions.* Develop a process for confirming facts, verifying interpretations of events, and surfacing the reasons for disagreements so that problem solving can move forward. This process can be facilitated by anyone who is not directly involved in the central debate. We return to this point later in the chapter.
10. *Discuss undiscussable issues.* Groups often have a number of issues that they consider undiscussable: group members who are not performing up to expectations (or who are behaving badly) or challenges to a boss in the room. Getting these issues on the table may be critical for a group to be productive. One approach is to discuss openly the undiscussability of an important norm, rule, or problem and to state the implied

consequences of discussing that topic openly. As Schwartz notes, “If members can be assured that their fears will not be realized, they will be more willing to talk openly about previously undiscussable issues” (p. 82).

11. *Keep the discussion focused.* Team leaders should make sure that the conversation stays on track until everyone has been heard. Develop an agenda, and have the chair manage the process to ensure that discussions don’t wander.
12. *Do not take cheap shots or create irrelevant sidetracks or otherwise distract the group.* Distractions, sarcasm, irrelevant stories, and humor are all distractions that take the conversation off task and off focus. Although some of this behavior is perhaps inevitable, often to relieve tension, effective discussions should try to keep these distractions to a minimum.
13. *Expect to have all members participate in all phases of the process.* All parties must be willing to contribute to all phases of the process—sharing relevant information, working to help arrive at a solution, or helping manage the process.
14. *Exchange relevant information with parties not at the table.* If outsiders are invited in as experts or important sources of information, they should be fully briefed on the ground rules for participation and asked to comply with them.
15. *Make decisions by consensus.* Although it is not always possible to make unanimous decisions, parties should strive for consensus whenever possible. We return to discuss “decision rules” later in the chapter.
16. *Conduct a self-critique.* Finally, in between decisions or major deliberations, if future negotiations are expected, parties should spend some time in a postmortem, evaluating their process and effectiveness. Paradoxically, groups that do not work well together seldom take the time to evaluate their process, probably because they hope to avoid the anticipated conflict that might arise from discussing the dysfunctionality. Not surprisingly, not discussing the dysfunctions usually makes it worse.

In summary, many of the principles of an effective decision-making group can be readily applied to multiparty negotiation. We now turn to exploring techniques that can be used to manage multiparty negotiations more effectively.

Managing Multiparty Negotiations

Given the additional complexity that occurs in a multiparty negotiation, what is the most effective way to understand and cope with the complexity? Northcraft (2011) suggests that multiparty negotiations have four core elements: preferences (what the parties want—issues and interests), people (the characteristics of the individuals who participate in the negotiation—see Chapters 14 and 15), processes (what negotiators do at the negotiation), and places (the characteristics of the context, or setting, in which the negotiation occurs). These elements parallel the major themes we have covered thus far in the text or will address in subsequent chapters. Similarly, Touval (1988), who examined many multiparty and treaty negotiations in international diplomacy, approached multiparty negotiations from the perspective of developmental stages, suggesting that these negotiations evolve through three key stages: the prenegotiation stage, managing the actual negotiations, and managing

the agreement stage. We follow that model here; in addressing these three stages, we also identify what a single negotiator can do when

- The individual is simply one of the parties in a multiparty negotiation and wants to ensure that his or her own issues and interests are clearly incorporated into the final agreement.
- The individual wants to ensure that the group reaches the highest-quality and best possible final agreement.
- The individual is responsible for overseeing a multiparty negotiation process to ensure that many of the strategic and procedural complexities are effectively managed.

The Prenegotiation Stage

This stage is characterized by a great deal of informal contact among the parties. During this stage, the parties tend to work on a number of important issues: who is at the table, doing your own planning, whether coalitions can be formed, what member roles different parties will take, understanding the consequences of no agreement, and constructing an agenda.

Identify Participants The parties must agree on who is going to be invited to the talks. If the parties are already in some kind of intact group, this is an easy question. However, many complex international negotiations give a great deal of time to the question of who will be recognized and who can speak for others. Issues about participants can be decided on the basis of the following:

- Who must be included if a deal is to be reached (key coalition members)?
- Who could spoil the deal if they were excluded (possible veto players)?
- Whose presence is likely to help other parties achieve their objectives (desirable coalition members)?
- Whose presence is likely to keep other parties from achieving their objectives (key coalition blockers)?
- Whose status will be enhanced simply by being at the table? (This was often a key issue in the Palestinian-Israeli talks in the Middle East and in the North Korea nuclear disarmament talks, when President Kim Jong Un's status was considerably enhanced by being able to meet directly with President Donald Trump.)

Do Your Own Planning As we described extensively in Chapter 4, develop a clear statement of your opening offer. Also indicate your preferences for the negotiation process, such as agenda items, sequencing, and how, when, and where negotiations should proceed. Be ready to signal that you are willing to both trade on issues and trade smaller substantive concerns for your preferences on process. Finally, make sure that your point of view is heard by others. If you think you are being drowned out by louder, more talkative teammates, ask the meeting chair to give you air time, or share your views with other team members outside the meeting and ask them to help you get into the formal discussion.

Form Coalitions We discussed coalitions in detail in Chapter 12. It is not uncommon for coalitions to exist before negotiations begin (parties who may know each other's interests in advance) or for coalitions to organize in anticipation of the meeting of all the parties. These coalitions may form to either promote or block a particular agenda item.

Define Member Roles If the group already has a structure, then key roles—lead negotiators, issue specialists, technical experts, recordkeepers, and so on—will already have been determined. But if they have not met before, then parties may begin to jockey for key roles. Some may want to lead, participate actively, and promote a particular agenda; others may wish to stay silent and be invisible; still others may wish to act in a broker or third-party role such as mediator or facilitator (see Chapter 19). Drawing from classic research on group dynamics, Table 13.1 describes three types of roles that members can play—*task roles*, which move the group along toward a decision or conclusion; *relationship roles*, which manage and sustain good relationships between group members, and *self-oriented roles*, which bring attention to the individual group member, often at the expense of group effectiveness.

Understand the Costs and Consequences of No Agreement Brett (1991) suggests that negotiators need to understand the costs and consequences that will ensue if the parties fail to agree. Earlier in this text, we suggested the importance of a BATNA in one-on-one encounters (cf. Chapters 2, 3, 4, and 8). For example, suppose a group of vice presidents in a mobile phone company is trying to decide the models and quantities of a new line of phones

TABLE 13.1 | Roles Commonly Played by Members of a Group

Task-Oriented Roles	Relationship-Oriented Roles	Self-Oriented Roles
Initiating/offering—offering new ideas	Encouraging—supporting others' comments, contributions	Blocking—acting negatively, actively and frequently disagreeing with others
Information seeking—asking others for their views	Harmonizing—smoothing over conflict, reinforcing “we-ness” of the group	Recognition seeking—drawing the group's attention to themselves, seeking approval from others
Opinion seeking—asking others for their opinions, judgments	Compromising—shifting one's own position in order to find a middle ground of opinion between people	Dominating—speaking frequently, dominating the conversation, manipulating the group toward their preferred outcome
Elaborating—clarifying, expanding on the topic	Gatekeeping—encouraging participation from those who do not speak often, discouraging participation from those who speak frequently	Avoiding—remaining quiet and disengaged, withholding contributions on either task or relationship issues
Evaluating—offering judgments about the topic	Standard setting—asking for or offering standards for judging the team's effectiveness	
Coordinating—pulling together ideas proposed by others		
Energizing—creating excitement about the topic being discussed		

Source: Based on Benne, Kenneth D., and Sheats, Paul, “Functional Roles of Group Members,” *Journal of Social Issues*, vol. 4, no. 2, 1948, 41–49.

to be built next year. To make this decision effectively, they must consider what will happen if they fail to agree. Will someone else (i.e., the president) step in and decide for them? How will the president feel about the group if the members can't agree? Are the costs of impasse the same for every negotiator? Usually, this is not the case—different agents have different costs associated with no agreement. For example, if the vice presidents cannot agree, the president may mandate the model line and quantities, which may have greater costs for the engineering and manufacturing departments (which may have to dramatically change over to new production processes) than for the marketing and sales departments (which would have to design a new marketing and advertising campaign regardless of what was done). The group members with the better impasse alternatives (BATNAs) are likely to have more power in the negotiation because they care less about whether the group reaches a particular solution relative to no agreement. Finally, do all parties perceive their agreement and no-agreement options accurately? There is much evidence that negotiators are prone to perceptual biases that lead them to believe they are better than others (refer back to Chapter 6), their options are better than others' options, they are more likely to achieve their outcomes than others, and they have more control over shaping an outcome than others (Taylor and Brown, 1988; Tyler and Hastie, 1991). In multiparty negotiations, these biases are likely to affect negotiators by inflating their sense of power and ability to win—leading them to believe that the no-agreement alternative is much better than it really is. Reality checking with others is important in keeping these biases under control: Are parties really willing to live with the possible costs of no agreement, and at what point will they collectively endorse that possibility?

Learn the Issues and Construct an Agenda Finally, parties spend a great deal of time familiarizing themselves with the issues, absorbing information, and trying to understand one another's interests. They also spend time constructing an agenda. There are many reasons an agenda can be an effective decision aid:

- It establishes the issues to be discussed.
- Depending on how the issues are worded, it can define how each issue is positioned and framed (refer back to our discussion of framing in Chapter 6).
- It can define the order in which issues are discussed.
- It can be used to introduce process issues (decision rules, discussion norms, member roles, discussion dynamics), as well as substantive issues, simply by including them.
- It can assign time limits to various items, thereby indicating the importance of the various issues.

In addition to creating an agenda, parties in the process might also agree to abide by a set of ground rules—ways to conduct themselves during the negotiation. LaFasto and Larson (2001) propose the Connect Model as a proven approach to building effective group relationships. Table 13.2 overviews the four key requirements and steps in this process model.

The Formal Negotiation Stage—Managing the Process and Outcome

The second critical stage of multiparty negotiations is what happens when the parties actually negotiate with each other. Much of the multiparty negotiation process is a combination of the group discussion processes, bilateral negotiation dynamics, and coalition-building

TABLE 13.2 | The Connect Model and the Requirements for Building a Relationship

Four Requirements	Process Model
1. Can we agree to have a constructive conversation?	Commit to the relationship —signal that you are ready to work on the problem and it is worth doing. Optimize safety —you will do your best to not make the other feel defensive, and you will try to appreciate the other's point of view.
2. Can our conversation be productive enough to make a difference?	Narrow the discussion to one issue —identify one issue at a time in a nonthreatening way. Neutralize defensiveness —minimize using words, terms, or descriptions that make the other defensive.
3. Can we understand and appreciate each other's perspective?	Explain and echo each perspective —tell the other what you observe, how it makes you feel, and the long-term consequences.
4. Can we all commit to making improvements?	Change one behavior each —agree that each of you is going to change one behavior. Track it! —determine ways to monitor progress.

Source: LaFasto, Frank, and Larson, Carl, *When Teams Work Best: 6,000 Team Members and Leaders Tell What It Takes to Succeed*. Thousand Oaks, CA: Sage Publications, August 21, 2001, 51.

activities described earlier in this text. Our discussion incorporates a great deal of what we know about how to structure the deliberations so as to achieve an effective and endorsed result. The following approaches are likely to ensure a high-quality decision.

Appoint an Appropriate Chair Multiparty negotiations will proceed more smoothly when it is clear to everyone involved who is chairing or facilitating the process. Often this role will be played by one of the interested parties, but multiparty negotiations can be greatly facilitated by the presence of a neutral chairperson who can implement many of the tactics described here. When feasible, the parties should seriously consider designating a chair who has little stake in the specific outcome but a strong interest in ensuring that the group works toward achieving the best possible outcome. As a practical matter, it is frequently the case that the chair will be drawn from within the circle of interested parties. Keep in mind that if a chairperson is also advocating a particular position or preferred outcome, it will be most difficult for that individual to act or be seen as neutral because the solution the person wants to obtain on the issues is likely to compromise (or be perceived to compromise) his or her neutrality or objectivity with respect to facilitating the process. See Box 13.1 for an inventory of constructive approaches to acting as a chair in multiparty negotiations.

Use and Restructure the Agenda A critical way to control the flow and direction of negotiation is through an agenda. Either the chair or the parties to the negotiation may introduce and coordinate the agenda. An agenda adds a high degree of structure, organization, and coordination to a discussion. Agendas provide low-power or disadvantaged groups a vehicle for getting their issues heard and addressed, assuming that they can get them on

Chairpersons of multiparty negotiations must be sensitive to keeping tight control over the process while not directly affecting the eventual outcome. When the parties want to achieve a consensus or unanimous decision, the responsibility of the chair is to be constantly attentive to the process. Here are some pointers for how to effectively chair a multiparty negotiation:

1. Explicitly describe the role you will take as chair. Be clear that you are there only to manage the process and that the parties will determine the outcome.
2. Introduce the agenda or build one based on the identified issues, concerns, and priorities. Make sure the parties have an opportunity to discuss, modify, or challenge the agenda before you begin.
3. Make logistical arrangements that will help the negotiation process. Does the physical setup of the room offer the best possible configuration for constructive discussion? Arrange for a flip chart, whiteboard, or computer projection to write down issues and interests. Many negotiators find they benefit from common visual access to issues, proposals, exhibits, and other information during the discussion.
4. Introduce necessary ground rules or let the parties suggest them. How long and how frequently will they meet? What is the expected output or final product? Will formal minutes be taken? Will there be formally defined breaks or recesses? Where will negotiations take place? How and when can party members consult with their constituents?
5. Create or review decision standards and rules. Find standards for what parties believe will be a fair or reasonable settlement. What criteria will be used to assess whether a particular solution is fair, reasonable, and effective? How will the parties ultimately decide to adopt an agreement?
6. Assure individual members that they will have an opportunity to make opening statements or other ways of placing their individual concerns and issues on the table. Be clear that once parties are familiar with the issues, simultaneous discussion of several issues can take place. This will permit trade-offs among issues rather than forcing a compromise on each individual issue.
7. Be an active gatekeeper. Make sure that people have a chance to speak and that the more vocal people do not dominate the less vocal people. Ask the more vocal people to hold back, and explicitly invite the more silent people to make comments and input. Make sure that the less vocal people are silent by choice, not because they feel forced out of the discussion or dropped out because they don't think their views are valued.
8. Listen for interests and commonalities. Encourage people to express interests, mirror them back, and encourage people to identify not only what they want but also why they want it. Listen for priorities and concerns. Once the issues and interests have been identified, explicitly set aside a time for inventing options. Use brainstorming and other decision-making techniques to generate options and evaluate them.
9. Introduce external information (studies, reports, statistics, facts, testimony from experts) that will help illuminate the issues and interests. Ask for hard data to support assertions (but be careful to refrain from engaging in aggressive "cross-examination" that will compromise your neutrality).
10. Summarize frequently, particularly when conversation becomes stalled, confused, or tense. Summarize where the conversation is, what has been accomplished, and what needs to be done. Paraphrasing and summarizing usually brings the parties back to reality and back on task.

the agenda. However, how an agenda is built (by collective consensus at the beginning of a meeting versus by one person prior to the meeting) and who builds it will have a great deal of impact on the flow of the negotiation. Unless others feel comfortable challenging the person who introduces a preemptive agenda, the agenda will go unquestioned, and hence, the implicit discussion structure and format it suggests will prevail. Negotiators entering a multiparty negotiation for which an (unacceptable) agenda has been created in advance should consider letting other parties know ahead of time that they view the agenda itself as open to discussion or change. In other words, make sure that possible modifications to the agenda are part of the agenda.

Although an agenda may add needed structure to a complex negotiation, a drawback is that it may artificially partition interrelated issues; as a result, issues may be discussed separately rather than coupled or traded off to exploit integrative potential. The parties using an agenda must be sensitive to the implicit structure it imposes, and they must be willing to challenge and reconfigure it if doing so will facilitate the emergence of an integrative, consensus-based agreement.

Ensure a Diversity of Information and Perspectives A third way to facilitate the negotiation is to ensure that the parties receive a wide variety of perspectives about the task and sources of information. Because the nature of the information changes depending on the task—for example, designing and implementing a change, finding the best possible solution to a problem, or simply finding a solution that is politically acceptable to several constituencies—it is difficult to prescribe what information is critical and how to ensure that it is addressed. This can simply be a matter of making sure that the voices of all participants are heard (see Box 13.2 for insight into why some members become silent in a multiparty deliberation). In a study of cross-functional teams, Lovelace, Shapiro, and Weingart (2001) found that the effect of disagreement on task performance in a group depended on (1) how the task disagreement was being communicated—collaboratively or contentiously, (2) how free group members felt to express task-related doubts, and (3) how effective the group's leader was assumed to be. More collaborative communications were likely to be associated with greater innovativeness, while an absence of contentious communications was associated with a group's freedom to express doubts about how the task should be approached. Thus, effective management of the process of sharing diverse views on the task is critical to achieving effective sharing of a diversity of views and perspectives on the problem.

Ancona and Caldwell (1988) suggest four group-member roles that may be useful during this information management phase: scouts, ambassadors, coordinators, and guards. *Scouts* patrol the environment and bring in relevant external information—reports, statistics, findings, and others' experience. *Ambassadors* represent a formal link to some important constituency (e.g., senior management); they help to acquire the resources the group needs to continue to operate and provide some limited information about the group's activities to constituencies (enough to give the constituency an idea about events and deliberations but not so much as to divulge private or confidential discussions). *Coordinators* provide a formal link between the group members and the constituencies they represent—frequently, negotiators are themselves the coordinators of input from their constituency into the group deliberations. Finally, *guards* are designated to keep some information inside the group and ensure that there are no leaks or premature disclosures of key information or discussions.

Researchers Paul Mulvey, Jack Veiga, and Priscilla Elsass (1996) note that group members are quite cynical about group decision making, and many report that they find group decision making so frustrating and tedious that they often raise the white flag and privately “check out” of the group rather than working hard to help others make a good decision. Here are some of the most common reasons group members engage in “self-limiting behavior” (quietly giving in rather than continuing to participate in the group discussion):

- *The presence of a perceived expert.* When they think that others in the group have a lot of expertise—and, more problematically, these group members show off their expertise—members will strongly limit their own participation, usually for fear of looking foolish in front of the expert.
- *The presence of a compelling argument.* When one or more people make a very strong, persuasive, and convincing argument—and particularly when it is made after a lot of fruitless discussion—other people will self-limit.
- *Lacking confidence in one’s ability to contribute.* If someone is not confident about his or

her own views, and doesn’t want to take a risk, he or she will self-limit.

- *An unimportant or meaningless decision.* When people see the decision as having little or no impact on their operations, they will contribute less.
- *Pressure from others to conform to the group decision.* Strong pressures to align with the team’s decision or join a coalition, or fear of retaliation, can push people to find their place.
- *A dysfunctional decision-making climate.* When people see other group members as frustrated, disorganized, or floundering, they may self-limit. Both weak leadership and the early stages of a decision process can lead to this judgment.

The authors recommend several strategies that team leaders can use—many of which are noted later in this section—to ensure that members do not drop out of the conversation early and create a false consensus.

Source: Adapted from Mulvey, Paul W., Veiga, Jack F., and Elsass, Priscilla M., “When Team Members Raise a White Flag,” *The Academy of Management Executive*, vol. 10, no. 1, February 1996, 40–49.

Clearly, parties can play more than one role and can rotate roles in the course of a multi-party negotiation.

If there is a chair, he or she can ensure that input is received from everyone; that various constituencies and stakeholders have an opportunity to provide input (through written comments or opportunities for open testimony); and that relevant reports, documents, or statistical analyses are circulated and discussed. Manz, Neck, Mancuso, and Manz (1997) suggest key process steps that a chair can implement to ensure having an effective, amicable disagreement among the parties:

1. *Collect your thoughts and composure before speaking.* Avoid the temptation to “shoot from the hip” with emotion rather than reasoned arguments.
2. *Try to understand the other person’s position.* In Chapters 7 and 10, we discussed techniques such as listening skills, mirroring, and role reversal to understand the other.
3. *Try to think of ways that you both can win.*

4. *Consider how important this issue is to you. Is this your most important issue in the negotiation? Can you afford to sacrifice all or part of your preferred position on this issue for gains elsewhere?*
5. *Remember that you will probably have to work together with these people in the future. Even out of anger and frustration, don't use tactics that will make you regret the conversation tomorrow.*

Ensure Consideration of All the Available Information One way to ensure that the parties discuss all available information is to monitor discussion norms. Discussion norms reflect the way the parties engage in sharing and evaluating the information introduced (Brett, 1991).

Although it would be highly desirable to do so, parties seldom consider in advance what discussion norms they are going to follow. In most cases, this failure is probably due to a lack of understanding about how much deliberations can be improved by following norms and rules that will enhance discussion or how chaotic a group discussion can be if it is not well managed. Research on group norms has shown that there are several that can undermine an effective discussion:

- *Unwillingness to tolerate conflicting points of view and perspectives.* There may be many reasons for this: One or more parties dislike conflict, are afraid that conflict will be uncontrollable, or see conflict as destructive to group cohesiveness. But as we noted earlier, the absence of conflict can also lead to disastrous decisions.
- *Side conversations.* Side conversations between two or three parties can sometimes be beneficial and sometimes detrimental. While people can often have a more comfortable conversation with one or two other people compared with everyone being involved, side conversations can also destroy the sense of unity and the ability to come to agreement when consensus is critical. When a decision can benefit from unique perspectives and creative input, side conversations can be beneficial; however, when parties must remain unified and collectively embrace the outcome, side conversations create distraction from the task, disrupt the flow of arguments, and reduce the likelihood of achieving that unity (Swaab, Phillips, Diermeier, and Medvec, 2008).
- *No means for defusing an emotionally charged discussion.* Unless there is a way to release it, anger, frustration, or resentment can become mixed in with the substantive issues and hamper the collective efforts. Although a great deal of negotiation literature suggests that parties should simply be calm and rational at all times, doing so is simply not humanly possible. The more the parties care about a particular issue and are invested in it, the more likely it is that emotions will creep into the dialogue. Vehicles must exist to allow the parties to vent their emotions productively.
- *Coming to a meeting unprepared.* Unfortunately, preparation for a meeting often consists of either not preparing at all or simply preparing one's own position. Attention to the others' positions or to assessing underlying interests and priorities requires thorough preparation.

Several strategies may be used to manage each of these four potentially destructive discussion norms. The parties must generate and exchange ideas in a manner that permits full exploration and allows everyone to have some input yet avoids some of the destructive

conflict and emotions that can occur. Bazerman, Mannix, and Thompson (1988) reviewed several decision-making and brainstorming techniques that are frequently used to achieve this objective.

The Delphi Technique A moderator structures an initial questionnaire and sends it out to all parties, asking for input. The parties provide their input and send it back to the moderator. The moderator summarizes the input and sends it back to the parties. The parties then evaluate the report, make further input, and return it to the moderator. Over a number of rounds, through the questions and inquiries shaped by the moderator, the parties can exchange a great deal of information and share different perspectives. The advantages are that the parties have little face-to-face interaction, do not get bogged down in personal hostility or inefficient communications, and can proceed through several rounds before an agreement is reached. The limitations are that the real priorities and preferences of individual parties may not be expressed, and the way the problem is defined and shaped early in the process can greatly determine the outcome. The parties may miss opportunities to expand the pie of resources, redefine the problem in an important way, or truly evaluate important trade-offs. Thus, the Delphi technique may tend to generate compromise settlements rather than truly creative, integrative solutions.

Brainstorming In brainstorming, the parties are instructed to define a problem and then to generate as many solutions as possible without criticizing any of them. We discussed brainstorming in Chapter 3. Box 13.3 offers a list of critical rules to be used in brainstorming.

Nominal Group Technique The nominal group technique typically follows brainstorming. Once the brainstormed list of solution options is created, the parties can rank, rate, or evaluate the alternatives in terms of the degree to which each alternative solves the problem. The leader collects, posts, and records these ratings so that all parties have an opportunity to formally evaluate the options and vote on the ones they consider to be most effective.

Manage Conflict Effectively As implied by many of the suggestions offered throughout this section, the parties must generate many ideas and approaches to a problem—which usually creates conflict—while not allowing that conflict to either disrupt the information flow or create personal animosity. When done well, conflict is a natural part of the decision-making process that improves members' ability to complete tasks, work together, and sustain these relationships. When done poorly, conflict actively disrupts all of these processes. Jehn and Mannix (2001) studied the development and management of conflict over time in high-performance task groups. They examined three kinds of conflict typical to work groups: relationship conflict (interpersonal incompatibilities; dislike among group members; and feelings of tension, friction, annoyance, frustration, and dislike), task conflicts (awareness of difference in viewpoints about the group's task), and process conflict (awareness of controversies about how task accomplishment will proceed—who will do what, how much one should get from a result, etc.). High-performing groups were characterized by low, but increasing, levels of process conflict; low levels of relationship conflict with a rise near the deadline; and moderate levels of task conflict at the midpoint of the interaction. Those groups that were able to create this ideal conflict profile had reasonably common, preestablished, work-related value

- *No criticism of ideas is allowed.* No other member can say whether an idea is good or bad.
- *Questions can be asked only for clarification of an idea.*
- *Free-wheeling is a plus.* Wild and crazy ideas are welcome, and, in fact, they may help trigger other ideas from team members. Don't worry about whether the idea you voice is good, bad, silly, or impartial; just say it.
- *Go for quantity.* The more ideas you get from team members, the better this team effort will be.
- *Combine and improve ideas.* It is certainly fine to build on someone else's idea.

Source: Manz, C. C., Neck, C. P., Mancuso, J., & Manz, K. P., *For Team Members Only: Making Your Workplace Team Productive and Hassle-Free*. New York, NY: AMACOM, 1997, 135.

systems among the group members; high levels of trust and respect; and open discussion norms around conflict during the middle stages of the interaction.

In a related study, Benfar, Peterson, Mannix, and Trochim (2008) studied conflict resolution procedures in effective and ineffective teams. They discovered that groups that maintain or improve their top performance over time share three common conflict resolution strategies: (1) They focus on the content of the interactions with the other party rather than the other party's delivery style, (2) they explicitly discuss the reasons behind any decisions reached in accepting and distributing work assignments, and (3) they assign work to members who have relevant task experience rather than assigning them based on convenience or volunteering. Thus, multiple parties who must work together both anticipate that they will have to deal with conflict and have developed multiple strategies for dealing with them when they arise.² Note that conflicts are more difficult to resolve when personal values, rather than interests, are at stake. For example, in 2017, the owners of National Football League teams found themselves caught between the preferences of some of their players who not stand for the National Anthem and criticism from President Donald Trump for not punishing those players. While the league president supported the players' right to free speech, demonstrated by not standing, the owners were in significant disagreement with each other about how to handle the problem. After highly contentious debate at the league's annual meeting, they came to an agreement that players must either stand for the National Anthem or remain in the locker room until after the Anthem is played. But even this decision may not be uniformly enforced.

Review and Manage the Decision Rules In addition to monitoring the discussion norms and managing the conflict processes effectively, the parties also need to manage the decision rules—that is, the way the group will decide what to do (Brett, 1991). In decision-making groups, the dominant view is to assume that the majority rules and, at some point, take a vote of all members, assuming that any settlement option that receives more than 50 percent of the votes will be the one adopted. Obviously, this is not the only option. Research has shown that groups can make decisions by dictatorship (one person decides); oligarchy (a dominant minority coalition decides); simple majority (one more person than half decides); two-thirds majority; quasi-consensus (most of the parties agree, and those who dissent agree not to protest or raise objections); and true unanimity, or consensus

(everyone agrees). Determining the collective's decision rule before deliberations begin also significantly affects the process. For example, if a simple majority will make the decision among five parties, then only three people need to agree. Thus, any three people can get together and form a coalition during or even prior to the meeting. In contrast, if the decision rule will be consensus, or unanimity, then the group must meet and work hard enough to ensure that all parties' interests are raised, discussed, and incorporated into the group decision. Deciding whether a coalition-building strategy or a complete sharing of positions, interests, and problem solving is necessary requires significantly different approaches. In contemporary politics, coalition strategies are most popular, often bringing together those who would not normally be on the same side but can be convinced to form a temporary voting majority around a specific piece of legislation.

Table 13.3 summarizes the three negotiating strategies—maximizing individual gain, entering into a coalition, and pursuing mutual gain (consensus or unanimity decision rules)—along with the tactics, decision rules, goal orientations, and decision aids that

TABLE 13.3 | Tactics, Decision Rules, Goal Orientations, and Decision Aids for Mutual, Coalition, and Individual Gain

Mutual	Coalition	Individual
Tactics		
1. Share own and elicit others' interests	1. Seek similar others and construct a solution that meets your joint interests	1. Open with a high, but not outrageously high, demand
2. Consider many alternatives; be creative; look for ways to use available resources	2. Recruit just enough members to control the group's decision	2. Argue the merits of your alternative; do not reveal your interests
3. Don't just compromise; make trade-offs	3. Encourage interpersonal obligations among coalition members	3. Appear unable or unwilling to concede
4. Encourage positive relations		4. Encourage positive relations
		5. Use threats, time deadlines, and promises, if necessary
Decision Rules		
Consensus	Oligarchy	Dictator
Unanimity	Majority	
Goal Orientation		
Cooperative	Cooperative or individual	Individual
Decision Aids		
Packaging	Packaging	
Search models	Search models	

Source: Jeanne, Brett, "Negotiating Group Decisions," *Negotiation Journal*, vol. 7, no. 3, July 1991, 291–310.

accompany them. As the table reveals, any one set of elements can drive the others—decision rules or goals can drive the approaches, or vice versa. Thus, negotiators would do well to understand the decision rules and goal orientations before selecting a strategy and set of tactics. Similarly, negotiators need to understand the consequences of adopting an approach (strategy and tactics) that may not fit the related decision rules and goal orientations, because mismatches are likely to produce frustration, poor group process, and perhaps sub-optimal outcomes.

Strive for a First Agreement If the objective is consensus or the best quality solution, negotiators should not strive to achieve it all at once. Rather, they should strive for a *first agreement* that can be revised, upgraded, and improved. As we have discussed, the additional complexity of multiparty negotiations increases the complexity of the events, the likelihood of communication breakdown, and the likelihood that the parties will negotiate more positionally (either because of the competitive dynamics or the consequences of audience or constituency dynamics). Given these conditions, achieving true consensus among the parties becomes much more difficult, even if a true consensus solution exists. As a result, it is often better to set a more modest objective for these negotiations: to reach a preliminary agreement or a tentative consensus, which can then be systematically improved through continued discussion, using the first agreement as a plateau that can be modified, reshaped, tweaked, and improved upon in a follow-up negotiation effort.

The drawback, of course, is that many parties may be satisfied with the first solution—either because it already incorporates their views or because the difficulty of achieving it has sapped their enthusiasm for exerting any additional time and energy to improve it. First agreements typically reflect the position of a powerful, vocal minority or maybe the views of a small number of powerful members (Brett, 1991; Nemeth, 1986, 1989). These parties may not be open to dissenting views that would otherwise stimulate consideration of a wider set of possible alternative outcomes. As Brett (1991) notes;

Majority and powerful individuals, however, are often intolerant of dissent. After all, why should they risk losing control over the group decision by providing an opportunity for dissent? A second agreement resolves this dilemma. It preserves the control of the powerful party—if no better agreement is forthcoming, the first agreement will stand. It also protects the interests of both the majority and the minority, letting them reveal information about their weaknesses and hidden agendas without fear that the group will use the information against them. At their best, second agreement deliberations encourage the sharing of minority points of view, the questioning of assumptions, the discussion of decision ramifications, the search for superior alternatives and the testing of consensus. (p. 294)

This resistance to further deliberations by parties who are happy with the first agreement may be overcome by taking a break after the first agreement is reached, encouraging the parties to critique and evaluate the first agreement, and explicitly planning to come back with a commitment to try second-agreement negotiations (renegotiations). In addition, if the parties have been through a great deal of divisive and unproductive conflict to reach the first agreement, then the renegotiations must specifically attend to changing and managing the conflict process. As Brett (1991) states, effectively attending to this process may also allow parties to achieve a high-quality outcome in their first negotiation effort. Finally,

a first agreement can serve as an anchor (see Chapter 6), which might make it difficult for parties to move toward some significantly different solution once the first agreement has been reached.

Manage Problematic Behaviors among Some Parties Finally, the behaviors of individual parties may create difficulty in achieving an effective group process. Individuals may show up late for meetings, fail to prepare adequately, distract the group with side comments and disruptive tactics, or neglect to put in their fair share of work. Unfortunately, there is a tendency in many groups to try to ignore these individuals rather than to address their behavior and try to change it. Manz et al. (1997) suggested a number of broad tactics for dealing with problematic individual behavior:

1. Be specific about the problem behavior—offer clear, specific examples.
2. Phrase the problem as one that is affecting everyone, rather than just you. Use “we” instead of “you,” which sounds much more accusatory and is likely to make the other defensive.
3. Focus on behaviors the other can control. The purpose is not to criticize or embarrass, but to focus on specific behaviors that the individual can control and modify.
4. Wait to give constructive criticism until the individual can truly hear and accept it. Consult with the problem person in private and when he or she is not pressured to go elsewhere or deal with some major problem.
5. Keep feedback professional. Use a civil tone and describe the offending behavior and its impact specifically. Make the tenor of the conversation adult to adult, not parent to child.
6. Make sure the other has heard and understood your comments. Ask him or her to repeat or rephrase so that you know you have been heard.

In Chapter 17, we also address strategies for dealing with other negotiators whose behavior can be called difficult.

The Agreement Stage

The third and final stage in managing multiparty negotiations is the agreement stage. During the agreement stage, the parties must select among the alternatives on the table. They are also likely to encounter some last-minute problems and issues, such as deadline pressures, new issues that were not previously addressed, the need for more information on certain problems or concerns, and the tendency for some parties to threaten veto power while they lobby to get their specific pet idea or project included in the final agreement. Many of the tactics to be used in this stage are similar to the ones we prescribed in Chapters 3 and 4. Four key problem-solving steps occur during this stage (Schwartz, 1994; Thompson et al., 2012):

- *Select the best solution.* The parties must weigh the alternatives they have considered and either select a single alternative or combine alternatives into a package that will satisfy as many members as possible. As we noted earlier, the fairness of the solution should be one of the primary criteria for selecting this package.
- *Develop an action plan.* This increases the likelihood that the solution will be implemented completely, effectively, and on time. For example, a good action plan



After two hours of negotiations, a consensus is near on an official hashtag for the meeting.

Source: ©Dominique Deckmyn/Cartoonstock

might include a list of key steps, the objectives to be achieved at each step, when the step should be started and completed, what resources are needed to complete the step, and who has responsibility for completing the step. Working on this plan can also cause ambiguities or omissions from the earlier discussion to surface, thus preventing greater conflict down the road when implementation has begun.

- *Implement the action plan.* This is likely to take place after the group disbands or outside the scope of the group, but it needs to follow the guidelines established by the group. Without an effective action plan, the problems that might have been recognized at this point are sure to occur.
- *Evaluate outcomes and the process.* Conducting an evaluation of the process and the outcome can be critical for surfacing data about the effectiveness of the process followed. This evaluation need not occur at the same time or place as the decision meeting, but it should not be deferred or omitted. If participants are unwilling to raise criticisms publicly, anonymous questionnaires can be completed, summarized, and sent back to the leader or a neutral facilitator, who can then use the data to highlight specific concerns about faulty process or incomplete outcomes. For example, in hostage negotiations, the police hostage team specifically debriefs after every incident to determine what they can learn and how to perform more effectively in the future (see Box 13.4).

What the Chair Can Do to Help In addition to the list of chair responsibilities outlined in Box 13.1, here are some things a group facilitator can do to keep the group moving toward a successful completion:

- *Move the group toward selecting one or more of the options.* Use the process rules discussed earlier, as well as the wide variety of techniques for achieving an integrative agreement presented in Chapter 3. Listen for the emergence of the “snowballing coalition” among key members. Permit and encourage packaging and trade-offs among

How Hostage Teams Use Debriefing to Improve Effectiveness

In an application of coalition negotiation, authors Bahn and Loudon (1999) point out that hostage negotiation is often mistakenly seen as a two-person exchange between the hostage-taker and the hostage-negotiator. Instead, hostage negotiation represents a team effort that involves an elaborate coalition of individuals, each with his or her specific role, all working to ensure the safety of those involved.

The authors presented an example of a two-day hostage situation at an urban hospital. During the 48-hour standoff, 250 police department personnel were deployed, ranging in duties from traffic control officers to the police commissioner. In addition, government employees were present, along with 25 tactical team members and 8 trained hostage negotiators. The authors

described this effort as highly interdependent, with each individual depending on the others to fulfill his or her mission.

After the hostage event is over, team members then get together to discuss and process the outcomes of the negotiation. Discussions are meant to be constructive, focusing on what could have been done better and what needs to be changed for future hostage situations. Meetings also serve as a forum for team members to decompress and vent their frustrations after an intense experience.

Source: Bahn, Charles, and Loudon, Robert J., "Hostage Negotiation as a Team Enterprise," *Group*, vol. 23, no. 2, June 1999, 77-85.

multiple issues or modification of the first agreement or tentative agreement reached earlier. If the decision is particularly laden with conflict, pursue a first agreement with the understanding that the parties will take a break and come back to renegotiate the agreement at a later date.

- *Shape and draft the tentative agreement.* Write it down. Work on language. Write the wording on a whiteboard, flip chart, or PowerPoint that can be displayed to everyone so that all can see it and edit it freely. Test to make sure all parties understand the agreement and its implications and consequences. Remember that the person who does the writing often has more power than others because he or she gets to write the agreement in his or her own language and may bias or selectively remember some points and omit others.
- *Discuss whatever implementation and follow-up or next steps need to occur.* Make sure that individuals who have a role in this process understand what they need to do. Make assignments to individuals to ensure that key action steps are designed and executed. Schedule a follow-up meeting. Plan for another meeting in the future to evaluate how the agreement is working.
- *Thank people for their participation, their hard work, and their efforts.* If the discussion has been particularly difficult or required a large time commitment, a small group celebration and formal thank-you notes or gifts may be in order. Have dinner or a party together to celebrate all the hard work.
- *Organize and facilitate the postmortem.* Bring the parties back together to discuss the process and outcome and to evaluate what they might do better or differently the next time. This will ensure learning for both the parties themselves and the chair. Also, you will need to be ready in case a deal unravels (see Box 13.5).

In June 2017, President Donald Trump announced that the United States was withdrawing from the Paris climate accords. This agreement had been forged by 195 nations to reduce greenhouse gas emissions, and President Barack Obama had personally committed to cutting U.S. greenhouse gas emissions by 26 to 28 percent by the year 2020. In announcing his withdrawal, President Trump indicated that he thought President Obama had made too many concessions in cutting both U.S. emissions and helping other countries cut theirs, and that the agreement was having a negative effect on the U.S. economy. However, because of the depth of U.S. commitment to the accord, many believed that U.S. federal government withdrawal would collapse the entire agreement.

Enter former New York mayor Michael Bloomberg, a long-time activist on climate change. Bloomberg argued that states, cities, and businesses were really the ones responsible for implementing major climate change. Bloomberg began contacting state governors, mayors, and business leaders, and within a week, more than 1,200 had signed an agreement to continue to support the Paris Agreement; Bloomberg himself committed \$15 million to pay the United Nations for the U.S. share of the agreement's operating costs. Many U.S. state governors signed on to a similar commitment within the next few weeks.

Governor Jerry Brown of California was invited to join the president of China, Xi Jinping, to make further commitments in support of the agreement.

The continued support for the agreement in spite of President Trump's formal withdrawal emphasizes three essential components of rescuing a deal from the brink of disaster:

1. Be ready to identify other partners and build new coalitions if a powerful coalition member pulls out.
2. New coalitions can be built by reaffirming collective commitments to the objectives of the original coalition, or even by treating the withdrawing coalition member as a "common enemy."
3. Never give away your BATNA, which, in this case is to go ahead without the withdrawing partner or to withdraw until the situation stabilizes and changes. While it may be very disappointing that a hard-fought deal is abandoned at the last minute, all is not lost if the parties remain flexible enough to reorganize and reset achievable goals.

Source: Prepared by Roy Lewicki based on news reports from the New York Times, Harvard Program on Negotiation, and other media.

Interteam Negotiations

In this final section of the chapter, we examine negotiations between two or more groups or teams. We use the term *interteam negotiation* to describe these situations: two or more negotiators, acting as representatives of the interests of two or more organized groups or teams, sharing interests and priorities with two or more representatives from other groups or teams who have their own interests and priorities (Shapiro and Von Glinow, 1999). In Chapter 11, we discussed how additional parties at the negotiation table provide an audience that influences the roles individuals assume during the negotiation. Here, we address a broader set of questions about negotiation processes between two or more teams—and the consequences for within-team dynamics. Only a small number of research studies have investigated these issues. We can summarize the findings of these studies in five broad areas.

Intergroup Negotiations Produce Better Outcomes than Negotiations between Individuals A study by Thompson, Peterson, and Brodt (1996) compared negotiations between teams, negotiations between individuals, and (mixed) negotiations where a team negotiates against an individual. They found that joint profits for the two parties were greater when at least one of the parties was a team. Part of the explanation was that teams exchanged more information than solo negotiators, which increased the likelihood that integrative potential could be discovered and exploited—but this might have occurred because all team members were allowed to speak, not just a single spokesperson. Even when a team negotiates against a solo negotiator, the positive benefits of the team's presence occurs. Polzer (1996) argued that these benefits might depend on negotiator *experience*: When trained negotiators were involved, the presence of a group led to more integrative outcomes than when the negotiators were inexperienced.

At the Same Time, Team-on-Team Negotiations Are Sometimes More Competitive and Better at Claiming-Value Dynamics A substantial research tradition in game theory has been that when groups are dealing with other groups, they tend to be highly competitive in their dealings (e.g., McCallum et al., 1985). Does this extend to the realm of negotiation? Research efforts to explore this issue have yielded mixed findings. In one study examining the effects of negotiating teams on competition, cooperation, and trust, Polzer (1996) found that when teams are present in negotiations, there is more contentiousness and less trust between the parties. Other studies, however, have failed to find differences between the competitiveness of negotiating teams versus individuals (O'Connor, 1997; Thompson et al., 1996).

Competitiveness aside, are teams better than individuals at the distributive component of negotiation—that is, does a team gain better outcomes when matched against an individual? Research to date points to an advantage for teams. In research by Thompson et al. (1996), teams claimed more value than solo negotiators in one experiment, but not in another involving the same negotiation task. Polzer (1996) found that groups did better than the individuals against whom they were negotiating in mixed (team versus solo) matchups. One partial explanation lies in Polzer's finding that negotiating teams were perceived as having more power than individuals.

Finally, the dynamics within a team can affect how negotiators behave in representing the team. If the team is low-key and cooperative, the representative of that group reached more integrative agreements with the other side than when their constituency was militant and competitive. When constituencies are less aggressive and less militant, not only does the negotiator achieve a more integrative agreement with the other party but the negotiator trusts her constituency more and has more confidence that they will approve of the agreement reached at the negotiating table (Aaldering and de Dreu, 2012). Similarly, if there are disputing subgroups within a team, the presence of this intrateam conflict significantly undermines the performance of the team in interteam negotiations (Halevy, 2008).

These studies point to two implications for an individual facing a negotiating team on the other side: (1) Be attentive to the possibility that the team will be aggressive in pursuing its interests and claiming value, and (2) avoid the trap of assuming that the other party has disproportionate power merely because it elected to send a team to negotiate.

Accountability Pressures Are Different for Negotiators Representing Teams Compared to Individuals As we discussed in Chapter 11, individual negotiators are

more likely to behave in a more competitive manner when they are accountable to constituents than when accountability pressures do not exist. This occurs, at least in part, because individual negotiators feel a need to show “toughness” to constituents who can observe their performance. However, a study by O'Connor (1997) reveals that teams of negotiators do not respond in the same way to constituent surveillance. In her experiment, accountability significantly increased the competitive behavior of solo negotiators compared to the behavior of negotiating teams. In a team, the pressures created by accountability are distributed and diffused among the team members, leading individual team members to perceive less responsibility for the outcomes than if they were acting alone.

When Negotiating as a Team, Negotiators Must also Manage Within-Team Dynamics Brett, Friedman, and Benfar (2009) suggest that the biggest challenge in a team-on-team negotiation may be managing your own negotiating team. It only takes one careless comment from one of your team members, in front of the other negotiating team, to completely undermine your team's strategy and its ability to achieve its goals.

These authors indicate that there are two major challenges for managing your negotiating team: aligning the multiple and often conflicting interests of members within the team and implementing discipline among team members to follow the strategy once the negotiation begins. Here are several of their suggestions for each of these challenges:

Aligning Your Team's Interests

- Plot out the possible conflicting interests. Draw a “map” of each team member's interests and share it with the team. You can do this by polling individual members or bringing the team together and plotting it on a whiteboard. This may allow team members to work out conflicting interests before meeting with the other side.



- Work with team members' constituents. For instance, if team members are representing various constituents—such as management versus organized labor—then it may be necessary to obtain the constituents' input directly and caution them about not overly raising their expectations of what their team leader can achieve.
- Make data widely available. Team members need to see data that only some team members may currently hold and need to understand the impact of specific team decisions on various departments. Some team members may distrust data that come from other departments, and if the distrust level is high, data may have to be collected and managed by a neutral third party, like a consultant.

Implementing Team Discipline

- Before encountering the other team, role-play the parts of the negotiation with the other team that are expected to be emotional and adversarial. “Bait” team members with antagonistic comments that they might receive from the other side, and rehearse controlled responses so that they don't get “hooked” by those comments in a live negotiation.
- Assign team members specific roles so that everyone has a job to do and knows how he can contribute. If people have assigned roles, they will focus on their jobs and may be less likely to make random comments that can detract from negotiation progress.
- Establish nonverbal signals for communicating with other team members—much like those used by sports coaches from the bench. These signaling codes are arranged in advance in order to call a caucus, avoid certain topics of discussion, and so forth. While physical hand gestures or movements can be adequate, in a world where almost everyone has a smartphone, instant messaging or cell phone signals might be even more effective.

While team leaders must work hard to exercise discipline within their own team, they also may have responsibilities for managing the other team(s), particularly at the stage of assuring that the other team accepts the agreement concluded by representatives at the table. Suggestions for ways that a negotiator can help the other negotiator achieve agreement within his or her own team are listed in Box 13.6.

The Relationship and Attitude among Team Members Affects Negotiation Process and Outcomes Peterson and Thompson (1997) examined what happens when teams comprised of friends negotiate against teams of strangers. Not surprisingly, they found that teams of friends were more cohesive as a group, and more focused on maintaining their relationship, than were teams of strangers. For teams of strangers, more cohesiveness was associated with improved negotiating performance. Peterson and Thompson found that the relationship among team members affected how information was used to reach a negotiated outcome. Specifically, when individuals on the team had unique information about the team's interests and preferences, they actually performed less effectively on the task than teams of strangers. The issue of accountability also played a role in Peterson and Thompson's study. When teams of strangers were accountable for their negotiating performance (to a supervisor), they did better (claimed a greater share of joint profit) than did teams of

Noted sociologist Robert Putnam (1988) described complex intergroup negotiations, such as international diplomacy, as having two levels; Level One emphasizes the negotiations that occur between representatives of each side to reach a negotiated agreement, while Level Two focuses on the processes that occur within each side as the negotiators present and sell the agreement to their constituents for ratification.

James Sebenius (2013) noted that the strategy and tactics of Level Two negotiations have received much less attention in negotiation research. However, these negotiations can be the most challenging because constituents often have significant concerns about and objections to deals reached by their agents during Level One. Working from the notes and advice of distinguished international diplomats, Sebenius offers several important suggestions for ways that the agents can help the opposing agent “sell” the Level One deal back to the opposing agent’s constituency (refer back to Figure 11.6 in Chapter 11):

- The agent must truly understand the interests of the other side and the diversity of views, perceptions, and interests in the other side’s constituency.
- The agent must also understand the political, economic, and social context in which the other side operates to appreciate limitations and constraints.
- The agent works closely with the other agent to avoid any surprises as new issues or concerns arise.
- The agent offers to help write the speeches, press releases, or presentations that the other agent will give to his or her constituents while refraining from making any comments that might inflame or anger constituents.
- The agent also offers specific compensation or unique promises and commitments to members of the other side’s constituency in order to win their confirmation vote.

Sebenius’s advice is critical to heed in a world where some of the most important political and social problems require multiple stakeholders both to achieve an agreement and to persuade their constituencies to embrace and support those agreements.

Sources: Sebenius, James K., “Level Two Negotiations: Helping the Other Side Meet Its ‘Behind the Table’ Challenges,” *Negotiation Journal*, vol. 29, no. 1, January 2013, 7–21; and Putnam, Robert D., “Diplomacy and Domestic Politics: The Logic of Two-Level Games,” *International Organization*, vol. 42, no. 3, 1988, 427–60.

friends who were similarly accountable. Taken as a whole, these findings indicate that relationships among team members complicate the ways that teams use information and tactics to work toward a negotiated settlement. As a general matter, Peterson and Thompson found that teams of strangers outperform teams of friends under some conditions but that teams of friends never outperform teams of strangers. We do not conclude that it is necessarily “bad” for individuals negotiating as a team to be friends or acquaintances, but it does appear that when team members have a preexisting friendly relationship with members of the other team, they need to be especially vigilant about not allowing those friendships to interfere with the pursuit of optimal outcomes. Teams of strangers, on the other hand, may be able to improve their performance by taking the time to become a more cohesive operating unit before entering the negotiation.

Chapter Summary

Most negotiation theory has been developed under the assumption that negotiation is a bilateral process—that there are only two focal negotiators opposing each other. Yet many negotiations are multilateral or team deliberations—more than two negotiators are involved, each with his or her own interests and positions, and the parties must arrive at a collective agreement regarding a plan, decision, or course of action. In this chapter, we explored the dynamics of two forms of multiparty negotiations: when multiple parties must work together to achieve a collective decision or consensus and when two or more teams are opposing each other in a negotiation.

One theme that runs through all forms of multiparty negotiation is the need to actively monitor and manage the negotiation process because these negotiations are significantly more complex than two-party negotiations. Following is a brief set of questions that any participant in negotiations involving coalitions, multiple parties, or teams should keep in mind:

- What are the consequences of the parties failing to agree due to the increased complexities of such negotiations? What happens if there is no agreement?
- How will the parties involved actually make a decision? That is, what decision rules will be used? Why are these the best possible rules?

- How can the parties use iterations—multiple rounds of discussion—to achieve their objectives? (This may be particularly appropriate when the decision rule is consensus—or the best-quality agreement—because consensus may not be achievable in a single iteration.)
- Do we need a designated chair or facilitator? Should it be a neutral outsider, or can one of the parties fill this role? What tactics can a facilitator use to manage the process in order to ensure that the best decision is reached? (These tactics might include ensuring that the parties are exposed to a variety of information sources, managing the process to make sure that the group considers and discusses all available information thoroughly, and structuring the group's agenda with care.)
- How will negotiations change if we have two or more organized teams negotiating against each other, each represented by agents? What happens to both within-team and between-team dynamics?

If these issues are raised and thoughtfully considered, the parties involved are more likely to feel better about the process and to arrive at an effective outcome than if these factors are left to chance.

Endnotes

¹ These sections draw heavily on the work of Bazerman, Mannix, and Thompson (1988); Brett (1991); and Kramer (1991), who provide excellent overviews of the problems and challenges of multiparty negotiation.

² For additional ideas on managing conflict in groups, see Cloke and Goldsmith (2005).



Individual Differences I: Gender and Negotiation

Objectives

1. Understand the distinction between sex and gender.
 2. Explore alternative conceptual approaches to gender and social interaction.
 3. Consider differences in how men and women negotiate and how they are treated by others in negotiation.
 4. Gain ways to overcome negotiation disadvantages that result from gender differences and stereotypes.
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CHAPTER OUTLINE

Defining Sex and Gender

Research on Gender Differences in Negotiation

Male and Female Negotiators: Theoretical Perspectives

Empirical Findings on Gender Differences in Negotiation

Overcoming Gender Differences

Motivational Interventions

Cognitive Interventions

Situational Interventions

Do Gender Differences Really Exist?

Chapter Summary

Some people are better negotiators than others. What characteristics of individuals make a difference in negotiation? How do the best negotiators behave, think, or feel that make them different from average negotiators? Researchers have been examining the effects of individual differences on the process and outcome of negotiations for years, and we devote the next two chapters to an examination of these differences. In this chapter, we focus exclusively on the individual difference that has received (and continues to receive) more attention from negotiation researchers than any other: gender differences. In Chapter 15, we examine a range of other individual difference factors, including personality traits and abilities.

All of these things—gender, personality traits, native abilities—are what psychologists think of as “stable” individual differences, meaning they are attributes that change only very gradually over time, if at all. If these aspects of individuals are stable and unchangeable, then are they worth worrying about? Some scholars (e.g., Bazerman, Curhan, Moore, and Valley, 2000) question the value of exploring individual differences in negotiation because (1) they don’t predict negotiation processes and outcomes as well as situations do and (2) in any event, stable individual differences are generally not under the individual negotiator’s control. Both of these assertions are technically correct, but they don’t annul the value of examining individual differences in negotiation.

We point to three ways that negotiators can benefit from an understanding of the role of individual differences. First, although negotiators may not be able to choose their own traits or abilities, there are many situations (e.g., in business or professional life) in which a manager has the opportunity to choose a negotiator from among multiple candidates who differ from each other on relevant attributes. Second, as we show in these two chapters, we can link some individual differences to liabilities or disadvantages for the negotiator that can be compensated for through awareness and concerted effort. Third, a grasp of the benefits and drawbacks of relevant individual differences can help the negotiator diagnose the other party’s talents, tendencies, and limits and adjust strategy and tactics accordingly.

Our examination in this chapter of gender differences, which some might prefer to call sex differences, will begin by distinguishing between the terms *sex* and *gender*. We then examine research on gender differences in negotiation. This will involve, first, a review of theoretical perspectives on why one might expect differences. We then look at the empirical research evidence. There have been some exciting new research developments in this area, giving us a clearer picture of the underlying psychology of gender in negotiation. Some of that research points to gender differences that can put a negotiator at a disadvantage. We then offer suggestions for overcoming gender-based disadvantages in negotiation, and we close the chapter with an intriguing argument that the gender differences researchers observe may not be as real as they seem.

Defining Sex and Gender

The terms *sex* and *gender* in common usage outside of scientific circles are seemingly treated as synonyms. However, the distinction is important to biologists, psychologists, and other scientists; hence, we take this opportunity to make the distinction clear and to justify the usage we will adopt in this chapter.

Sex refers to the *biological* categories of male and female. As one standard dictionary of English puts it, *sex* is “the property or quality by which organisms are classified as female or male on the basis of their reproductive organs and functions.”¹ *Gender* refers to *cultural* and *psychological* markers of the sexes—the aspects of role or identity (rather than biology) that differentiate men from women in a given culture or society. This is more than just a semantic difference. Those who investigate sex differences believe that differences are rooted primarily in biology, whereas investigators who examine gender lean toward social explanations for differences in behavior (Deaux, 1985). Few investigators would support purely biological (nature) or purely social (nurture) explanations of behavior; rather, it is a difference in focus or in the balance of implicit assumptions underlying the research.

Most of the empirical research on male/female differences in negotiation has examined sex differences (i.e., compared men and women) but has posited theoretical aspects of gender to account for differences found. For instance, a typical experiment may compare how males and females negotiate, exploring effects on bargaining processes and outcomes (Kolb and McGinn, 2009). If differences are found, they are interpreted in relation to gender (e.g., men and women are socialized differently as children and adolescents, and this explains an aspect of adult bargaining behavior).

Consistent with this pattern, negotiation researchers rely predominantly on the term *gender*. For example, a comprehensive review of sex/gender/negotiation research by two leading scholars in this area (Kray and Babcock, 2006) refers almost exclusively to gender in describing both existing research findings and their conceptual underpinnings and implications. One of these authors explains that research in this vein is for the most part examining socialized differences, not differences that can be traced to biological causes or markers; hence, the term *gender* is appropriate and preferred.² We agree, so we emphasize throughout this chapter the term and the concept of *gender*, given its primacy as the underlying theoretical explanation for the research discussed. It is also worth mentioning that we have encountered no published work on this subject that explores beyond the gender binary of male and female; the study of how other modes and variations of gender identity might be related to conflict management and negotiation awaits (and deserves) research attention.

Research on Gender Differences in Negotiation

The search for gender differences is the most researched individual difference topic in negotiation. Until recently, this research tended to yield contradictory findings; some research suggests that there is little or no difference between male and female negotiators,³ whereas other research documents significant differences between male and female negotiators.⁴ Large-scale reviews of the literature on gender differences in negotiation have concluded that women behave less competitively and more cooperatively in negotiation than men and that men tend to negotiate better outcomes than women (Kulik and Olekalns, 2012; Mazei et al., 2015; Stuhlmacher and Walters, 1999; Walters, Stuhlmacher, and Meyer, 1998). For each of these conclusions, however, the differences, while statistically significant, are small.

There might be no simple answer to the question of how gender influences negotiation, but recent studies are shedding light on differences that do exist and on why it can be hard to find them in broad-brush comparisons of male and female negotiators. In a nutshell, the *situation* matters: Given certain circumstances, gender differences emerge; in other circumstances, they are elusive. As the authors of a recent comprehensive meta-analysis of dozens of studies concluded, “men achieved better economic outcomes than women on average, but gender differences strongly depended on the context” (Mazei et al., 2015, p. 85). To pursue this, our discussion begins with theoretical critiques of early approaches to sex and gender in negotiation and then reviews empirical work that has yielded some interesting findings.

Male and Female Negotiators: Theoretical Perspectives

Although gender differences have long been of interest in the study of bargaining and other forms of interpersonal interaction, this subject was injected with new life in the 1990s with the application of feminist theory to negotiation.⁵ This work frames negotiation as a gendered

activity (Kolb and Putnam, 1997), whereas the focus of much negotiation theory is on autonomous people who work to achieve instrumental outcomes (Gray, 1994). These theorists identified several key aspects of negotiation that had been undervalued by negotiation theory and research.⁶ For instance, until fairly recently, the focus on the instrumental value of negotiating led to the neglect of the importance of relationships in negotiation. Because relationships may influence how negotiations are perceived, framed, and conducted, researchers' inattention to relationships may have undervalued their importance in understanding negotiation dynamics (Gray, 1994). And if there are gender differences in perceptions of the importance of relationships and approaches to their maintenance, then undervaluing relational aspects of negotiation may lead researchers to overlook gender effects.

The view that seems to prevail is that there are differences in how males and females negotiate but that these differences are difficult to detect (Kolb and Coolidge, 1991). In addition, researchers have only recently begun to address the critical question of *how* gender influences negotiation. Does it affect negotiator preferences? Strategies and tactics? Concessions? Outcomes? Situational factors combine with gender to influence these variables in complex ways (Kolb and McGinn, 2009), making it difficult for gender to have the generalized influence it is expected to have.

If the prevailing view is that male and female negotiators differ, then what are the differences that are theoretically presumed to exist? Scholars writing on this subject have argued that several important factors affect how women and men approach negotiations.

1. Relational View of Others Women are more aware of the complete relationship among the parties who are negotiating and are more likely to perceive negotiation as part of the larger context within which it takes place than to focus only on the content of the issues being discussed (Kolb and Coolidge, 1991). Consequently, women may place a greater emphasis on interaction goals (the interpersonal aspects of the negotiations), whereas men are driven more by task-specific goals (Kray and Babcock, 2006). This could have important implications for how male versus female negotiators attend to the other party versus the issues on the table. As we said in Chapter 3, learning how the other party perceives the situation may be just as important as attending to substantive needs and interests that are discussed during the negotiation.

2. Embedded View of Agency Kolb and Coolidge (1991) argue that women tend not to draw strict boundaries between negotiating and other aspects of their relationships with other people, but instead see negotiation as a behavior that occurs within relationships without large divisions marking when it begins and ends. In contrast, men tend to separate negotiating from other behaviors that occur in the relationship and to signal the beginning and end of the negotiations behaviorally. Because women are more likely to see negotiations as flowing naturally from and through the relationship, they may be less likely "to recognize that negotiations are occurring unless they are specifically demarcated from the background against which they occur" (Kolb and Coolidge, 1991, p. 265).

3. Beliefs about Ability and Worth An individual's expectations and perceived self-worth affect how he or she approaches the negotiation table. One possible explanation for gender differences in salary negotiation outcomes is that women are more likely to see their worth as determined by what the employer will pay (Barron, 2003). In addition, women may

feel less comfortable operating in the social context of negotiation in general (Small, Gel-fand, Babcock, and Gettman, 2007), which in turn could undermine self-confidence that good outcomes are achievable.

4. Control through Empowerment Women and men perceive and use power in different ways. Women are more likely to seek empowerment where there is “interaction among all parties in the relationship to build connection and enhance everyone’s power” (Kolb and Coolidge, 1991, p. 265). Men can be characterized as using power to achieve their own goals or to force the other party to capitulate to their point of view. It is also the case that gender is a marker of status in negotiation settings. Developing this argument, Miles and Clenney (2010) contend that higher status (accorded men) legitimizes in the minds of others the right to engage in assertive negotiation tactics, which means those tactics will be more accepted when they come from men than from women. While women’s conceptualization of power may make them more comfortable than men with integrative versus distributive negotiation, the fit is not perfect.

5. Problem Solving through Dialogue Women and men use dialogue in different ways, a tendency that first appears in very young children (Sheldon and Johnson, 1994). Women “seek to engage the other in a joint exploration of ideas whereby understanding is progressively clarified through interaction”; they also alternatively listen and contribute, and this results in “the weaving of collective narratives that reflect newly-emerging understanding” (Kolb and Coolidge, 1991, p. 266). Contrast this with men, who use dialogue (*a*) to convince the other party that their position is the correct one and (*b*) to support various tactics and ploys that are used to win points during the discussion.

6. Perceptions and Stereotypes How the negotiator perceives and “frames” the process of negotiation may have important effects on negotiation behavior. In Chapter 6, we discussed perceptual frames and stereotypes as influences on the negotiation process. Negotiation situations activate “gender belief systems” regarding how men and women actually *do* act or *should* act in that particular context (Bowles and Flynn, 2010, p. 771). These kinds of gender-based expectations about behavior are stereotypes; Kray and Babcock (2006) refer to the notion that men have an advantage in negotiation as a “dominant cultural stereotype.” For the female negotiator, this may mean a reputation that precedes her. Negative stereotypes about female bargainers influence negotiation outcomes by shaping expectations and behaviors by both men and women at the negotiating table. Women are at a disadvantage in negotiation not because they are any less motivated or less skilled than men, observe Amanatullah and Tinsley (2013), but because they are “constrained by behavioral expectations dictated by the gender roles prevalent in society” (p. 119).

Empirical Findings on Gender Differences in Negotiation

Earlier we mentioned a couple of large-scale reviews of research pointing to conclusions that women behave more cooperatively than men, while men reap better outcomes, but we cautioned that these effects are small in magnitude. A more compelling and useful perspective on gender differences emerges when we look beyond broad-brush inferences and focus on specific cognitive and behavioral processes. In this section, we present research on five of those processes: (1) how men and women think about negotiation, (2) how they communicate

in negotiation, (3) how they are treated within negotiation, (4) how they respond to tactics, and (5) how they are influenced by stereotypes.

1. Men and Women Conceive of Negotiations in Different Ways There is a growing body of evidence that male and female negotiators have very different views of what it means to negotiate and what the process of negotiation is about. We discuss here a few ways this can occur.

How Conflict Is Framed: Relationship versus Task Orientation Robin Pinkley (1990, 1992) explored how disputants interpret, or “frame,” conflict situations.⁷ In her research, people remembered and described a recent dispute in which they were involved. Pinkley found that disputants use three dimensions to interpret conflicts: relationship versus task, emotional versus intellectual, and compromise versus win. Women were more likely to perceive conflict episodes in relationship terms, whereas males were more likely to perceive the task characteristics of conflict episodes. The focus on relationships and task characteristics was also related to better relationship outcomes and task outcomes, respectively. (There were no differences between male and female perceptions of conflict on the other two dimensions.)

How Conflict Is Framed: Competition versus Collaboration Linda Babcock and Sara Laschever (2003), addressing the gender divide in negotiation, argue that from birth, men are taught to uphold the masculine norms of competition and superiority: “Superiority is central to our society’s definition of maleness” (p. 103). They contend that women learn, quite early, that competing and winning against a man can threaten his socially defined masculinity. Similarly, women are groomed to maintain social harmony and are often punished for self-promotion or competitive behavior as a violation of femininity (Rudman, 1998; Rudman and Glick, 1999). There is research evidence that men and women differ in their willingness to compete: Men in one study were more eager to enter a mixed-gender competitive activity, while women were more inclined to avoid competing (Niederle and Vesterlund, 2008).

Reviewing research on gender in negotiation, Kray and Babcock (2006) argue that gender differences are most evident when negotiation is portrayed as a competition rather than a collaborative effort. Work by Deal (2000) illustrated this point by demonstrating that men are more likely than women to intentionally use information that helps their own position but harms another’s position in a competitive negotiation context. However, in a collaborative negotiation context, this gender difference disappeared. In a related study, Bowles, Babcock, and McGinn (2005) showed that women achieved poorer outcomes than men when negotiating on their own behalf but actually outperformed men when advocating on behalf of another individual. Together these results suggest that women suffer in situations where they are expected to fill the social role of a deferential, cooperative female but thrive when these pressures are lifted. It is important to mention that in both studies, the performance of male negotiators were unaffected by manipulations of context.

Is the Situation Perceived as a Negotiation Opportunity? In a situation that could, but need not, involve negotiation, does an individual perceive and act on it as a negotiation opportunity? Research evidence suggests a significant difference between men and women in their *propensity to negotiate* (Babcock and Laschever, 2003). This difference surfaced dramatically in a study (Small et al., 2007) in which participants were promised between \$3 and \$10 for

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their performance on a word task. Upon completing the task, all participants were told “Here’s \$3. Is \$3 okay?” Most participants said yes, but males were far more likely (eight times more!) than females to seek more money. This difference was found when there were no social cues involving negotiation (i.e., no mention by the experimenter of the word *negotiation* as an option) but persisted when participants were explicitly told in a follow-up experiment that negotiation was an option. Interestingly, though, in a variation of the experiment where some participants were told that they could “ask for more money” and others were told they could “negotiate for more money,” the gender gap in propensity to negotiate disappeared in the “ask” condition. Women, these results indicate, view negotiating for things more negatively than asking for things. Small and colleagues concluded, “The prospect of negotiating may inhibit women from initiating negotiation more so than the differently framed prospect of asking” (p. 610). Further evidence on this point came in a study by Leibbrandt and List (2015) involving actual salary negotiations in real labor markets. They found that when a job description made it explicit (as opposed to leaving it ambiguous) that pay is negotiable, “both genders are equally likely to negotiate and equally hesitant to offer working for lower wages” (p. 2023).

A different approach to exploring the phenomenon whereby women are less apt to initiate negotiations came in a survey by Babcock, Gelfand, Small, and Stayn (2006), who asked working adults to think of the last time they had initiated a negotiation. Men reported that two weeks had elapsed on average since initiating negotiation, whereas for women the average was more than twice that time. And the consequences are potentially quite significant: In a survey of employees in investment banking, Greig (2008) found that women with a greater propensity to negotiate receive job promotions more frequently than those less inclined to initiate negotiations.

But is it simply a gender difference that explains why women are more apt to avoid negotiation? An experiment by Bear (2011) suggests that aversion to negotiation may be a function of the *fit* between gender and the subject of the negotiation, rather than just gender alone. Playing the role of a hiring manager, participants in Bear’s study decided whether to personally negotiate with a job candidate or to pass the negotiation on to a hypothetical supervisor. Half the participants responded to a situation in which the candidate wanted to negotiate a prototypically masculine topic, salary; half responded to a candidate who wanted to negotiate a prototypically feminine topic, access to a lactation room. Results supported a gender-role fit explanation: Women were more likely to avoid negotiation on salary, while men were more likely to avoid negotiation on the lactation room issue.

Outcome Expectations In addition to the tendency to overlook the potential for negotiation more often than men, there is also evidence suggesting that women enter negotiation expecting lower outcomes. Bowles and her colleagues (2005) ran an experiment in which participants played the part of a manufacturer negotiating the price of supplies. The researchers varied the amount of information made available to the negotiators. Some participants, in a “low-ambiguity” condition, were given information about what their superiors thought would be a desirable outcome. Other negotiations, in a “high-ambiguity” condition, did not receive this information. The results showed that when expectations were ambiguous, male buyers expected to pay 10 percent less and offered 19 percent less than did female buyers. As we discussed in Chapter 2, higher negotiator aspirations often lead to better outcomes. Accordingly, it is no surprise that male participants in the study, having formulated more aggressive expectations, went on to conclude deals at prices that were 27 percent better on average than those negotiated by female participants. On the other hand, when ambiguity was low (buyers given specific information about performance expectations), the information provided about expected outcomes was enough to overcome these gender differences.

2. Men and Women Communicate Differently in Negotiation Watson and Kasten (1988) examined how men and women perceive communication behaviors that occur during negotiations. In a study of managers participating in a simulated negotiation, Watson and Kasten found that women perceived male behavior as more assertive than men did. The important implication here is that the same behavior may elicit significantly different perceptions and reactions, depending on the gender of the other party who is the target/perceiver of the behavior. In a similar vein, aggressive and competitive tactics are viewed differently when employed by women rather than men (Bowles, Babcock, and Lai, 2007; Dreher, Dougherty, and Whitely, 1989). A possible interpretation of these findings would be that society (American society, anyway) promotes competition among males yet discourages it among females.

Differences in perceptions of communication may translate into differences in behavioral style and strategy when negotiating. For example, one study showed that men and women discuss different things when they negotiate. Halpern and Parks (1996) used a low-conflict bargaining simulation to examine how same-sex pairs of men and women negotiated. They found that men were more likely to discuss positions than women, whereas women were more likely to reveal personal information and feelings than men. In addition, men and women chose different examples to buttress their arguments during the negotiation.

A recent line of research suggests that men and women differ when it comes to the use of tactics that might cross ethical lines. As a general matter, women are less inclined to “morally disengage,” which refers to efforts to rationalize one’s own ethically suspect behavior (Kray and Kennedy, 2017). In negotiation specifically, women are more likely than men to be morally uncomfortable with the idea of compromising one’s ethical values for financial or status gains (Kennedy and Kray, 2014). Moreover, women regard ethically questionable tactics such as those discussed in Chapter 5 (e.g., misrepresenting information or making false promises) as less appropriate than men do (Robinson, Lewicki, and Donohue, 2000).

Gender differences in communication vary with contextual aspects of the negotiation situation. We mention two here. First, evidence points to differences between men and women depending on the *communication channel* in use for negotiation. Compiling research

findings from several studies, Stuhlmacher, Citera, and Willis (2007) concluded that women are more likely to be contentious or hostile in virtual negotiations (e.g., via email) than in face-to-face negotiation. There is no difference between the two channels of communication for male negotiators. Stuhlmacher and colleagues explain this in terms of social roles and how those are highlighted or diluted by communication methods. The role of a negotiator, they argue, is fundamentally masculine with its focus on competition and winning. Virtual negotiation, with fewer status cues, makes the negotiator's gender less salient; this in turn reduces the attention paid by female negotiators to the status of their opponent and increases their attention to the substance of the interaction. But while virtual communication may help women negotiate more competitively, a study of integrative negotiations by Swaab and Swaab (2009) found that female negotiators communicating with rather than without visual contact reached higher-quality agreements because (for women) visual contact helps build shared understanding. For men, on the other hand, visual contact increases discomfort, inhibiting shared understanding; accordingly, men reached better agreements when there was no visual contact between negotiators.

A second situational factor involving communication that appears to bring out gender differences is *surveillance*: who is watching the negotiators negotiate. As we discussed in Chapter 11, surveillance effects are important because negotiators in many situations are observed by constituents or others to whom they are accountable for their actions and outcomes. Research on surveillance points to gender effects, but unfortunately without clarity: One study found that men made greater demands and were rated as more dominating when observed by women (Cantrell and Butler, 1997), while another found negotiators acting more contentiously when the observers were men (Pruitt, Carnevale, Forcey, and Van Slyck, 1986). Gender seems to influence these outside social perceptions of assertive or cooperative behavior, but a clear picture of how and when that occurs awaits further study.

3. Men and Women Are Treated Differently in Negotiation Not only do women and men perceive negotiations in different ways, but there is evidence that women in negotiations are often treated worse than men during negotiations (Whittemore, 1996). For example, in one study involving a simulated negotiation exercise crafted to tempt the parties into deceptive behavior, female negotiators were perceived as easier to mislead than male negotiators, and male negotiators lied more frequently to female opponents than they did when interacting with male opponents (Kray, Kennedy, and Van Zant, 2014). We consider research findings from two different domains: negotiating the purchase of a new car and salary negotiations. See Box 14.1 for an interesting experimental example.

Automobile Negotiations Ian Ayres and Peter Siegelman (1995; also see Ayres, 1991) conducted an intriguing experiment that documented how men and women are treated during negotiations for a new car. They assigned different pairs of negotiators (black female/white male, black male/white male, white female/white male) to shop for a new car at 153 Chicago-area car dealerships. A white male negotiator participated in all pairs. Each negotiator in the pair separately visited the same car dealership on different days and bargained for a new car (negotiators chose the particular car for each negotiation from a list; no cars were actually purchased). Negotiators, who received two days of training before visiting their first car dealer, followed a set script during the negotiations and were similar in terms

Sara Solnick (2001) published the results of a study comparing the behavior of men and women in a common two-person negotiation simulation known as the “ultimatum game.”

Here’s how the game worked in Solnick’s experiment. Each pair plays the game for \$10 of real money. The first player (the “offerer”) proposes a division of the \$10 between the two. The second player (the “recipient”) independently indicates a division amount that he or she would find minimally acceptable. If the share of the \$10 offered by the first player exceeds the minimum acceptable amount stated by the recipient, then the division is accepted, and both players receive their share of the money. If the offer does not exceed the recipient’s minimum, then both players receive nothing. The offerer does best for him- or herself by proposing a split that only just exceeds the recipient’s minimum.

In the study, participants knew the gender of the other person in their pair. Men and women in the role of the offerer did not differ in the size of the divisions that they proposed. However, offers did vary according to the gender of the offer recipient. On average, offerers tendered \$4.89 to men, but only \$4.37 to women. According to Solnick, this may suggest that offerers expected women to demand less payment than men.

Interestingly, however, a comparison of the minimum acceptable amounts stated by recipients showed that women demanded *higher* minimum offers than men. Solnick also found that recipients of both genders stated higher acceptable minimum amounts when paired with female offerers compared with male offerers. Solnick interpreted this to mean that people may expect more generosity or fairness from women than from men.

The moral of the story seems to be that negotiators often harbor and act upon questionable assumptions that women will demand less and concede more. As Solnick observes, this may help explain findings that women are offered higher prices than men in new-car negotiations (Ayers and Siegelman, 1995) and that men receive higher gains than women in salary negotiations (Gerhart and Rynes, 1991). Negotiators—especially women—need to be careful not to allow dubious assumptions to interfere with the successful pursuit of desirable outcomes at the bargaining table.

Source: Solnick, Sara J., “Gender Differences in the Ultimatum Game,” *Economic Inquiry*, vol. 39, no. 2, April 2001, 189–200.

TABLE 14.1 | Average Car Dealer Profit

Experimenter	Initial Offer		Final Offer	
	Profit	Markup	Profit	Markup
White male	\$1,019	9.2%	\$ 564	5.2%
White female	1,127	10.3	657	6.0
Black male	1,954	17.3	1,665	14.6
Black female	1,337	12.2	975	7.2

Note: Profit figures are estimates that Ayres and Siegelman calculated from published list prices of the new cars.

Source: Adapted from Ayres, Ian, and Siegelman, Peter, “Race and Gender Discrimination in Bargaining for a New Car,” *The American Economic Review*, vol. 85, no.3, June 1995, 304-21.

of age, education, dress, economic class, occupation, and attractiveness. The key outcomes of interest in the study were estimates of dealer profit from the initial and final offers that negotiators received. Dealer profits were calculated as the difference between published list prices of the cars and the offers received by the negotiators (dealer fixed costs were ignored in the study).

Ayres and Siegelman (1995) found that the offers negotiators received from the car dealers differed significantly depending on the negotiators' gender and race (see Table 14.1). White males received the most favorable offers, followed in order by white females, black females, and black males. When the bargaining process (number of bids and counterbids) was examined, Ayres found that differences in the opening offers accounted for the majority of the differences in the final offers that the negotiators achieved. Concession rates and the length of the negotiation were not found to differ significantly across the gender and race of the negotiators. Finally, the gender and race of the salesperson had no effect on the results of the Ayres and Siegelman study; that is, women and blacks (versus white men) did not gain any advantage by dealing with a female or black salesperson.

The results of the Ayres and Siegelman (1995) study suggest that people are treated differently when they bargain for new cars—women and blacks may start negotiations at a less favorable position than white males. Further and more recent support for this unfortunate reality came in a study showing that men systematically receive more favorable automobile leasing terms from dealers than women (Tubbs, Ottenbreit, and Falk, 2008). It is not clear why women and blacks are treated this way—it could be racism, sexism, or opportunistic behavior by the car dealers (dealers may believe that women and blacks are willing to pay more than white males for the same product). Note that there was no evidence in the Ayres and Siegelman study that the negotiation process was different for women and blacks compared with white males; the differences in the final deals obtained were present in the opening offers made to the different negotiators, and these differences carried through to the final offers. Consider what this means to the typical negotiator in the Ayres and Siegelman study. Negotiators received the same average concession from the car dealers during the negotiation, so in a relative sense, they believed that they negotiated good deals. It is only when the results are compared across groups (which typically would not occur because most people simply don't know a large number of other people who are buying the same car at the same time) that differences based on gender and race become clear.

Salary Negotiations Research on salary negotiations by job seekers documents how men and women may receive different treatment and outcomes during negotiations. Some differences in outcomes result from different degrees of willingness to even try to obtain a better salary. These differences matter because of their potential to perpetuate a gender pay gap. As Johnson (2016) observes, although there have been advances through legislative and social progress, a male–female gap in pay remains persistent in the United States. Accordingly, Johnson concludes, “understanding and combatting gender differences during salary negotiations is yet another way to help promote women's equality in the workplace” (p. 151).

We mentioned earlier a gender difference in propensity to initiate negotiations; research has shown that this difference in propensity can play out with dramatic effects in the arena of job and salary negotiation. In a survey of new graduates from a master's degree program, researcher Linda Babcock found that only 7 percent of female graduates asked for a higher

salary rather than accepting the employer's initial offer; in contrast, 57 percent of male graduates asked for more money (Babcock and Laschever, 2003). This occurred even though career services professionals at the school had advised students to negotiate job offers. Students who did negotiate increased their starting salaries by an average of 7.4 percent, which just about matched the overall disparity (7.6 percent) between male and female starting salaries. Babcock and Laschever (2003) in their aptly titled book *Women Don't Ask*, point out that neglecting to initiate even a single salary negotiation can cascade over the length of a career into a significant financial loss. As an illustration, they point to a 22-year-old woman who accepts a \$25,000 job offer as presented and a man of the same age who negotiates the offer up to \$30,000. (These were plausible starting salaries for new college graduates back when they wrote the book.) If the two of them receive identical 3 percent raises for the rest of their careers through age 65, the man's earnings over 38 years will exceed the woman's by more than \$360,000. Saved and invested at 3 percent interest, these extra earnings will compound by age 60 to \$568,000 more in the bank for the man than the woman. This is, as Babcock and Laschever put it, "an enormous return on investment for a one-time negotiation" (p. 5).

Even when both men and women do initiate negotiations over salaries, there is evidence that women fare worse. In a study of MBA graduates, Gerhart and Rynes (1991) found that males received a higher monetary payoff for negotiating their salary than did females, even though men and women were equally likely to negotiate. To rule out other possible explanations, Gerhart and Rynes statistically controlled for the effects of industry, college major, grade point average, and business experience on the salaries received. Gender differences in negotiated salaries may emerge from differences in how negotiators define the bargaining zone, which inevitably influences the offers that individuals will make and accept. One study presented evidence that, compared with men, women anticipating a hypothetical salary negotiation reported lower pay expectations and set lower targets and resistance points (Kaman and Hartel, 1994). Women may also handicap their efforts by having less regard than men for the role of negotiation as an appropriate aspect of a hiring process. A survey of university professors found that female faculty members were more likely than male faculty members to perceive negative repercussions for negotiating salary at the time they were hired (Crothers et al., 2010).

4. Similar Tactics Have Different Effects When Used by Men versus Women One of the most compelling gender differences in negotiation is not concerned with how men and women behave differently, but with how the same behaviors of male and female negotiators are *perceived* differently. Here are brief descriptions of two studies that make this point persuasively.

Exchange Tactics The results of a study by Dreher, Dougherty, and Whitely (1989) suggest that not only do men and women receive different outcomes during salary negotiations but also the same tactic may have opposite effects on salary negotiation outcomes, depending on whether it is used by a male or a female employee. Dreher and his colleagues found that the use of exchange tactics (reminding supervisors of previous favors and offering to make sacrifices) had a positive effect on the outcome of salary negotiations of male employees and a negative effect on the outcome of salary negotiations of female employees. That is, women using the same negotiation tactic that men used were less successful than men. Dreher and his

colleagues surmise that women who use exchange tactics “may violate stereotypic expectations about appropriate female behavior” (1989, p. 547) and are therefore penalized for using this tactic. When women engage in negotiation behavior that runs counter to the other party’s gender-based expectations, the result can be a “cycle of mistrust and competition” that turns the negotiation into a more contentious encounter (Kulik and Olekalns, 2012, p. 1395).

Aggressive Tactics Bowles, Babcock, and Lai (2007) investigated reactions to people who negotiate aggressively. Participants in the study read a résumé and interview notes from a job candidate. The gender of the candidate was varied as well as whether or not the candidate attempted to negotiate for specific job benefits. Aside from these two manipulations, participants saw exactly the same information. Results showed that both male and female candidates were less likely to be hired when they bargained aggressively. However, women were far less likely than men to be hired when aggressive. In short, women were punished more severely than men for exactly the same action.

5. Gender Stereotypes Affect Negotiator Performance In an important series of studies, Kray, Thompson, and Galinsky (2001) examined how the performance of male and female negotiators varies depending on the kinds of sex-role stereotypes that are activated in a particular situation. They theorized a link between classic gender stereotypes about how men and women claim resources and perceptions of how men and women will perform in negotiation. Their analysis draws upon a social psychological theory of “stereotype threat” (Steele, 1997)—performance anxiety that afflicts individuals in certain social categories (e.g., race, gender) who fear that their performance will confirm a negative stereotype. Kray and colleagues (2001) argued that people who are consciously aware of certain gender stereotypes act in ways that confirm these stereotypes during negotiation. Here are a couple of key findings from their studies of this phenomenon.

Stereotypes Undermine the Performance of Female Negotiators When stereotype threat is activated—by telling negotiators that the bargaining task is diagnostic of one’s ability as a negotiator—women do worse because of the negative stereotypes that are active, and men do better because of the positive stereotypes in play (Kray et al., 2001). In contrast, when negotiators are told explicitly that the task is *not* diagnostic of ability, there are no differences in the performance of male and female negotiators. Thus, to the extent that men do better than women in negotiation (e.g., Stuhlmacher and Walters, 1999), Kray and her colleagues have shown that the activation of stereotypes about performance—which may or may not have any basis in fact—is part of the reason.

The Negative Effect of Stereotypes about Gender Differences Can Be Overcome Although stereotypes can undermine the performance of female negotiators, there is also evidence that negative stereotypes of women at the bargaining table can sometimes *improve* performance. In another part of the same study just described, Kray and colleagues (2001) found that after explicitly mentioning that masculine traits lead to better performance, women actually outperformed men in mixed-gender negotiations. Instead of fulfilling the negative connotations of this stereotype, the women in this experiment reacted against it and began negotiating more aggressively.

Overcoming Gender Differences

Much of the research we have described in this chapter places female negotiators at a disadvantage, suggesting that differences in process choices and styles, combined with the pernicious effects of stereotypes, leave women worse off at the negotiation table. Following Kray and Babcock (2006), we mention here three categories of interventions that help to overcome some of the liabilities of gender or otherwise “level the playing field” for women in the realm of negotiation. Ultimately, overcoming these liabilities, like overcoming troublesome or harmful tendencies in judgment and perception (discussed in Chapter 6), is largely a matter of cultivating awareness that these tendencies exist and developing the ability to avoid the traps they can set for unwary negotiators.



Motivational Interventions

It is an unfortunate reality that many people, even accomplished professionals, continue to view men's and women's abilities differently and apply double standards in judging the actions of others. Women, for example, are more likely than men to be sanctioned for behavior that looks like self-promotion; hence, female negotiators more than male negotiators may find themselves trying to juggle the management of others' impressions with the pursuit of good results. As a consequence of that impression management motive, women may accept lower outcomes than men. Kray and Babcock (2006) suggest that a way to break this pattern is to emphasize the mutual dependency of both parties in the negotiation relationship. In other words, dilute the double standard by making the negotiation less about self-promotion for each party; reframe it as an occasion for parties to come together to solve a shared problem.

Sex differences in negotiation performance have been found to result from gender stereotypes about male and female ability and behavior. One way to overcome the influence of gender stereotypes on negotiation performance is to connect those stereotypes explicitly with negotiation outcomes. Kray, Reb, Galinsky, and Thompson (2004), for example, found that activating masculine stereotypes—simply mentioning to negotiators that there is a male gender advantage (favoring assertive, self-interested behavior typical of males)—led negotiators to behave more competitively, consistent with that stereotype. In a second experiment, Kray and colleagues (2004) instead activated feminine stereotypes, telling participants that skilled negotiators “have a keen ability to express their thoughts verbally, good listening skills, and insight into the other negotiator's feelings” (p. 406). This led negotiators to do a better job exploiting integrative potential and achieving joint payoffs. The point is that activating stereotypes—making people consciously aware of them and their supposed effects on outcomes—can motivate negotiators to behavior in ways that overcome gender differences in performance, and in some cases even leads women to outperform men (Kray, Thompson, and Galinsky, 2001). In short, activating a negative stereotype may motivate a person to disprove it.

There is also evidence that individuals will act to overcome stereotypes when they are motivated to make a positive impression on the other party. Curhan and Overbeck (2008) told some of their MBA student participants negotiating a job offer simulation (but not others) that after the negotiation, the other party would be asked to give his or her impressions of the individual participant. Both men and women in the study who were motivated to make a good impression acted in ways that contradicted gender stereotypes: The women acted more assertively and ended up claiming more value, while the men yielded more value to the other party. Even so, although the men managed to produce a positive impression of themselves from the other party, the women were judged more negatively. The motivation to make a good impression turns out to be a double-edged sword for women: They “can benefit instrumentally from impression motivation, but may pay relationally, whereas men in the same positions can benefit relationally, but pay instrumentally” (pp. 189–90).

Cognitive Interventions

Having a powerful mindset—an awareness of the role of power in the situation and its relation to tactics and outcomes—can be an important tool in negotiation. Galinsky, Gruenfeld, and Magee (2003) showed that such mindsets make a difference in behavior: Power becomes action. In negotiation, approaching the negotiation with a powerful frame of mind can lead

to higher outcomes for the female negotiator, who might otherwise be at a disadvantage. Small and colleagues (2007) showed that although women tend to be more intimidated than men by the prospect of negotiating, this can be overcome when women first are induced to think about power (in their experiment, by having participants describe a “situation in which you had control and influence over others”). “When women are primed to experience power,” these researchers concluded, “their aversion to negotiating is diminished such that they react much more like men typically do” (p. 609). Other ways to change the mindsets of female negotiators, according to Kray and Babcock (2006), include focusing on things that negotiators have in common that transcend gender, such as their common goals or identities; redefining what it means to be a good negotiator to include stereotypically feminine attributes; and increasing perceptions of control through structured training.

Cognitive interventions can also take the form of reframing the nature of the negotiation task itself. (We discussed the role of framing in negotiation generally in Chapter 6.) Research has shown that women do as well as men when they are negotiating an outcome on others’ behalf (Amanatullah and Tinsley, 2013), which suggests female negotiators may overcome some of their gender-role disadvantage by reframing negotiation as something undertaken in order to serve larger team or organizational objectives (Tinsley et al., 2009).

Situational Interventions

Power differences may be responsible for many of the differences observed between male and female negotiators (Watson, 1994b). Yet according to Kray and Babcock (2006), power is an equalizing factor in a negotiation in the sense that men and women tend to use it similarly and benefit from it equally. Given equal power, they perform equally well. Accordingly, overcoming gender differences may require diluting structural imbalances of power in negotiation situations. One way to do this is to alter the social roles that women assume in a negotiation to “reduce the extent to which women feel constrained to conform to gender role” (p. 36).

Keep in mind also that power in negotiation, as we discussed in Chapter 8, is often a function of alternatives to a negotiated settlement: The person who comes to the table with better alternatives is, other things equal, the more powerful party. Kray and colleagues (2004) showed that the pernicious effects of gender stereotypes can be overcome by making parties consciously aware of them, but their findings also showed that stereotypes may persist if there is a significant power imbalance between the parties. In other words, it isn’t necessarily enough for a negotiator to know about harmful stereotypes and behave during a negotiation in ways that run counter to them. Negotiators also need to be doing important power-enhancing background work: amassing information that fortifies their positions and arguments, expanding and improving their alternatives to a negotiated settlement, and using these resources to persuade the other party that their position is one of strength.

Section Summary

The assumption that negotiators benefit when they exhibit stereotypically male attitudes and behaviors (assertiveness, competitiveness, and the like) is built on a fundamentally false premise. Negotiation is not inherently an activity where the parties benefit from assertive or contentious behavior. Rather, there are some negotiation situations where competitiveness is appropriate, others where cooperation is essential, and still others (most, we would argue) where there is a

A trade publication for business professionals offered some sensible advice for women whose jobs involve negotiation—which at one time or another is just about everyone. We list some of its suggestions here, along with a few of our own. (Most, it turns out, are good advice for negotiators of all gender identities!)

- Rely on research. Determine what matters to others involved in the negotiation. “Equip yourself with information.”
- Make a business case to support your arguments, especially when it’s your own salary at stake. Determine how your role adds to the firm’s bottom line and adds value to the business. The more concrete and specific your case, the less likely it is that others will rely on stereotypes in reacting to your approach.
- Make a concerted effort to improve your negotiation skills, and practice. Invite a trusted colleague or friend to role-play the interaction before an upcoming important negotiation.
- Combat stereotypes in your dealings with others. Research shows that women as well as men can harbor stereotypes that will put women at a disadvantage.
- Don’t try to replicate the stereotypically male style of negotiation. Double standards endure: The reality is that aggressive women may still draw negative reactions, even as these attributes are admired in men.
- But don’t go too far the other way, taking on the stereotypically female role of nurturer. Strive for a reasonable middle ground that capitalizes on talents and strengths that come naturally without either playing to stereotypes or overcompensating for them. Women (and men) who are oriented toward cooperation and relationship building can use these to their advantage, especially when the situation is one that will reward cooperation over competition.

Source: Adapted from Agnvall, Elizabeth, “Women and Negotiation,” *HRMagazine*, December 1, 2007.

blend between competitive and cooperative impulses and motives. Gender stereotypes and simplistic assumptions about sex roles get in the way of what really matters for effective negotiation—the ability to accurately perceive the situation and your opponent and to make sound tactical choices that are not clouded by unwarranted stereotypes and irrelevant assumptions. Given research suggesting that women may be disadvantaged as negotiators, especially in business and other professional settings where gendered role assumptions and stereotypes persist, Box 14.2 presents some practical suggestions for managing negotiation in those settings.

Do Gender Differences Really Exist?

Much of the discussion in this chapter has revolved around the notion that there are (modest) gender differences in negotiation outcomes, which can be explained by various ways that men and women approach negotiation differently and which may be reduced or eliminated when one accounts for variations in negotiation contexts that tend to highlight these differences. There is, however, an alternative view put forward by Kennedy and Kray (2015), who are among the leading scholars in this area. Kennedy and Kray offer an explanation for the differences that researchers find between male and female negotiators rooted in what they label “paradigmatic barriers” to the discovery of equal outcomes.

By “paradigmatic barriers” Kennedy and Kray mean that how negotiation is studied and taught tends to bias the understanding of what it actually means to perform well as a negotiator. They point to the fact that so much that is known about negotiation, including gender effects, is based on experimental studies in which undergraduate and MBA students engage in simulated conflict. Compared to real-world negotiations, they observe, these simulations involve low stakes and are “too focused on short-term relationships, competitive tactics, and materialistic outcomes” (p. 17). The problem is that these features of the dominant negotiation research paradigm (that’s why they call them paradigmatic barriers) inherently favor the very processes that are more suited to how men tend to interact and resolve conflict.

Kennedy and Kray call for changes in the dominant negotiation research paradigm to provide greater emphasis on longer-term situations in which relationships matter and outcomes beyond economic gain are relevant. Doing so, they maintain, will “give women’s strengths a fair chance to shine, and thus provide a better test of whether women and men truly differ in negotiation performance” (p. 17). Another way to think of it is to consider the possibility that if not for how the dominant paradigm colors our view of what it means to succeed at negotiation, there would be no gender differences. As Kennedy and Kray put it, “women may not actually underperform at all. Instead, observed differences could reflect the pedagogical tools employed in negotiation research” (p. 7).

Chapter Summary

A growing body of evidence suggests that women and men behave differently in negotiation situations and are treated differently both before and during negotiations. Taken at face value, these findings tend to suggest that women are at a disadvantage when they negotiate simply because they are women. This disadvantage may manifest itself in several elements of the negotiation process: aspirations, opening offers, aggressiveness of interaction, concessions, and outcomes, among others. And as we discussed, the effects of gender may arise in a variety of negotiation contexts, including business deals, consumer transactions, and even negotiations between spouses and partners over career roles and work–family balance (Livingston, 2014). Yet, having noted these potential disadvantages, it is important to keep in mind that the broad-brush differences that researchers have uncovered between male and female negotiators are quite small in statistical magnitude.

The more important findings are those that speak to the underlying theoretical basis for gender differences in negotiation. Several arose over the course of this chapter, including differences in emphasis on relationships in

negotiation, views of the embeddedness of negotiation in broader social contexts, beliefs about ability and worth, notions of how to use power, and ways of framing negotiations. The empirical research on gender differences in negotiation suggests a number of important principles: Men and women conceive of negotiations in different ways, communicate differently in negotiation, and are treated differently in negotiation; the tactics used by men and those used by women have very different effects; and perceptual stereotypes have important effects on how men and women negotiate.

Many of the gender differences that we discussed are open to various alternative explanations. Recent trends in research on gender in negotiation are promising because of the renewed interest in the subject and rejuvenated attention to theoretical explanations. Our understanding of gender differences will continue to benefit from studies that go beyond simple empirical documentation of differences to explore the underlying social and psychological mechanisms that account for how men and women experience negotiation differently.

We began this chapter by distinguishing between the terms *sex* and *gender*, and we observed that negotiation research has emphasized gender rather than sex in describing existing research findings and in discussing conceptual underpinnings and implications. This research has, however, relied exclusively on the use of biological sex (i.e., males versus females) to test and measure differences, rather than assessing gender roles (e.g., masculine or feminine sex role identity) as a predictor variable. We are not aware of studies in the negotiation

literature that directly compare individuals by sex roles, nor are we aware of studies that look at the role of gender identity in negotiation beyond the male–female gender binary. These are weaknesses in the field to the extent we believe that sex role and gender identity are theoretically important factors in understanding individual differences in negotiation.

Gender is, of course, just one of many possible individual differences with a role in negotiation processes and outcomes. In Chapter 15, we discuss several others.

Endnotes

¹ *The American Heritage Dictionary of the English Language*, 3rd edition, 1992, © Houghton Mifflin.

² Personal communication with L. Kray, June 29, 2004.

³ See, for example, Carnevale and Lawler (1987); Pruitt, Carnevale, Forcey, and Van Slyck (1986); and Putnam and Jones (1982).

⁴ See, for example, Kimmel, Pruitt, Magenau, Konar-Goldband, and Carnevale (1980); Neu, Graham, and

Gilly (1988); Pruitt and Syna (1985); Stuhlmacher and Walters (1999); Walters, Stuhlmacher, and Meyer (1998); and Watson and Kasten (1988).

⁵ For examples, see Gray (1994); Kolb and Coolidge (1991); Kolb and Putnam (1997); Northrup (1995); and Watson (1994a).

⁶ See Harding (1986).

⁷ See also Pinkley and Northcraft (1994).



Individual Differences II: Personality and Abilities

Objectives

1. Explore specific personality traits that influence negotiation behaviors and processes.
 2. Consider the role of native cognitive, emotional, and cultural abilities in negotiation encounters.
 3. Gain insight into how behaviors of expert negotiators differ from those of less experienced negotiators.
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CHAPTER OUTLINE

Personality and Negotiation

Conflict Style
Social Value Orientation
Interpersonal Trust
Self-Efficacy and Locus of Control
Self-Monitoring
Machiavellianism
Face Threat Sensitivity
Epistemic Motivation
The “Big Five” Personality Factors

Abilities in Negotiation

Cognitive Ability
Emotional Intelligence
Perspective-Taking Ability
Cultural Ability

An Alternative Approach: Studying Experienced Negotiators

A Concluding Note

Chapter Summary

In the previous chapter, we examined in depth one particular individual difference: gender. In this chapter, we look more broadly at the range of other differences that have been studied in connection with negotiation. It is intuitively reasonable to assume that characteristics of the person will contribute to that individual's effectiveness (or lack) as a negotiator, research exploring these characteristics goes back several decades.¹ Unfortunately, a lot of the earlier work in this area was inconclusive because the effects of individual differences can be subtle. These differences may predispose bargainers to behave in certain ways, but even so, key elements of the situation—factors such as the nature of the bargaining problem (Barry and Friedman, 1998) or the relative power between negotiators (Anderson and Thompson, 2004)—may matter more. To put it another way, it's not that individual differences aren't potentially important; it's that aspects of situations determine whether or not these differences can emerge and have a measurable effect during negotiation.

Compared with earlier work on individual differences, conceptual approaches are now more sophisticated, with research methods that are better and more diverse. Psychologists know more about the structure of personality and have a much deeper understanding of connections between mental and emotional abilities and behavior. With these advances, the more recent work we emphasize in this chapter has yielded studies conducted in research settings that are rich enough to allow the impact of personality and other individual differences to emerge.

We segment our discussion into two major categories: (1) dimensions of *personality* that appear to have an influence on negotiation and (2) the role of native *abilities* in negotiation, including cognitive as well as emotional capacities. The chapter then concludes with an alternative approach to studying negotiator characteristics, one that examines how the behaviors of experienced negotiators differ from those of less experienced negotiators.

Personality and Negotiation

Personality traits are stable tendencies to think, feel, or behave in certain ways that can be identified and measured. Consider, for example, the trait of extraversion (versus introversion). You probably know some extraverted people—those who are consistently gregarious and assertive, and you probably know some introverts—people who are typically quiet, reserved, and less gregarious. People differ on all kinds of attributes; for instance, at any given time one person may be happy and another angry. But those kinds of descriptors don't amount to personality traits unless, like extraversion, they are markers of *stable* ways of thinking or acting that can usefully *predict* other aspects of individual or social behavior. Personality traits are sometimes referred to as “dispositions,” and we use these terms interchangeably here.

Although it seems like an obvious and intuitive insight that people have different personalities and that variations in personality affect how things go in certain situations, there has actually been—over the past few decades—quite a bit of controversy among scholars in psychology and organizational behavior about the overall importance of dispositions. To simplify the debate, on one side are those who argue that the study of personality is theoretically thin and that dispositional effects are less important than situations in predicting attitudes and behaviors (e.g., Davis-Blake and Pfeffer, 1989). On the other side are those who concede that situations matter but insist that dispositions by themselves are significant

predictors of relevant behaviors (e.g., House, Shane, and Herold, 1996). Many psychologists have come to regard the debate as a “false dichotomy” (Funder, 2001, p. 200): Research offers ample evidence that personality traits are sufficiently stable and can be as predictive of important behaviors as situations. In short, dispositions and situations both matter.

In this section, we review nine approaches to studying personality that have shown promise as predictors of negotiation behavior. These include (1) conflict style, (2) social value orientation, (3) interpersonal trust, (4) self-efficacy and locus of control, (5) self-monitoring, (6) Machiavellianism, (7) face threat sensitivity, (8) epistemic motivation, and (9) the “Big Five” personality factors.

Conflict Style

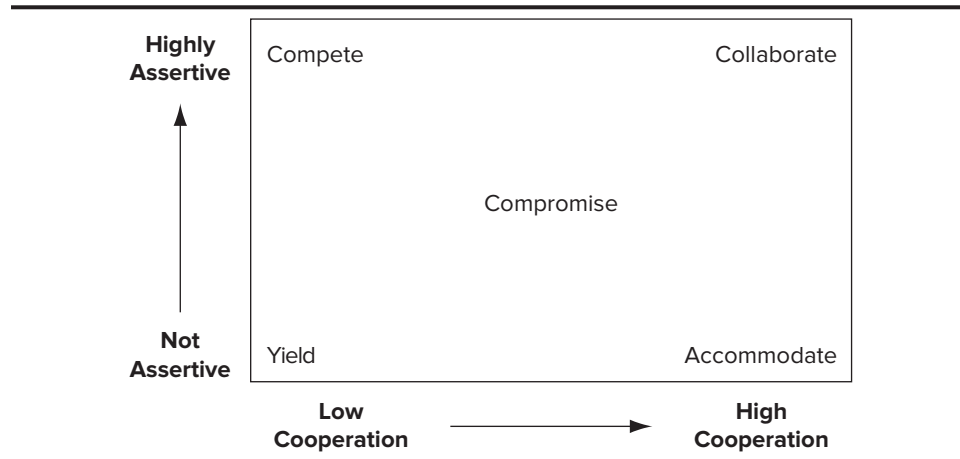
Dealing with conflict is a central part of the negotiating process. At a basic level, people vary in the degree to which they engage with conflict in order to solve problems versus treat interpersonal conflict as something to be avoided (Bresnahan, Donohue, Shearman, and Guan, 2009). In Chapter 1, we identified five modes of behavior that are commonly used to deal with conflict: contending, problem solving, inaction, yielding, and compromising. We also examined the effect on outcomes that would be created by choosing one style over another; we did not, however, examine the reasons that one style is chosen over another. A negotiator may use rational criteria to make this choice, such as selecting the style that she believes will lead to the desired outcomes. It is also possible, however, that people use styles consistently because they have a personality predisposition to do so. As discussed in Chapter 1, there are two levels of concern underlying the five conflict management styles. One is the degree of concern a party shows for his own outcomes; the other is the degree of concern the party shows for the other’s outcomes. Thomas (1976) proposed that two personality dimensions can represent these two levels of concern:

1. The degree of *assertiveness* that a person maintains for his or her own preferred solutions or outcomes, ranging from high to low.
2. The degree of *cooperativeness* a person shows toward working with others to achieve mutual goals, ranging from high to low.

Bringing these two dimensions together (Figure 15.1) leads to the identification of five major conflict management styles:

- A *compete* style—high on assertiveness and low on cooperativeness.
- An *accommodate* style—low on assertiveness and high on cooperativeness.
- A *yield* style—low on both assertiveness and cooperativeness.
- A *collaborate* style—high on both assertiveness and cooperativeness.
- A *compromise* style—moderate on both assertiveness and cooperativeness.

Research has generally supported the model’s two dimensions,² as well as the premise that conflict management styles result both from the strategic choices an individual makes and from individual tendencies to use certain styles regardless of the situation.³ Broadly speaking, the Thomas–Kilmann model represents a simple yet coherent model accounting

FIGURE 15.1 | Thomas–Kilmann Conflict Styles

Source: Adapted from Kenneth W. Thomas and Ralph H. Kilmann (1974). *Thomas-Kilmann Conflict Mode Survey*, CPI, Inc.

for elements of personality—the five conflict styles—that influence bargaining and conflict management behavior.

It is easy to surmise how particular conflict style tendencies might lead to particular behaviors, given certain kinds of conflict situations. If the stakes for winning are high and outcomes are derived through individual effort, then individuals with strong compete modes should dominate the situation; if outcomes are derived from joint efforts, then individuals with a strong collaborate mode should dominate. In contrast, if the stakes are low for an individual, then that individual should be more likely to ignore the conflict (yield mode) or allow the other to reap what little resources are available (accommodate mode). It also appears that people have a self-serving view of the value and effectiveness of these conflict styles: In a study examining strategic approaches to a hypothetical conflict situation (Gross and Guerrero, 2000), individuals regarded a compete style as inappropriate for *others* to use but appropriate and effective for *their own* use in the situation.

Individual differences in conflict management style have been correlated with other dispositions. For example, Thomas (1976) suggests that individuals high in a compete style are lower in risk taking, more internally controlled, higher on needs for power and control, and lower on needs for affiliation. Similarly, individuals strong in a collaborate mode are thought to be more task-oriented, creative, and capable of dealing with complexity. There has not been much direct empirical research connecting conflict styles with other stable personality traits, although Box 15.1 does present one interesting example.

Social Value Orientation

Social value orientations are preferences that people have regarding the kinds of outcomes they prefer in social settings where interdependence with others is required (McClintock and Liebrand, 1988). Some people have a *proself*, or egoistic, orientation, which means they

Taking Conflict Personally— An Individual Difference

Researchers Judith Dallinger and Dale Hample (1995) have determined that individuals differ in the degree to which they take conflict personally—that is, how they experience strong negative emotional reactions to specific conflict management incidents and episodes. People who take certain conflicts personally are more likely to feel threatened, anxious, damaged, devalued, and/or insulted by a particular conflict event. The researchers argue that taking conflict personally is both a *state* (a temporary feeling associated with a particular event) and a *trait* (an enduring predisposition that differs across individuals). Research findings suggest that

- Those who are more likely to take conflict personally are more likely to have

nonconfrontational (avoiding or accommodating) styles of managing conflict.

- Those who are more likely to take conflict personally prefer supervisors who have a compromising conflict management style.
- Those who are more likely to take conflict personally are more likely to feel persecuted by, and have a higher stress management reaction to, those supervisors who use a forcing (competing) conflict style, and they are much less satisfied with this supervisor.

Source: Dallinger, Judith M., and Dale Hample, “Personalizing and Managing Conflict,” *International Journal of Conflict Management*, vol. 6, no. 3, 1995, 273–89.

are primarily concerned with personal outcomes and unconcerned with outcomes obtained by the other party; others have a *prosocial*, or cooperative, orientation, which means a preference for outcomes that benefit both self and others with whom they are interdependent (de Dreu, Weingart, and Kwon, 2000). A prosocial orientation is, in essence, a tendency to prefer a collaborating conflict management style (refer back to Figure 15.1).

Negotiation is clearly an example of the kind of social interdependence in which these social value orientations can play a role. Research on this issue shows that pro-self individuals behave distributively, adopting a style that is relatively tough and contentious, with more emphasis on bargaining over positions than exploring underlying interests that might yield mutual gain (Steinel and de Dreu, 2004).⁴ Prosocials, on the other hand, being more concerned with the well-being of others, are more oriented toward problem solving and reciprocal cooperation. As a result, prosocial negotiators achieve more integrative outcomes (higher joint gain) than pro-self negotiators (de Dreu et al., 2000). This is not to suggest that pro-self negotiators are incapable of reaching integrative solutions, but they are less likely to (especially when a negotiation pairs two pro-self individuals at the same table), and they may use some different tactics to get there (Olekalns and Smith, 2003).

Research links individuals’ social value orientation with their levels of happiness with the deals they negotiate. Gillespie, Brett, and Weingart (2000) found that judgments of satisfaction after the negotiation were higher for prosocials. They explain their finding this way: “Prosocial negotiators who are focused on themselves and the group have two sources of satisfaction, so they may be more easily satisfied than individualistic negotiators who are only focused on themselves and therefore have only one source of satisfaction” (p. 792). Gillespie and colleagues also speculate that if prosocials set lower goals for themselves in negotiation, then they will be more easily satisfied compared with others (e.g., pro-self negotiators) who might set tougher goals.

Differences in negotiation behavior and outcomes that result from social value orientation are significant, but they can be diluted by aspects of the bargaining situation. In one study (Giebels, de Dreu, and van de Vliert, 2003), prosocial individuals negotiated more collaboratively than egoistic individuals, as previous studies have shown. However, when both parties in the negotiation had an exit option (i.e., both had a good alternative to a negotiated agreement), prosocial individuals made more threats, exchanged less information, and reached lower joint outcomes. Thus, with good alternatives mutually available, the differences between prosocial and pro-self negotiators tended to dissipate.

Prosocial versus egoistic motives in negotiation can be rooted either in stable individual differences (a reliable tendency to act that way, like a personality trait) or in elements of a particular situation (e.g., when negotiators are directed or encouraged to act selfishly or cooperatively). For the most part, the effects of these social motives on negotiation behavior appear to be generally the same regardless of whether they derive from individual disposition or from situational demands (de Dreu et al., 2000).⁵

Interpersonal Trust

As we discussed in Chapter 1, one of the fundamental dilemmas in negotiation is the degree to which negotiators should trust the other party. Negotiators must gather information and determine how much the other party is likely to be deceptive or deceitful—by misrepresenting true positions, distorting relevant facts, or introducing spurious information and positions. In addition, the trustworthiness of the other party may change over time, depending on whether negotiations are beginning or near the end and depending on whether the negotiation has proceeded cooperatively or competitively. (We discussed the role of trust in negotiation at length in Chapter 10.)

Although we might conceptualize trust as an attitude that shifts with changing relationships and circumstances, trust also functions as a personality variable with important effects in social relationships. According to research by Julian Rotter (1980), individuals differ in their level of *interpersonal trust*—defined as “a generalized expectancy held by an individual that the word, promise, oral, or written statement of another individual or group can be relied upon” (p. 1). Interpersonal trust, according to Rotter, is determined by the experiences that people have in dealing with others. If people have had experiences in which they have trusted others, and this trust has been rewarded by reciprocal trust and productive relationships, then generalized interpersonal trust should be high. In contrast, if people have had their trust punished by others through exploitation, deception, and dishonesty, then interpersonal trust is likely to be low.⁶

The implications for negotiation of a dispositional tendency to trust others are significant.⁷ High trusters believe that others will be trustworthy and that they need to be trustworthy themselves; hence, they are more likely to impose high moral standards on themselves and behave ethically. In contrast, low trusters believe that others cannot be trusted to observe the rules and therefore may feel less pressure themselves to tell the truth. Interestingly, though, high trusters are not necessarily more easily deceived than low trusters. One might think that high trusters are more apt to believe communications from others without questioning their validity, but studies summarized by Rotter (1980) indicate that the high-trust individual is no more prone to gullibility than the low-trust individual.

There is a “self-fulfilling prophecy” aspect to dispositional trust. Someone with high interpersonal trust is likely to approach the other person, in attitude and style, in a way that signals trust (Chaudhuri, Khan, Lakshmiratan, Py, and Shah, 2003). The other party, searching for cues about appropriate behavior in this situation, may respond in kind with trusting behavior, leading to a cooperative relationship between the parties. In contrast, a low-trust individual who conveys suspicion and mistrust may lead the other party to respond in kind with low self-disclosure, dishonesty, and mistrust. This will tend to reinforce the initial low-trust orientation and lead to a less cooperative relationship between the parties. One shouldn’t assume, however, that low trusters will always be outwardly suspicious; Chaudhuri and colleagues (2003) found that low trusters sometimes exhibit trusting behaviors as a way to exploit the other party and maximize self-interest. It is also important to keep in mind that the effects of trust on deception in negotiation are culturally variable, with different forms of trust leading negotiators from different cultural backgrounds to be more or less accepting of deception (Zhang, Liu, and Liu, 2015). We will address cultural issues in depth in Chapter 16.

Self-Efficacy and Locus of Control

Self-efficacy is a judgment about one’s ability to behave effectively in a given situation (Gist, Stevens, and Bavetta, 1991). The ability to do well at a task is a function of both motivation to be effective and ability to perform at a high level. A more formal definition of self-efficacy captures both of these elements: Self-efficacy refers to “people’s beliefs in their capabilities to mobilize the motivation, cognitive resources, and courses of action needed to exercise control over events in their lives” (Wood and Bandura, 1989, p. 364). Self-efficacy has been found to influence performance through the setting of higher goals and the adoption of more analytic strategies.

Self-efficacy plays an important role in complex interpersonal behavior, including negotiation. For example, a negotiator’s self-efficacy predicts the likelihood that he or she will choose to negotiate, rather than accept mediation (Arnold and O’Connor, 2006). In research using a salary negotiation simulation, Marilyn Gist and colleagues (1991) found that people with higher levels of self-efficacy set higher goals for themselves, and as a result obtained higher salaries in the simulation.⁸ An individual’s perceived level of competence at the task of negotiation also may increase the likelihood that collaborative problem solving will occur. Alexander, Schul, and McCorkle (1994), in a study of industrial managers participating in a sales negotiation simulation, found that individuals high in task-specific self-esteem (perceived degree of competence in performing a task) engaged in more cooperative, problem-solving behaviors. These perceptions of a person’s own competence extend to the use of specific kinds of negotiating tactics. Those who believe themselves more skilled at using distributive or integrative tactics employed these strategies more often and achieved higher outcomes in distributive or integrative problems, respectively (Sullivan, O’Connor, and Burris, 2006).

A construct conceptually related to self-efficacy is *locus of control*, which is the extent to which people perceive that they have control over events that occur (Rotter, 1966). Those who attribute the cause of events to external reasons (e.g., luck) are said to have a high *external* locus of control, while those who attribute the cause of events to internal reasons (e.g., ability) have a high *internal* locus of control. A few studies point to the possibility that

“internals” are tougher negotiators. In a distributive negotiation task, Ford (1983) found that “internals” had higher resistance points than “externals.” In addition, Ford found a tendency for teams composed of “internals” to be more likely to stalemate during negotiations. Insight into how locus of control affects outcomes came in a study by Shalvi, Moran, and Ritov (2010) showing that “internals” were less likely to be excessively influenced by the other party’s first offer (and hence less likely to fall victim to an anchor—a phenomenon in distributive negotiation that we discussed in Chapter 2). Shalvi and colleagues found that “internals” reached agreements with higher joint payoffs and were able to do well for themselves. In other words, “internals” appear to be good at both value creation and value claiming.

Both self-efficacy and locus of control speak to what are sometimes labeled “control perceptions”—self-judgments regarding our ability to master situations. The research evidence suggests that negotiators with a propensity to perceive control have an advantage over those who don’t. But even for those who have these propensities, negotiating successfully requires a willingness to assume the risks associated with engaging in unstructured interaction with another party whose preferences diverge from yours. Just as people vary in their control perceptions, they also vary in their willingness to take on risk. A study by Marks and Harold (2011) showed that individuals scoring high on a risk-aversion personality scale were more likely to avoid negotiating entirely and to yield to the other party when they did elect to negotiate. The prospect that personality traits co-exist yet work at cross purposes (e.g., the high self-efficacy person who also happens to be risk-averse) is one of the reasons the effects of personality, while seemingly clear in theory, can be hard to decipher in practice.

Self-Monitoring

Self-monitoring refers to the extent to which people are responsive to the social cues that come from the social environment (Snyder, 1974, 1987). High self-monitors are attentive to external, interpersonal information that arises in social settings and are more inclined to treat this information as cues to how they should behave. Low self-monitors are less attentive to external information that may cue behavior and are guided more in their behavioral choices by inner, personal feelings. Think of self-monitoring as the extent to which people monitor the external social environment for cues about how they are supposed to behave.

Jerry Jordan and Michael Roloff (1997) examined the effects of self-monitoring on planning for negotiation. In their integrative negotiation simulation, high self-monitors were more likely to plan the impressions that they wanted to make on the other negotiator (e.g., to appear friendly), to plan to use logrolling during the negotiation (see Chapter 3), and to consider more strategies while planning. Self-monitoring also had an effect on the outcome of the negotiation, with high self-monitors achieving higher percentages of their goals than low self-monitors.

These findings indicate that self-monitoring is an important individual difference in negotiation. It might be tempting to think of self-monitoring as a personal tendency that is not particularly appealing; an example would be the insecure person who constantly adjusts her actions to conform to what she thinks is appropriate for the situation. But having

the motivation to monitor the social context, read it accurately, and adjust to it can be an asset in negotiation. Self-monitoring seems important during planning, but it may also interact with other factors, such as the other party's behavior, to influence the negotiation process and outcomes (see Ohbuchi and Fukushima, 1997).

Machiavellianism

Another stream of research that links personality to bargaining behavior is work on the concept of "Machiavellianism." After extensive study of the writings of Niccolo Machiavelli and similar political philosophers, Christie and Geis (1970) developed an attitude scale based on Machiavelli's analysis of human nature and political behavior. Those scoring high in Machiavellianism (high Machs) tend to be cynical about others' motives, more likely to behave unaltruistically and unsympathetically toward others, and less willing to change their convictions under social pressure. High Machs are thought to be more likely to tolerate behavior that violates social norms and are more inclined to advocate the use of deception interpersonally.

Personality psychologists have come to regard Machiavellianism as one of three "offensive yet non-pathological" traits known collectively as the "dark triad" of personality; the other two are narcissism and psychopathy (Paulhus and Williams, 2002, p. 556). Personality traits that are psychopathic in nature have been shown to be associated with a world view that emphasizes competition and social motives that tend toward selfishness; accordingly, it is not surprising to find that as negotiators these individuals do better when success is defined by competitive goals but do less well when success depends on cooperative behavior (ten Brinke, Black, Porter, and Carney, 2015).

In numerous studies, Christie and Geis (1970) explored the relationship between a Machiavellian orientation and behavior in various situations. We describe a few of these experiments here because of their applicability to negotiation processes.

- One experiment created opportunities for subjects to dissuade another person from cheating, expose the cheater to the experimenter, refrain from using unethically obtained information, confess bad behavior to the experimenter, and lie about their own behavior. High Machs initially tried harder to persuade the other not to cheat and initially resisted using unethically obtained information in the experimental task. But high Machs were no different from low Machs in the frequency of lying before being directly accused by the experimenter. Once accused, high Machs maintained their ability to lie with far greater credibility.
- A second experiment explored the behavior of individuals in a high-power position. High Machs attempted significantly more manipulative behaviors than low Machs, in both the total number and variety. They told bigger lies, were more verbally distracting, and were more innovative in the manipulative techniques employed.
- A third experiment described behavior in a game that created opportunities to form and break coalitions. (We discussed coalitions in Chapter 12.) Compared with other players, high Machs displayed a more opportunistic sense of timing with regard to making or breaking a coalition. They initiated more offers, decisively dissolved coalitions when they were not advantageous, and were sought after as coalition partners. As a result, high Machs were usually a member of the winning coalition.

Additional links to behaviors that are relevant for negotiation contexts surfaced in subsequent studies. For example, high Machs are egoistic, focusing more on maximizing their own outcomes with less concern about others, and they are likely to use a wider variety of influence tactics in order to build political ties (these and other studies are reviewed by Dahling, Whitaker, and Levy, 2009). Dahling and colleagues theorized and demonstrated the existence of four conceptual elements of Machiavellianism:

1. *Distrust*. High Machs are actively distrustful of others.
2. *Amoral manipulation*. High Machs are “selectively willing to deviate from moral standards when the opportunity for gain presents itself” (p. 228).
3. *Desire for control*. Seeing other people as threatening, high Machs wish to dominate interpersonal situations.
4. *Desire for status*. High Machs are driven to “pursue goals such as wealth, power, and status” in order to feed “a desire to accumulate external indicators of success” (p. 228).

A couple of studies have directly examined the influence of Machiavellianism on negotiation. An experiment by Fry (1985) found that high Machs did better than low Machs in distributive negotiation.⁹ Fulmer, Barry, and Long (2009) included Machiavellianism in their study of people’s attitudes toward the use of ethically questionable negotiation tactics. Barry and colleagues found that high Machs were more likely to approve of the use of deceptive tactics (making false promises, misrepresenting interests) in negotiation. Taken together, these findings suggest that high Machs are willing to use a variety of tactics to pursue their objectives and, in doing so, may intimidate the other party into adjusting strategy in ways that make the latter worse off.

Face Threat Sensitivity

Face refers to the value people place on their public image or reputation. The everyday expressions “losing face” and “saving face” describe situations in which a person fears a decline in that reputation or encounters an opportunity to avoid such a decline. Researchers have begun to explore the notion that sensitivity to threats to face is a stable aspect of an individual’s personality. In other words, some of us are, by disposition, more susceptible to reacting in a negative way to threats to face—more thin-skinned, you might say. A study by Judith White and colleagues (White, Tynan, Galinsky, and Thompson, 2004) explored how this trait—they call it *face threat sensitivity (FTS)*—might work as an element of the personality of negotiators. Face is important in negotiation, they argue, because threats to a person’s image will make a negotiator competitive in a situation that might otherwise benefit from cooperative behavior. In two studies, White and colleagues found that negotiating dyads with at least one high FTS negotiator (someone who scores high on sensitivity to face threats) were less likely to create value that could benefit both parties and less likely to reach cooperative settlements. Although these studies did not pinpoint exactly how and why high FTS interferes with integrative potential, the authors offer some plausible explanations. One is that a high FTS negotiator is more likely to perceive the other party’s actions as a potential threat, leading to negative feelings, mistrust of the other party, and more competitive behavior. Another is that the opponent of the high FTS negotiator may see that person as “‘high maintenance,’ requiring more care and trouble than he/she is

worth” (p. 118). Research exploring predispositions to react to threats to self-image is a worthwhile direction for the study of individual differences in negotiation research because, as White and colleagues put it, “Face concerns exert a gravitational pull on negotiators: powerful, inexorable, invisible” (p. 120).

Epistemic Motivation

People differ in the extent to which they are motivated to seek out and process information that helps them comprehend the world around them. Psychologists use the term *epistemic motivation* to describe an individual’s “desire to develop and hold a rich and accurate understanding of the world, including the negotiation problem at hand” (de Dreu, Beersma, Stroebe, and Euwema, 2006, p. 928; see also Kruglanski, 1989).¹⁰ When epistemic motivation is high, people analyze situations, weigh arguments, and solve problems through effortful thinking; in contrast, when epistemic motivation is low, people are more likely to form quick impressions and make snap judgments based on well-learned rules and heuristics (de Dreu and Carnevale, 2003). Epistemic motivation can be induced in people in a given situation; for instance, de Dreu and colleagues (2006) told participants in their experiments that after a negotiation simulation they would be asked to explain how they negotiated and why they used or didn’t use particular strategies. Although this kind of instruction can motivate someone to think more effortfully than he otherwise would, epistemic motivation is rooted largely in stable personality differences: the desire to be cognitively engaged (high epistemic motivation) or conversely a preference for quick closure on complex problems (low epistemic motivation).

Epistemic motivation matters in negotiation because the situation can be complex, and people don’t always have all the information they need about the other party and about the negotiation task; accordingly, searching for and thinking about new information in order to develop a deep understanding of the situation should yield better outcomes, especially in integrative negotiations. And, indeed, research does show that negotiators with high epistemic motivation, measured as a dispositional tendency to be comfortable with complex thinking, reach higher joint outcomes (Ten Velden, Beersma, and de Dreu, 2010). Interestingly, Ten Velden and colleagues found that only one member of the negotiating pair needs high epistemic motivation for this effect to emerge (“It Takes One to Tango” is the catchy title of their academic paper reporting the results of this research). Other research suggests that epistemic motivation has an even greater beneficial effect when the negotiator is cooperatively rather than competitively oriented. In one of de Dreu and colleagues’ (2006) experiments, high-epistemic negotiators who were told that the other party is their “partner” (an instruction that induces a cooperative mindset) achieved higher joint gains than those told that the other party is “your opponent” (inducing a competitive mindset). In sum, personality traits that catalyze epistemic motivation—a willingness to seek out and process novel information—are generally quite helpful to negotiators facing complex situations with integrative potential.

The “Big Five” Personality Factors

One way of moving the study of personality toward a more unified and coherent position—and away from numerous studies of a multitude of seemingly unrelated traits—is to focus on a very few key personality categories, or factors, under which most individual traits can be

subsumed. This is what personality psychologists had in mind when they developed the Five-Factor Model of personality (e.g., Goldberg, 1993), also known as the “Big Five.” The personality factors that constitute the Big Five include these (Barrick and Mount, 1991, pp. 3–5):

- Extraversion—being sociable, assertive, talkative.
- Agreeableness—being flexible, cooperative, trusting.
- Conscientiousness—being responsible, organized, achievement oriented.
- Emotional stability—being secure, confident, not anxious.
- Openness—being imaginative, broad-minded, curious.

Research by Barry and Friedman (1998) examined how the Big Five personality factors are related to negotiator behavior and outcomes. Their study looked at both distributive and integrative negotiation situations, focusing on the first three of the five factors listed. With respect to distributive bargaining (a price negotiation simulation), Barry and Friedman found that negotiators higher in extraversion and agreeableness were more likely to do worse for themselves. One reason is that these negotiators were more susceptible to the trap of “anchoring,” which occurs when one party’s extreme early offer biases the other party’s view of the underlying structure of the situation. Barry and Friedman found that these elements of personality did not affect how well negotiators did in a separate experiment involving a more complex integrative bargaining simulation. In that situation, personality was less important than the cognitive ability (intelligence) of negotiators (we discuss the role of abilities later in this chapter). DeRue, Conlon, Moon, and Willaby (2009) looked at one facet of agreeableness called “straightforwardness,” which is a tendency to be frank and sincere with others. They found that straightforwardness was a liability for negotiators in both distributive and integrative situations. In Barry and Friedman’s (1998) study, the effects of personality were lessened when negotiators had high aspirations for their own performance. To put it another way, a high degree of motivation to do well overcame the liability of certain personality traits in negotiation.

Probing more deeply into this notion that effects of personality vary with situations, Dimotakis, Conlon, and Ilies (2012) investigated the “fit,” or match, between negotiator and task. For instance, a low-agreeableness negotiator “fit” a competitive, distributive situation, while a high-agreeableness negotiator is better matched to a situation with integrative potential. They found that negotiators whose personality fit the situation experienced more physical arousal (a faster heart rate) and psychological arousal (positive emotion) during the negotiation; these forms of arousal, in turn, led to more persistence in negotiating and ultimately better outcomes. Dimotakis and colleagues believe that their findings highlight “the importance of staffing negotiations with individuals possessing specific dispositions, depending on the characteristics of the situation” (p. 191).

A new angle on the role of the Big Five traits came in a study by Wilson, DeRue, Matta, Howe, and Conlon (2016), who looked at how the combination of both negotiators’ traits affects processes and outcomes. Their findings show that when negotiators’ personalities match—both high or both low on extraversion and agreeableness—the emotional tone of the interaction is more positive. As a result, these “matched” pairs reached agreements more efficiently and perceived less conflict in doing so. The study of

so-called individual differences benefits from this new attention to the combination of traits at the table because, as Elfenbein, Eisenkraft, Curhan, and DiLalla (2018) observe, “negotiations are inherently dyadic.” Their point is that individual differences not only speak to one’s personal qualities as a negotiator but may also render someone “particularly well- or poorly-suited to negotiate with a particular counterpart” (p. 88).

Section Summary

In this section, we discussed the role of personality in negotiation in terms of a variety of dispositional traits. Convergence by many personality psychologists around the Five-Factor Model (the Big Five) has brought into focus the question of whether personality traits are best viewed separately or in clusters of related traits. The Five-Factor Model is an appealing way to analyze personality because it reduces many personality traits that exist into a limited and manageable set of broad categories. On the other hand, some narrow traits may do a better job predicting negotiation behavior than these broad personality factors because the aggregation of traits into factors masks important relationships between specific traits and specific strategies (Moberg, 1998). It seems likely that research on personality in negotiation will continue to struggle with this tension between the specific and the general.

Personality is also potentially important in negotiation because people view the actions of other parties through a lens of personality. A study by Morris, Larrick, and Su (1999) found that although interests and positions determine much of what happens in negotiation, negotiators tend to interpret the behavior of the other party in terms of personality. For example, a negotiator who lacks sufficient information about the other party’s situation may resort to inferences about the other party’s agreeableness or cooperativeness as a way to understand what is happening. The result can easily be *misperception*—negotiators inappropriately explain the actions of others in personality terms, even though elements of the situation are actually responsible. Clearly, a full understanding of the role of personality in negotiation requires attention not just to how someone’s personality affects his or her actions but also to how we use or misuse personality to explain the actions of others with whom we negotiate.

Abilities in Negotiation

Are smarter people or those more capable in certain cognitive or emotional domains better negotiators? What does it mean to be “smart”? In this section, we examine the relationship between four kinds of abilities and negotiation behavior: (1) cognitive ability, which is the traditional conceptualization of intelligence; (2) the more recently developed concept of emotional intelligence; (3) perspective-taking ability; and (4) the ability to be effective cross-culturally.

Cognitive Ability

Cognitive ability refers to “a very general mental capability that, among other things, involves the ability to reason, plan, solve problems, think abstractly, comprehend complex ideas, learn quickly and learn from experience” (Gottfredson, 1997, p. 13). Cognitive ability, which is synonymous with the general notion of intelligence, has been shown to influence

Integrative complexity is a term psychologists use to refer to the complexity of cognitive rules that a person employs to process information. Those who are high in integrative complexity are able to make distinctions between different dimensions of a problem and to understand how these dimensions are related to one another. People who are low in this ability tend to perceive the world in “black and white” and often display more authoritarian personality characteristics (Tibon, 2000).

Researchers have looked at integrative complexity as a factor related to effectiveness in political crises and international diplomacy. Here are a few select findings:

- Low integrative complexity is associated with more competitive conflict resolution strategies, while high integrative complexity is associated with the use of more cooperative strategies and more integrative agreements (Walker and Watson, 1994).
- Suedfeld and Bluck (1988) analyzed documents from nine international crises in the 20th century to show that leaders’ integrative complexity decreased in the three months prior to committing a surprise attack, whereas no such decrease was found prior to committing to a peaceful agreement.
- An analysis of U.S. congressional transcripts prior to and during the 1991 Persian Gulf war revealed that members of Congress in favor of the use of force in Iraq were less cognitively complex than those who voted against the attack (Wallace, Suedfeld, and Thachuk, 1993).

reasoning, decision making, information processing capacity, learning, and adaptability to change, particularly in novel or complex situations.¹¹ These aspects of thinking and mental processing are clearly related to much of what goes on the cognitive (as opposed to the emotional) side of negotiation. To the extent that negotiation entails the navigation of complex problem-solving tasks, it is reasonable to expect that individual cognitive ability may predict negotiation processes and outcomes (Fulmer and Barry, 2004).

Only a few studies have explored the role of cognitive ability in negotiation. A few early studies involving simple experimental bargaining games, such as the Prisoner’s Dilemma, produced mixed and inconclusive findings. A clearer picture emerged when studies examined cognitive ability in more complex integrative negotiation settings. Barry and Friedman (1998) found a strong link between negotiator cognitive ability and the integrativeness of settlements reached by participants in a commercial real estate negotiation simulation. Similarly, Kurtzberg (1998) found that cognitive ability predicted the ability of negotiators to reach integrative settlements in a simulation about a syndication contract for a television program. Smarter negotiators, it appears, have an advantage in moving the parties toward recognizing and exploiting joint gain.

What about purely distributive negotiation situations, where motives are more likely to be competitive than cooperative? Do negotiators with high cognitive ability do better? Barry and Friedman (1998) explored this issue using a distributive bargaining task in which a manufacturer and supplier negotiated the price of a component. They found no link between intelligence and performance. However, this finding should be regarded with caution because the task in their study was a rather basic, single-issue negotiation. The possible role of negotiator intelligence in distributive bargaining situations of greater complexity remains unexplored. Box 15.2 provides a related application of the role of intelligence in negotiation.

Emotional Intelligence

Psychologists have proposed that other forms of intelligence beyond general cognitive ability may exist as stable abilities. One in particular that has attracted a good deal of attention over the last couple of decades is the notion of emotional intelligence (EI). Researchers define *emotional intelligence* as encompassing a set of discrete but related abilities: (1) the ability to perceive and express emotion accurately, (2) the ability to access emotion in facilitating thought, (3) the ability to comprehend and analyze emotion, and (4) the ability to regulate appropriately one's own emotions and those of others (Mayer and Salovey, 1997). A book written by a journalist early in the life of the EI concept (Goleman, 1995) made strong claims about the role of emotional intelligence in a broad range of social domains and attracted widespread attention in the popular press. Some academics criticized those claims as misleading and overstated (Mayer, Salovey, and Caruso, 2000); others questioned the research methods behind those claims (Landy, 2005), and still others questioned whether the very concept of EI has any scientific validity at all (Locke, 2005). Nonetheless, interest in EI grew among scholars who see it as appropriately rooted in the scientific analysis of human emotion (Ashkanasy and Daus, 2005), and a growing body of research has shown that EI can predict job performance in a variety of settings (Joseph, Jin, Newman, and O'Boyle, 2015). It is fair to say, as a general matter, that the concept of emotional intelligence has resonated with both researchers and the lay public as a way to capture variations in how people analyze and use emotion in social life.

As we discussed in Chapter 6, interest among negotiation researchers in emotional aspects of negotiation has risen in recent years. To the extent that the concept of EI captures stable and measurable tendencies involving the perception, comprehension, and regulation of emotion, it may be an important individual difference for the study of negotiation (Ogilvie and Carsky, 2002). Making this case, Fulmer and Barry (2004) argued that an emotionally intelligent negotiator's ability to sense and regulate emotion will confer several advantages: better information gathering about the other party's interests, more accurate risk assessment, and more effective management of the negotiator's own emotions and inducement of desired emotions from the other party. Negotiators high in EI may be better able to use emotions to influence the negotiation outcome—part of a process that Thompson, Nadler, and Kim (1999) referred to as “emotional tuning.” It is, accordingly, not surprising that scholars have argued that EI is potentially important not just in basic negotiation settings but also in international negotiations that happen across cultures (Caruso, 2014) and in third-party mediation (Kelly and Kaminskienė, 2016).

Despite widespread beliefs that EI is important, relatively few studies have empirically investigated the role of EI in negotiation. This work suggests that people high in EI tend to create a more positive negotiation experience, both for themselves and for the other party (Foo, Elfenbein, Tan, and Aik, 2004; Mueller and Curhan, 2006). However, the link between EI and negotiation outcomes—are emotionally intelligent negotiators “better” negotiators?—is less clear. Two studies have examined the effect of an individual's EI on individual and joint outcomes in two-party negotiations (Elfenbein, Foo, White, Tan, and Aik, 2007; Foo et al., 2004). The findings from both suggest that high-EI negotiators are more effective at creating value in a negotiation, suggesting EI may be an asset in reaching integrative deals. These two studies reported conflicting findings, however, on the issue of whether EI helps the individual negotiator claim more of that value for him- or herself (in other words, reach



Source: ©2004 by Randy Glasbergen. www.glasbergen.com

a better deal). A more recent study (Kim, Cundiff, and Choi, 2015) found that emotionally intelligent negotiators were more likely to trust one another, to be satisfied with the negotiation process, and to want further interaction with the other party, but EI had no effect on the economic value of the deals that resulted. More research is needed to fully understand the role of EI in negotiation and to resolve lingering questions about the best way to measure EI (Conte, 2005; Van Rooy and Viswesvaran, 2004).

Perspective-Taking Ability

Negotiators need to perceive, understand, and respond to arguments the other party makes during negotiations. The ability to take the other person’s perspective, especially during planning for negotiation, should enable negotiators to prepare and respond to the other party’s arguments. Perspective-taking ability is defined as a negotiator’s “cognitive capacity to consider the world from another individual’s viewpoint,” which enables the negotiator to anticipate the other’s behavior (Trötschel, Hüffmeier, Loschelder, Schwartz, and Gollwitzer, 2011, p. 773). Negotiators who understand the other party’s perspective will be more likely to form arguments that convince the other party and should be more likely to find an agreement that satisfies the other party.

Perspective-taking ability can help negotiators do better for themselves in competitive situations, as Neale and Bazerman (1983) showed in a study of distributive contract negotiations. They found that negotiators with higher perspective-taking ability negotiated contracts of higher value than did negotiators with lower perspective-taking ability. Their findings pointed to a link between perspective-taking ability and concession rate: Negotiators high in perspective-taking ability appear to be able to increase the concessions that the other party is willing to make. Negotiators with perspective-taking ability also benefit in competitive situations because they are less susceptible to the detrimental effects of being cognitively anchored by an opponent’s extreme offer (Galinsky and Mussweiler, 2001).

The ability to see the other party’s point of view is especially important during integrative negotiation as the negotiator strives to understand the other party’s needs and interests

and works to craft an agreement that satisfies the interests of both parties. It appears that perspective takers are better able to uncover the underlying interests shared by two parties and to come to more creative solutions because of their ability to understand the goals and interests of the other party (Galinsky, Maddux, Gilin, and White, 2008). They are better able to detect the presence of multiple issues of differing value for the negotiators, leading to integrative deals that logroll these issues into a mutually beneficial package (Trötschel et al., 2011). Perspective-taking ability has, accordingly, been shown to predict joint outcomes—in fact, merely thinking about perspective taking prior to an integrative negotiation can lead to higher joint outcomes (Kemp and Smith, 1994).

Given that negotiation is fundamentally about resolving conflict through interdependence and communication, it seems plausible to assume that perspective-taking ability is an important individual difference in social interaction, one that is generally beneficial in negotiation and other situations involving the resolution of conflict. However, in a fascinating series of experiments, Epley, Caruso, and Bazerman (2006) demonstrated that perspective taking can be a double-edged sword. In several tasks involving allocations of limited resources within groups, they found that individuals who took time to think about what others would believe is fair were more apt to say that fairness for themselves involves taking a smaller share of resources. In other words, taking the others' perspective made the individual less likely to judge what is fair in egocentric terms. That seems sensible enough, but here's the rub: Perspective takers may have *judged* fairness in a *less* self-interested way, but when the time came to actually make an allocation decision, they *behaved* in a *more* self-interested way—they took more of the available resources for themselves! How to explain this surprising paradox? The researchers were able to show that it happened because the act of considering the perspective of others led people to contemplate the possibility that others would probably act more selfishly, leading the “perspective taker” to arrive at a decision to act selfishly in return (they call this “reactive egoism”). Does this make perspective taking a bad thing? No, but Epley and colleagues do say it points to the value of explicitly highlighting the parties' mutual interests and their need for cooperation as a way to capitalize on the benefits of perspective taking without incurring the negative (selfish) behavior.

A social condition that may cloud or reduce people's ability to understand others' perspective in the first place is the experience of having power or feeling powerful; see Box 15.3 for a clever experimental illustration.

Cultural Ability

We mentioned at the outset of the chapter that context is important in understanding individual differences in negotiation because situations may define whether or not some trait or ability actually has an effect. Consider, for instance, national cultures: Personality traits may function in one culture very differently than in another. Liu, Friedman, and Chi (2005) showed that Big Five traits, such as agreeableness and extraversion, affect American negotiators but not Chinese, while other factors, such as harmony, affect Chinese negotiators but not Americans. With international negotiations growing in importance as globalization expands, there is much yet to learn about the intersection of personality and culture in negotiation.

Are powerful people self-centered and focused on their own desires and objectives, and less attuned to the needs of others? Researchers Adam Galinsky, Joe Magee, Ena Inesi, and Deborah Gruenfeld (2006) think the answer is yes—that individuals having power or feeling powerful are less able to move beyond their own experience and imagine the motivations, needs, and emotions of others. They explored this hypothesis by inducing feelings of power in some experimental subjects and then testing their ability to read others' emotions.

In their experiment, half of the participants (the high-power condition) were told to recall and write about a past incident in which they had power over someone else. Other studies have shown this to be a reliable technique for inducing a sense of power in experimental subjects. The other half of their participants (a control condition) were told to recall and describe what their day yesterday was like. All participants then performed a task that involved looking at a number of images of faces, each of which expressed an emotion, and indicating for each face which of four emotions (happiness, fear, anger, and sadness) was on display.

The researchers anticipated that the high-power participants, being less inclined to attend to how others experience the world and feel about things, would do worse at reading the emotions expressed by faces in the images. And that's exactly what happened: Those who were induced to feel powerful (merely by writing an essay in the high-power condition) made significantly more errors judging the facial emotions in the images than did participants in the control condition.

Because the study participants were not aware of a connection between the manipulation of power (inducing feelings of power for half the subjects) and the subsequent task involving detecting emotions, the researchers reasoned that the loss of perspective taking that accompanies power is at least partially a nonconscious process. "We believe that power leads not to a conscious decision to ignore other individuals' perspectives," they concluded, "but rather to a psychological state that makes perspective taking less likely" (p. 1072).

Source: Adapted from Galinsky, Adam D., Magee, Joe C., Inesi, M. Ena, and Gruenfeld, Deborah H., "Power and Perspectives Not Taken," *Psychological Science*, vol. 17, no. 12, December 1, 2006, 1068–1074.

One thing researchers have learned is that people differ in their ability to adapt to culturally diverse situations. Earley and Ang (2003) describe this ability as "cultural intelligence" (CQ), which captures cognitive, motivational, and behavioral tendencies that play out in intercultural interactions. For instance, the *cognitive* aspect of CQ refers to how an individual acquires and uses knowledge of cross-cultural differences (and similarities). The *motivational* aspect captures a person's energy directed at cultural adaptation. *Behavioral* aspects include verbal and nonverbal skills when communicating across cultures. CQ predicts personal effectiveness in cross-cultural situations (Ang et al., 2007), with high CQ individuals more likely to make accurate cultural judgments, perform well on intercultural tasks, and adjust to international situations.¹²

The impact of CQ on intercultural negotiation was investigated broadly in a pair of studies by Lynn Imai and Michele Gelfand (2010). The first study surveyed working adults to see how CQ is related to social and epistemic motivation that, as we previously discussed, are related to effective negotiation performance. The survey revealed that people high in CQ were more likely to be cooperatively oriented (a prosocial orientation) and to have a desire to accurately understand their surroundings (high epistemic motivation).

As the researchers put it, “CQ equips individuals with psychological characteristics advantageous for intercultural negotiation” (p. 10). In their second study, Imai and Gelfand paired American and East Asian students in a negotiation simulation with integrative potential. CQ in this cross-cultural simulation predicted the extent to which negotiators engaged in information-seeking behaviors that fostered integrative solutions, which in turn predicted joint profit. Importantly, in this research Imai and Gelfand statistically controlled for other abilities, including cognitive ability and emotional intelligence, along with prior international experience and some relevant personality traits, showing that CQ is a “key predictor of intercultural negotiation effectiveness” (p. 13). Further and more recent evidence came in a study by Groves, Feyerherm, and Gu (2015), showing that CQ predicted interest-based negotiation performance in a culturally laden negotiation exercise. We will have much more to say about cross-cultural negotiation in Chapter 16.

An Alternative Approach: Studying Experienced Negotiators

Some research seeks to uncover negotiation effectiveness by analyzing the actual behaviors of experienced negotiators, rather than identifying their personality traits or native abilities. The implicit assumption underlying this research is that individuals who can understand and apply the behavior of successful negotiators will become better negotiators themselves. That assumption rests, in turn, on an even more basic premise: that negotiation is a skill that can be improved, rather than just a fixed ability that you either have or you don't. To put it another way, are good negotiators born or made? It won't surprise you to learn that as authors of a textbook on negotiation, we side with the view that negotiation is a skill that can be developed.

The position one takes on this question—whether negotiators are born or made—is more than just an intellectual diversion. Research by Laura Kray and Michael Haselhuhn (2007) shows that a person's view on this issue is strongly related to negotiation outcomes. In a series of experiments, Kray and Haselhuhn contrasted the negotiation behavior and performance of individuals who believed that negotiating abilities are fixed (they labeled people with this belief “entity theorists”) with individuals who believed that negotiating ability can be changed and improved (they called these people “incremental theorists”). In some studies, they manipulated these beliefs by having experimental participants read (supposedly) expert opinions about whether good negotiators are born or made. In other studies, they simply measured these beliefs, tapping participants' actual views on the subject. In all cases, they found that incremental theorists—people holding beliefs that negotiation is a malleable skill—outperformed entity theorists by a wide margin. The advantage was found in both claiming value (distributive negotiation) and creating value (integrative negotiation). Why should these beliefs about negotiation ability matter so much? The answer, Kray and Haselhuhn argue, is that incremental theorists benefit from “a willingness to expend effort in the face of challenges, even when the chances for success appear small. Armed with a goal to learn and master the negotiation domain, incremental theorists are willing to stare potential failure in the face and plow through it with continued perseverance” (p. 62).

If there is value in believing that negotiation is a skill that can be developed, there is also value in trying to understand the actions of people who are already good at it. Three

approaches have been used to study the behavior of successful negotiators: (1) comparing expert and amateur negotiators in simulated negotiations, (2) comparing experienced and naïve negotiators in simulated negotiations, and (3) studying high-profile negotiators. Each of these approaches has strengths and weaknesses; none of them is ideal. However, this research does provide some interesting insights into the behavior of negotiators with attributes pertaining more to experience than to personality.

1. Expert versus amateur negotiators. Margaret Neale and Greg Northcraft (1986) compared the performance of expert and amateur negotiators in a simulated negotiation market. This task gives buyers and sellers the opportunity to negotiate with any other seller or buyer in the market, but each buyer–seller pair may make only one deal. There is typically not enough time in market simulations for all possible buyer–seller pairs to make a deal. The expert negotiators in the study were professional negotiators with average formal experience of more than 10 years. The amateur negotiators were graduate and undergraduate college students. Neale and Northcraft found that while both experts and amateurs were more likely to reach integrative solutions as the market progressed, experts were more integrative at the beginning of the negotiations than were amateurs. Experts also tended to receive higher average outcomes than amateurs, although this difference was not very large.

2. Experienced versus naïve negotiators. Leigh Thompson (1990a) examined the effects of a particular kind of experience—prior opportunities to engage in integrative bargaining—on judgments, behaviors, and outcomes in negotiation. Thompson formed two groups of negotiators. In the experienced negotiator group, negotiators increased their experience by bargaining with a different person in seven different integrative negotiation simulations. In the naïve negotiator group, negotiators had either little or no previous experience with integrative negotiation, and only one opportunity to increase their experience in the study. Thompson found that experienced negotiators made more accurate judgments about the other party's priorities as they gained experience and that the likelihood of negotiating favorable agreements increased with experience, especially when negotiating with a naïve negotiator who had no previous experience with the simulation.

O'Connor, Arnold, and Burris (2005) explored how experience in one negotiation encounter influences the quality of negotiated outcomes in subsequent encounters. Their findings were straightforward: Those whose first negotiation ended in impasse (no deal) were more likely to reach another impasse in their next negotiation. Moreover, those who reached an impasse the first time but reached a deal the second time arrived at agreements of lower quality compared to those who successfully reached a deal the first time. These results held regardless of whether the second negotiation was with the same opponent or not, whether negotiation occurred face-to-face or online, or whether the time interval between negotiations was short (15 minutes) or long (one week).

3. High-profile negotiators. An approach to studying successful negotiators that offers an alternative to systematic social science is to look in a narrative way at the professional lives of famous negotiators. This is the approach taken by Michael Benoliel and Linda Cashdan in their book *Done Deal: Insights from Interviews with the World's Best Negotiators* (2005).

Their interviews generated first-hand accounts from professionals in business, law, politics, and diplomacy about the key techniques and strategies that made them successful. In the book's concluding chapter, Benoliel and Cashdan describe a "master negotiator" as an individual with a blend of intelligences, attitudes, and skills. These include, among other things, both cognitive ability and emotional intelligence, along with self-motivation, patience, pragmatism, perspective-taking ability, creativity, and strategic vision. It should be apparent that this list overlaps significantly with the traits and abilities that have been considered in the empirical research on the individual differences we have been discussing in this chapter.

In summary, research examining successful negotiators suggests that expert, experienced, and otherwise superior negotiators behave differently than average negotiators in several ways. We hasten to add, however, that studying expertise and experience in negotiation is challenging because it is difficult for researchers to gain access to actual negotiations (Rackham, 1980, is a rare example). When researchers do find opportunities to study professional negotiators in action, the act of observing poses its own problems because observational methods can easily change the process under study. (People being observed often find it difficult to ignore their watchers and may change their behavior from what it would otherwise be unobserved.) Although researchers can study negotiator experience with more precision and control in laboratory simulations, these experimental methods lack the richness of actual negotiations. The most appropriate approach may be a combination of laboratory studies and fieldwork.

A Concluding Note

In closing, we wish to revisit and reinforce observations we made at the start of the preceding chapter—the first of the two chapters on individual differences—about the value of understanding how personal differences are connected with negotiation processes and outcomes. As we noted in Chapter 14, it is true that the characteristics of individuals generally do not predict negotiation processes and outcomes as well as the characteristics of situations, and it is also the case that stable individual differences for the most part cannot be controlled or altered by an individual negotiator. Moreover, it is plausible, as Elfenbein (2015) argues, that the importance of individual differences is underappreciated because of the reliance in negotiation research on experiments and simulations. As Elfenbein points out, "to the extent that laboratory studies are strong situations, individual differences may matter more than past research has implied," given that "personality appears to matter more in real-life than laboratory studies" (p. 135).

We believe that individual differences matter for several reasons. One is that although negotiators can't "choose" their abilities or traits, there are times when a leader or manager can choose a negotiator and in making that choice may have access to information about relevant personal attributes of candidates. Another is that some individual differences point to disadvantages for which the savvy negotiator can compensate—perhaps by becoming aware of a disadvantage and seeking to overcome it through concerted effort, or perhaps by assembling a negotiating team that capitalizes on others' strengths in order to limit his or her own weaknesses. It is also the case that understanding how individual differences affect negotiators for better or worse can help us improve how we perceive, interpret, react to, and act upon the other party's actions and strategies.

Chapter Summary

In this chapter, we discussed the effects of individual differences—personality traits and abilities—on negotiation. We discussed several aspects of personality that have some promise for characterizing differences among negotiators, including conflict style, social value orientation, interpersonal trust, self-efficacy, locus of control, self-monitoring, Machiavellianism, face threat sensitivity, epistemic motivation, and the Five-Factor Model. We then examined the role of abilities in negotiation, including cognitive ability, emotional intelligence, perspective-taking ability, and cultural intelligence. We also explored a behavioral approach to studying individual differences. Rather than searching for underlying dimensions of personality or ability, this approach relies on descriptions of how expert or accomplished negotiators behave and comparisons with the actions of less experienced negotiators.

Although the study of individual differences continues to pose significant challenges, we see a future for research in this area. Researchers must be careful, however, to measure differences rigorously and to analyze behavior across diverse negotiation situations. It is true that negotiators cannot “change” their personalities or other stable individual differences, but they can learn to compensate for the limitations these characteristics might bring and to capitalize on behavioral tendencies that may follow from the characteristics of other parties. Moreover, constituencies and organizations frequently make choices about who will negotiate on their behalf; in these circumstances, individual differences can play an important role in negotiator selection. It is reasonable to conclude, accordingly, that individual differences can have an important effect on the process and outcome of negotiation.

Endnotes

¹ Detailed reviews of early research include Hermann and Kogan (1977); Rubin and Brown (1975); and Terhune (1970).

² See, for example, Ben-Yoav and Pruitt (1984a, 1984b); Carnevale and Keenan (1990); Kabanoff (1987); O'Connor and Carnevale (1997); Pruitt, Carnevale, Ben-Yoav, Nochajski, and Van Slyck (1983); Pruitt and Rubin (1986); Rahim (1983); Ruble and Thomas (1976); van de Vliert and Kabanoff (1988); and van de Vliert and Prein (1989).

³ Kilmann and Thomas, 1977; Thomas, 1976.

⁴ See also de Dreu and van Lange (1995); Olekalns and Smith (1999); and Olekalns, Smith, and Kibby (1996).

⁵ An exception to the idea that trait motives and state motives have similar effects is the satisfaction with outcomes that negotiators experience after a deal is reached. In the study of satisfaction mentioned earlier (Gillespie, Brett, and Weingart, 2000), the finding that pro-self negotiators were less satisfied afterward held for measured (stable-trait) motives, but there was no effect for induced motives (instructing the negotiator to be pro-self or prosocial).

⁶ Rotter and his colleagues developed a test for diagnosing an individual's level of interpersonal trust and used the

scores to measure levels of interpersonal trustworthiness. More detailed description of these and other studies of interpersonal trust can be found in Rotter (1967, 1971, 1980).

⁷ For reviews of research on trust and negotiation, see Kong, Dirks, and Ferrin (2014); Lu, Dirks, and Ferrin (2017); and Ross and LaCroix (1996).

⁸ See also Brett, Pinkley, and Jacofsky, 1996; Stevens, Bavetta, and Gist (1993); and Stevens and Gist (1997).

⁹ There is one study, Greenhalgh and Neslin (1983), that reported a contrary finding—that high Machs tended to negotiate inferior outcomes compared with low Machs.

¹⁰ The word *epistemic* refers to the acquisition of knowledge; *epistemology* is the branch of philosophy concerned with the origins and nature of human knowledge.

¹¹ See, for example, Gottfredson (1997); Lepine, Colquitt, and Erez (2000); Ree and Earles (1991); and Schmidt and Hunter (1998).

¹² See Ott and Michailova (2018) for an extensive review of empirical and conceptual research on CQ over the past 15 years.



International and Cross-Cultural Negotiation

Objectives

1. Understand how international and cross-cultural negotiations are different from domestic or same-culture negotiations.
 2. Explore different definitions and meanings of culture.
 3. Consider how culture affects negotiation dynamics.
 4. Gain strategies that negotiators can adapt to another party's cultural style.
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CHAPTER OUTLINE

International Negotiation: Art and Science

What Makes International Negotiation Different?

Environmental Context

Immediate Context

Conceptualizing Culture and Negotiation

Culture as Learned Behavior

Culture as Shared Values

Culture as Dialectic

Culture in Context

The Influence of Culture on Negotiation: Managerial Perspectives

Definition of Negotiation

Negotiation Opportunity

Selection of Negotiators

Protocol

Communication

Time Sensitivity

Risk Propensity

Groups versus Individuals

Nature of Agreements

Emotionalism

The Influence of Culture on Negotiation: Research Perspectives

Effects of Culture on Negotiation Outcomes

Effects of Culture on Negotiation Process and Information Exchange

Effects of Culture on Negotiator Cognition

Effects of Culture on Negotiator Ethics and Tactics

Effects of Culture on Conflict Resolution

Culturally Responsive Negotiation Strategies

Weiss's Culturally Responsive Strategies

Chapter Summary

Although there has been an interest in international negotiation for centuries, the frequency of international negotiation has increased rapidly in the past 20 years (Hopmann, 1995; Weiss, 2006). People today travel more frequently and farther, and business is more international than ever before. For many people and organizations, international negotiation has become the norm rather than an exotic activity that only occurs occasionally. Numerous books and articles—from both academic and practitioner perspectives—have been written about the complexities of negotiating across borders, be it with a person from a different country, culture, or region. Although the term *culture* has many possible definitions, we use it to refer to the shared values, beliefs, and behaviors of a group of people. Countries can have more than one culture, and cultures can span national borders. As we discussed in Chapters 1 and 10, negotiating is a social process that is embedded in a much larger context. This context increases in complexity when more than one culture or country is involved, making international negotiation a highly complicated process (Sebenius, 2002a).

So much has been written on this topic that we cannot summarize it all in one chapter, and those seeking more information about international and cross-cultural negotiation are encouraged to consult one of several important literature reviews.¹ Recent topics addressed in this area include studies of negotiations in newly developing economies,² intracultural comparisons of negotiators from several different countries,³ negotiation in China (examined by numerous researchers)⁴ and India,⁵ and international diplomacy and trade negotiations.⁶ Our goal in this chapter is to present a broad overview of the international and cross-cultural negotiation field, as well as to highlight and discuss some of the most recent and interesting work that has been written on this topic.

It is important to recognize that this book has been written from a North American perspective and that this cultural filter has influenced how we think about negotiation, what we consider to be important aspects of negotiation, and our advice about how to become a better negotiator (Brett and Gelfand, 2004). This chapter also reflects our own cultural filter, both in our choices about what we discuss and because we use Americans as the base from which to make comparisons to other cultures.⁷ That is not to say that all Americans share the same culture (see Box 16.1). In fact, there is evidence that people from countries as similar as the United States and Canada negotiate differently (see Adler and Graham, 1987; Adler, Graham, and Schwarz, 1987). Within the United States and Canada, there are systematic regional and cultural differences (e.g., among English and French Canadians, and among Hispanics, African Americans, Southerners, New Yorkers, and other groups in many areas of the United States). At some level, however, Americans do share (more or less) a common culture that is different from that of other countries. While recognizing the differences within the United States, we use some common aspects of American culture in our discussion of international and cross-cultural negotiation.

Cross-Cultural Negotiations within the United States

I had a client in West Virginia who bought from me for several years. He had a family business that he'd started in a small town with his grandfather, and it had now grown to be the major employer in the town. We had developed quite a close relationship. Every few months, I would make a trip up from North Carolina to see him, knowing after a while that he would need to place an order with me as long as I spaced our visits out every few months. When we got together, at first we would talk about everything but business, catching up with each other. I would ask him about his life, the business, his family, the town, etc., and he would ask me about my work and the company and life in the big city in North Carolina where I lived and worked. Once we'd caught up with each other, we would get down to some business, and this was often after lunch. Each and every time, it would take a few hours of this and that, but I'd always leave with an order, and it was always a pleasant break, at least for me, from my usual hectic pace.

One day I phoned in preparation for my next trip, to see if he would be in, to arrange a convenient day, and he told me that he'd like me to meet a friend of his next time I was up there to visit him. His friend, he said, was interested in some of the things my company was selling, and he thought I should meet him. Of course I was delighted, and we arranged a convenient day for the three of us to meet.

When I arrived at my client's office, his friend, Carl, was already there. We were very casually introduced, and my client began explaining Carl's work, and how he thought what my company sold could be useful to him. Carl then took over and spoke a little about what he did, and I thought for a moment that we were going to go straight into business talk. However, in just a few moments, the conversation among the three of us quickly turned back to discussions of life in town, North Carolina, our respective families, and personal interests. It turned out that Carl liked to hunt, and he and my client began regaling me with stories of their hunting adventures.

I'd hunted a little, and shared my stories with them. One thing led to another, and soon we were talking about vacations, the economy, baseball—you name it.

Occasionally, we would make a brief journey back to the business at hand, but it always seemed to be in conjunction with the small talk, like how the tools we manufactured were or were not as precise as the mechanisms on the guns we used for hunting, things like that. I realized that quite a lot of information about our mutual work, my company, their needs, and their work was being exchanged in all this, even though business was never directly addressed. I remember the first few meetings my client and I had had with each other many years ago—how we learned about each other this way then, too. I was struck with how quaint it felt now, how different it was from the way I usually had to sell, and yet how much I enjoyed working like this!

Well, our discussions went on this way through the rest of the morning, weaving some business back and forth through the larger context of informal chit-chat about each other and our lives. Just before lunch, my client leaned back and began what seemed to be a kind of informal summary of who I was and what I did, and how what I did seemed to him to be just the thing that Carl and his company could use. Carl agreed, and my client asked him, almost on my behalf, how much he wanted to order, and Carl thought for a moment and gave me the biggest order I ever got from West Virginia. "Now that that's done," my client said, "how about some lunch?" We all went to the same place we always go to when I'm in West Virginia, talking about life and things and some business. By midafternoon I said I had to be heading home. We all agreed to stay in touch. We've been in touch ever since, and now I've got two clients to visit whenever I'm in West Virginia.

Source: Foster, Dean Allen, *Bargaining Across Borders: How to Negotiate Business Successfully Anywhere in the World*. New York, NY: McGraw-Hill, 1992, 108–109.

This chapter is organized in the following manner. First we discuss the art and science of cross-cultural negotiation. Next we consider some of the factors that make international negotiation different, including both the environmental context (macropolitical factors) and the immediate context (microstrategic factors). We then turn to a discussion of the most frequently studied aspect of international negotiation: the effect of culture, be it national, regional, or organizational. We discuss how culture has been conceptualized and discuss four approaches to culture used by academics and practitioners. Next we examine the influence of culture on negotiations, discussing this from managerial and research perspectives. The chapter concludes with a discussion of culturally responsive strategies available to the international negotiator. Boxes throughout the chapter present examples of factors to think about when negotiating with people from other cultures.

International Negotiation: Art and Science

The notion that negotiation is both art and science is especially valid at the cross-cultural or international level. The science of negotiation provides research evidence to support broad trends that often, but not always, occur during negotiation. The art of negotiation is deciding which strategy to apply when, as well as choosing which models and perspectives to apply to increase cross-cultural understanding. This is especially challenging because cross-cultural and international negotiations add a level of complexity significantly greater than within-culture negotiations (see Crump, 2015). There are two implications of this complexity for this chapter.

First, we present many different models and perspectives on cross-cultural negotiation. They vary in comprehensiveness and usefulness across different situations. No one model will explain every cross-cultural negotiation situation—there is simply not the level of knowledge to create such a model, and likely never will be. This complexity is a source of frustration for many cross-cultural negotiators, who would like clearer practical guidance when negotiating across borders.

No simple cookbook exists. The models and approaches we present in this chapter allow cross-cultural negotiators to build a strong portfolio of tools to draw upon when they are negotiating cross-culturally. By practicing, reading about, and studying the effects of these tools, negotiators will be able to hone their artistry in the domain of cross-cultural negotiation.

The second implication of the complexity of cross-cultural negotiation is the tendency for negotiators to undervalue the amount of *within-culture variation* that exists. It is important to remember that negotiation outcomes, both domestically and internationally, are determined by several different factors. While cultural differences are clearly important, negotiators must guard against assigning too much responsibility to them (Rubin and Sander, 1991; Sebenius, 2002b; Weiss, 2003). Dialdin and colleagues (1999) have labeled the tendency to overlook the importance of situational factors in favor of cultural explanations the *cultural attribution error* (also see Huang and van de Vliert, 2004; Matsumoto and Yoo, 2006). Consider the scenario described in Box 16.2. Any one of the potential causes, or any combination of them, could explain the negotiator's behavior. It is also important to recognize that even though culture describes group-level characteristics, it doesn't mean that every member of a culture will share those characteristics equally, and it is very difficult to predict an individual's behavior on the basis of cultural differences (Avruch, 2000; Sebenius, 2002b; Weiss, 2006). In fact, there is likely to be as wide a

Culture, Negotiation, and the Eye of the Beholder

Consider, by way of broad illustration, the following situation. You are seated across from a male negotiator from a culture very different from your own. In the course of the negotiations, he makes an unexpectedly large concession. While you are pleased by this behavior, you probably also wish to explain and understand it. There are several distinct possibilities.

First, the other negotiator may have made his concession because of the kind of person he is. That is, something about his personality led him to do what he did, in which case he might be expected to behave this way under many other circumstances. Second, it may be something about the particular conflict that the two of you are engaged in; the problem over which you are negotiating may be one that invites or tolerates large concessions. Third, the explanation may have to do with the unique interaction created by the two of you working together; thus, had the

other negotiator been seated across from someone else, perhaps his negotiating behavior would have been very different. Finally in this listing of explanations for the other side's negotiation behavior is the possibility of culture. Perhaps people from his culture tend to be rather conciliatory in negotiation.

Each of these possible reasons—and others, no doubt—could explain why another negotiator behaves in particular ways. We suspect, however, that culture is far more likely than other possibilities (at least in international settings) to be the dominant explanation. When in doubt, we tend to begin with the assumption that culture or nationality is *the* source of the behavior, when in reality all of the mentioned sources may be implicated.

Source: Rubin, Jeffrey Z., and Sander, Frank E. A., "Culture, Negotiation and the Eye of the Beholder," *Negotiation Journal*, vol. 7, no. 3, July 1991, 249–54.

variety of behavioral differences *within* cultures as there is between cultures (Rubin and Sander, 1991). Although knowledge of the other party's culture may provide an initial clue about what to expect at the bargaining table, negotiators need to be open to adjusting their view very quickly as new information is gathered (Adler, 2002).

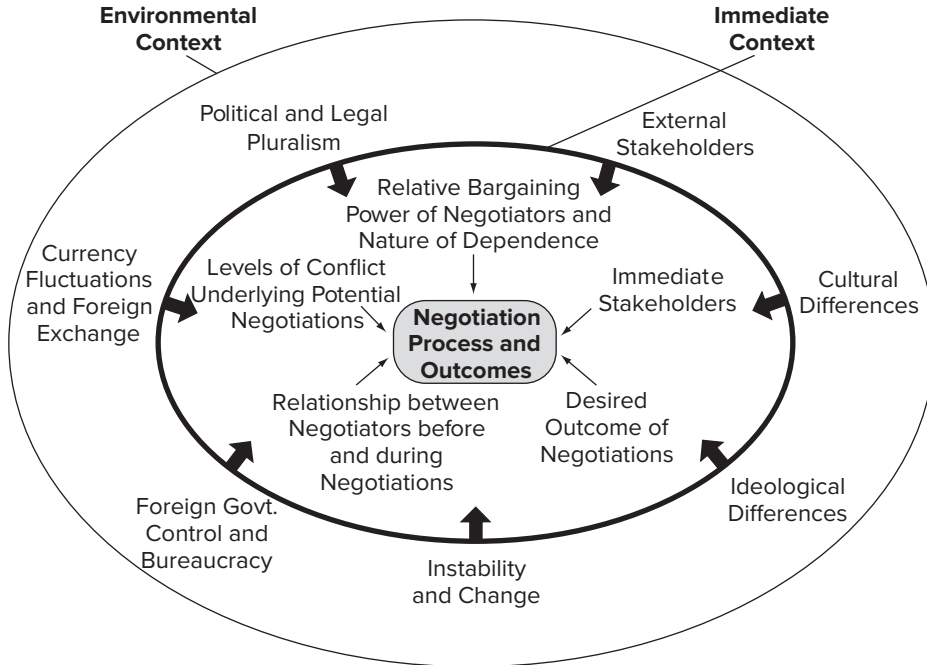
In summary, cross-cultural and international negotiations are much more complex than domestic negotiations. This complexity is a source of energy, excitement, and frustration when negotiating across borders and will challenge negotiators to understand the science of negotiation while developing their artistry.

What Makes International Negotiation Different?

Phatak and Habib (1996) suggest that two overall contexts have an influence on international negotiations: the environmental context and the immediate context (see Figure 16.1). The *environmental context* includes environmental forces that neither negotiator controls that influence the negotiation. The *immediate context* includes factors over which negotiators appear to have some control. Understanding the role of factors in both the environmental and the immediate contexts is important to grasping the complexity of international negotiation processes and outcomes.

Environmental Context

Salacuse (1988) identified six factors in the environmental context that make international negotiations more challenging than domestic negotiations: political and legal pluralism, international economics, foreign governments and bureaucracies, instability, ideology, and

FIGURE 16.1 | The Contexts of International Negotiations

Sources: Adapted from Phatak, Arvind V., and Habib, Mohammed M., "The Dynamics of International Business Negotiations," *Business Horizons*, vol. 39, no. 3, May-June 1996, 30–38; and Salacuse, Jeswald W., "Making Deals in Strange Places: A Beginner's Guide to International Business Negotiations," *Negotiation Journal*, vol. 4, no. 1, January 1988, 5–13.

culture. (Culture has received by far the most attention by those examining international negotiation, and it is discussed in a separate section later in this chapter.) Phatak and Habib (1996) have suggested an additional factor: external stakeholders. These factors can act to limit or constrain organizations that operate internationally, and it is important that negotiators understand and appreciate their effects.

Political and Legal Pluralism Firms conducting business in different countries are working with different legal and political systems. There may be implications for taxes that an organization pays, labor codes or standards that must be met, and different codes of contract law and standards of enforcement (e.g., case law versus common law versus no functioning legal system). In addition, political considerations may enhance or detract from business negotiations in various countries at different times. For instance, the open business environment in the former Soviet republics in the 21st century is quite different than the closed environment of the 1960s, and conducting business in China today is quite different than even 10 years ago. Nations may also use international trade agreements such as the North American Free Trade Agreement (NAFTA) or the World Trade Organization (WTO) to influence other geo-political

factors, such as the United States delaying trade negotiations with Chile to influence their vote on Iraq at the United Nations Security Council (see Crump, 2011).

International Economics The exchange value of international currencies naturally fluctuates, and this factor must be considered when negotiating in different countries. In which currency will the agreement be made? The risk is typically greater for the party who must pay in the other country's currency (Salacuse, 1988). The less stable the currency, the greater the risk for both parties. In addition, any change in the value of a currency (upward or downward) can significantly affect the value of the agreement for both parties, changing a mutually valuable deal into a windfall profit for one and a large loss for the other. Many countries also control the currency flowing across their borders. Frequently, purchases within these countries may be made only with hard currencies that are brought into the country by foreign parties, and domestic organizations are unable to purchase foreign products or negotiate outcomes that require payment in foreign currencies.

Foreign Governments and Bureaucracies Countries differ in the extent to which the government regulates industries and organizations. Firms in the United States are relatively free from government intervention, although some industries are more heavily regulated than others (e.g., power generation, defense) and some states have tougher environmental regulations than others. Generally, business negotiations in the United States occur without government approval, and the parties to a negotiation decide whether or not to engage in an agreement based on business reasons alone. In contrast, the governments of many developing and (former) communist countries closely supervise imports and joint ventures (see Brouters and Bamossy, 1997; Derong and Faure, 1995; Pfouts, 1994), and frequently an agency of the government has a monopoly in dealing with foreign organizations (Salacuse, 1988). In addition, political considerations, such as the effect of the negotiation on the government treasury and the general economy of the country, may influence the negotiations more heavily than what businesses in developed countries would consider legitimate business reasons.

Instability Businesses negotiating within North America are accustomed to a degree of stability that is not present in many areas of the world. Instability may take many forms, including a lack of resources that Americans commonly expect during business negotiations (paper, electricity, computers), shortages of other goods and services (food, reliable transportation, potable water), and political instability (coups, sudden shifts in government policy, major currency revaluations). The challenge for international negotiators is to anticipate changes accurately and with enough lead time to adjust for their consequences. Salacuse (1988) suggests that negotiators facing unstable circumstances should include clauses in their contracts that allow easy cancellation or neutral arbitration and consider purchasing insurance policies to guarantee contract provisions. This advice presumes that contracts will be honored and that specific contract clauses will be culturally acceptable to the other party.

Ideology Negotiators within the United States generally share a common ideology about the benefits of individualism and capitalism. Americans believe strongly in individual rights, the superiority of private investment, and the importance of making a profit in business (Salacuse, 1988). Negotiators from other countries do not always share this ideology. For example, negotiators from some countries (e.g., China, France) may instead stress group

rights as more important than individual rights and public investment as a better allocation of resources than private investment; they may also have different prescriptions for earning and sharing profit. Ideological clashes increase the communication challenges in international negotiations in the broadest sense because the parties may disagree at the most fundamental levels about what is being negotiated.

Culture We do not have to leave the United States to see the influence of culture on negotiations (see Box 16.1). Clearly it is challenging when the fundamental beliefs about what negotiation is and how it occurs are different. The critical role that culture plays in international and other cross-cultural negotiations will be discussed at length later in this chapter; here we mention some highlights.

People from different cultures appear to negotiate differently (e.g., Graham and Mintu-Wimsat, 1997; Metcalf et al., 2006; Metcalf, Bird, Peterson, Shankarmahesh, and Lituchy, 2007). In addition to behaving differently, people from different cultures may also interpret the fundamental processes of negotiations differently (such as what factors are negotiable and the purpose of the negotiations). According to Salacuse (1988), people in some cultures approach negotiations deductively (they move from the general to the specific), whereas people from other cultures are more inductive (they settle on a series of specific issues that become the area of general agreement; see Palich, Carini, and Livingstone, 2002; Xing, 1995). In some cultures, the parties negotiate the substantive issues while considering the relationship between the parties to be more or less incidental. In other cultures, the relationship between the parties is the main focus of the negotiation, and the substantive issues of the deal itself are more or less incidental (see Tinsley, 1997). There is also evidence that preference for conflict resolution models varies across cultures (Tinsley, 1997, 1998, 2001).

External Stakeholders Phatak and Habib defined external stakeholders as “the various people and organizations that have an interest or stake in the outcome of the negotiations” (1996, p. 34). These stakeholders include business associations, labor unions, embassies, and industry associations, among others (see Sebenius, 2002a). For example, a labor union might oppose negotiations with foreign companies because of fears that domestic jobs will be lost. International negotiators can receive a great deal of promotion and guidance from their government via the trade section of their embassy and from other businesspeople via professional associations (e.g., a chamber of commerce in the country in which they are negotiating).

Immediate Context

At many points throughout this book, we discuss aspects of negotiation that relate to immediate context factors, but without considering their international implications. In this section, we discuss the concepts from the Phatak and Habib (1996) model of international negotiation, highlighting that the immediate context can have an important influence on negotiation (Lin and Miller, 2003).

Relative Bargaining Power One aspect of international negotiations that has received considerable research attention is the relative bargaining power of the two parties involved. Joint ventures have been the subject of a great deal of research on international negotiation, and relative power has frequently been operationalized as the amount of equity (financial and other investment) that each side is willing to invest in the new venture (see Yan and

Gray, 1994, for a review). The presumption is that the party who invests more equity has more power in the negotiation and therefore will have more influence on the negotiation process and outcome. Research by Yan and Gray (1994) questions this perspective, however, and suggests that relative power is not simply a function of equity but appears to be due to management control of the project, which was found to be heavily influenced by negotiating. In addition, several factors seem to be able to influence relative power, including special access to markets (e.g., in current or former communist countries), distribution systems (e.g., in Asia, where creating a new distribution system is so expensive that it is a barrier to entering markets), management of government relations (e.g., where the language and culture are quite different), and the perceived value of one's BATNA (Saorin-Iborra, Redondo-Cano, and Revuelto-Taboada, 2013).

Levels of Conflict The level of conflict and type of interdependence between the parties to a cross-cultural negotiation will also influence the negotiation process and outcome. High-conflict situations—those based on ethnicity, identity, or geography—are more difficult to resolve.⁸ Ongoing conflicts in Pakistan, the Middle East, and Mali are but a few examples. There is historical evidence, however, that civil wars concluded through a comprehensive, institutionalized agreement that prohibits the use of coercive power and promotes the fair distribution of resources and political power lead to more stable settlements (Hartzell, 1999). Also important is the extent to which negotiators frame the negotiation differently or conceptualize what the negotiation concerns (see Chapter 6 for an extended discussion of framing), and this appears to vary across cultures (Abu-Nimer, 1996), as do the ways in which negotiators respond to conflict (Ohbuchi and Takahashi, 1994; Tinsley, 1998; and see Weldon and Jehn, 1995, for a review). For example, Fisher, Ury, and Patton (2011) discuss how conflicts in the Middle East were difficult to deal with for several years because the different parties had such different ways of conceptualizing what the dispute was about (e.g., security, sovereignty, historical rights). Diplomatic “back-channel” negotiations conducted in secret may help resolve high-conflict situations, but their success is not guaranteed (Wanis-St. John, 2006).

Relationship between Negotiators Phatak and Habib (1996) suggest that the relationships developed among the principal negotiating parties before the negotiations begin will also have an important impact on the negotiation process and outcome. Negotiations are part of the larger relationship between two parties. The history of relations between the parties will influence the current negotiation (e.g., how the parties frame the negotiation), just as the current negotiation will become part of any future negotiations between the parties. (See Chapter 10 for a detailed discussion of this point.)

Desired Outcomes Tangible and intangible factors also play a large role in determining the outcomes of international negotiations. Countries often use international negotiations to achieve both domestic and international political goals. For instance, one of the main goals of the North Vietnamese during the Paris Peace Talks to end the war in Vietnam was to be recognized formally by the other parties to the negotiation. Similarly, in recent ethnic conflicts around the world, numerous parties have threatened that unless they are recognized at the formal negotiations they will disrupt the successful resolution of the conflict (e.g., Northern Ireland). Ongoing tension can exist between one party's short-term objectives for

the current negotiations and its influence on the parties' long-term relations. In trade negotiations between the United States and Japan, both sides often settle for less than their desired short-term outcomes because of the importance of the long-term relationship (see Phatak and Habib, 1996).

Immediate Stakeholders The immediate stakeholders in the negotiation include the negotiators themselves as well as the people they directly represent, such as their managers, employers, and boards of directors (Phatak and Habib, 1996). Stakeholders can influence negotiators in many ways (see Chapter 11). The skills, abilities, and international experience, also known as “cultural intelligence,” of the negotiators can have a large impact on the process and outcome of international negotiations (see Groves, Feyerherm, and Gu, 2015; Imai and Gelfand, 2010). In addition, the personal motivations of the principal negotiators and the other immediate stakeholders can have a large influence on the negotiation process and outcomes. People may be motivated by several intangible factors in the negotiation, including how the process or outcome will make them look in the eyes of both the other party and their own superiors, as well as other intangible factors like their personal career advancement (Phatak and Habib, 1996).

Section Summary In summary, models such as Phatak and Habib's (1996) are very good devices for guiding our thinking about international negotiation. It is always important to remember, however, that negotiation processes and outcomes are influenced by many factors, and that the influence of these factors can change in magnitude over time (see Stark, Fam, Waller, and Tian, 2005; Yan and Gray, 1994). The challenge for every international negotiator is to understand the simultaneous, multiple influences of several factors on the negotiation process and outcome and to update this understanding regularly as circumstances change. This also means that planning for international negotiations is especially important, as is the need to adjust as new information is obtained through monitoring the environmental and immediate contexts.

Conceptualizing Culture and Negotiation

The most frequently studied aspect of international negotiation is culture, and the amount of research on the effects of culture on negotiation has increased substantially in the past 20 years.⁹ There are many different meanings of the concept of culture (see Avruch, 2000), but all definitions share two important aspects. First, culture is a group-level phenomenon. That means that a defined group of people share beliefs, values, and behavioral expectations. The second common element of culture is that cultural beliefs, values, and behavioral expectations are learned and passed on to new members of the group.

Robert Janosik (1987) identified four ways that culture has been conceptualized in international negotiation: as learned behavior, as shared values, as dialectic, and in context. While there are similarities and differences among the four approaches, each stresses the importance of understanding how culture affects negotiation.

Culture as Learned Behavior

One approach to understanding the effects of culture documents the systematic negotiation behavior of people in different cultures. Rather than focusing on why members of a given

culture behave in certain ways, this pragmatic, nuts-and-bolts approach concentrates on creating a catalogue of behaviors that foreign negotiators should expect when entering a host culture (Janosik, 1987). Many popular books and articles on international negotiation treat culture as learned behavior, providing lists of dos and don'ts to obey when negotiating with people from different cultures. For instance, Solomon (1987) suggests that international negotiators should recognize that Chinese negotiators will begin negotiations with a search for broad principles and building a relationship. This will be followed by a long period of assessment in which the boundaries of the relationship will be explored; a decision about whether or not to strike an agreement will eventually be made, and this agreement will form the foundation for further concessions and modifications. Research consistent with this perspective has examined the effects of culture on displaying emotion during negotiation (George, Jones, and Gonzalez, 1998) the effect of culture on face-saving behavior (Ogawa, 1999; Ting-Toomey and Kurogi, 1998), and the effect of Islamic values on negotiators (Bachkirov and Al Abri, 2016).

Culture as Shared Values

The second approach to conceptualizing culture concentrates on understanding central values and norms and then building a model for how these norms and values influence negotiations within that culture (Faure, 1999; Sebenius, 2002a). Cross-cultural comparisons are made by finding the important norms and values that distinguish one culture from another and then understanding how these differences will influence international negotiation.

Hofstede's Model of Cultural Dimensions Geert Hofstede (1980a, 1980b, 1989, 1991) conducted an extensive program of research on cultural dimensions in international business. Hofstede examined data on values that had been gathered from more than 100,000 IBM employees around the world, and more than 50 cultures were included in the initial study. Statistical analysis of these data suggests that four dimensions could be used to describe the important differences among the cultures in the study: individualism/collectivism, power distance, masculinity/femininity and uncertainty avoidance.¹⁰ Cultures ranking in the top 10 on each of these dimensions are listed in Table 16.1, and each dimension is discussed next.

1. Individualism/Collectivism The individualism/collectivism dimension describes the extent to which a society is organized around individuals or the group. Individualistic societies encourage their young to be independent and to look after themselves. Collectivistic societies integrate individuals into cohesive groups that take responsibility for the welfare of each individual. Hofstede's model suggests that the focus on relationships in collectivist societies plays a critical role in negotiations—negotiations with the same party can continue for years, and changing a negotiator changes the relationship, which may take a long time to rebuild. Contrast this with individualistic societies, in which negotiators are considered interchangeable, and competency (rather than relationship) is an important consideration when choosing a negotiator. The implication is that negotiators from collectivist cultures will strongly depend on cultivating and sustaining a long-term relationship, whereas negotiators from individualistic cultures may be more likely to swap negotiators, using whatever short-term criteria seem appropriate.

TABLE 16.1 | Cultures Ranking in the Top 10 on the Cultural Dimensions Reported by Hofstede (1991)

Individualism	Power Distance	Masculinity/ Femininity	Uncertainty Avoidance
1. United States	1. Malaysia	1. Sweden	1. Greece
2. Australia	2. Guatemala	2. Norway	2. Portugal
3. Great Britain	Panama	3. Netherlands	3. Guatemala
4. Canada	4. Philippines	4. Denmark	4. Uruguay
Netherlands	5. Mexico	5. Costa Rica	5. Belgium
6. New Zealand	Venezuela	Yugoslavia	El Salvador
7. Italy	7. Arab countries	7. Finland	7. Japan
8. Belgium	8. Ecuador	8. Chile	8. Former Yugoslavia
9. Denmark	Indonesia	9. Portugal	9. Peru
10. France	10. India	10. Thailand	10. Argentina
Sweden	West Africa		Chile
			Costa Rica
			Panama
			Spain

Source: Based on Hofstede, Geert, *Cultures and Organizations: Software of the Mind*. London, UK: McGraw-Hill, 1991.

2. Power Distance The power distance dimension describes “the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally” (Hofstede, 1989, p. 195). According to Hofstede, cultures with greater power distance will be more likely to concentrate decision making at the top, and all important decisions will have to be finalized by the leader. Cultures with low power distance are more likely to spread the decision making throughout the organization, and while leaders are respected, it is also possible to question their decisions. The consequences for international negotiations are that negotiators from comparatively high power distance cultures may need to seek approval from their supervisors more frequently, and for more issues, leading to a slower negotiation process.

3. Masculinity/Femininity Hofstede found that cultures differed in the extent to which they held values that promoted “masculinity” or “femininity.” Cultures promoting masculinity were characterized by “the acquisition of money and things, and not caring for others, the quality of life, or people” (Hofstede, 1980a, p. 46). Cultures promoting femininity were characterized by concern for relationships and nurturing. According to Hofstede (1989), this dimension influences negotiation by increasing the competitiveness when negotiators from masculinity cultures meet negotiators from femininity cultures that are more likely to have empathy for the other party and to seek compromise.

4. Uncertainty Avoidance Uncertainty avoidance “indicates to what extent a culture programs its members to feel either uncomfortable or comfortable in unstructured situations” (Hofstede, 1989, p. 196). Unstructured situations are characterized by rapid change and

new situations, whereas structured situations are stable and secure. Negotiators from high uncertainty avoidance cultures are less comfortable with ambiguous situations and are more likely to seek stable rules and procedures when they negotiate. Negotiators from low uncertainty avoidance cultures are likely to adapt to quickly changing situations and will be less uncomfortable when the rules of the negotiation are ambiguous or shifting.

Section Summary Hofstede's model has become a dominant force in cross-cultural research in international business, although the model is not without its critics.¹¹ The most important criticism of the model is that the research was conducted with a sample of participants that was not truly representative of the richness of different cultures because there were proportionally too many males, members of the middle class were overrepresented, the education levels were higher than average, and the participants came from one company (IBM). In other words, there is concern that Hofstede's model underestimates the true richness of value differences across cultures.

Hall's Model of Cultural Values The work of cultural anthropologist Edwin Hall (1959; 1976; Hall and Hall, 1990) has been very influential in conceptualizing cultural values. Hall specified a limited number of cultural values that could be used to understand differences between cultures, and two of them have been applied to international negotiations: *communication context* and *time and space*. Hall argued that cultures can be differentiated on the basis of whether they engage in low- or high-context communication. Low-context cultures tend to communicate directly, with meaning clearly and explicitly conveyed through words themselves. On the other hand, high-context cultures tend to communicate less directly, with meaning inferred from the surrounding context. Hall's second dimension, time and space, comprises the differences between cultures in how they relate to, manage, and schedule events. Hall suggested that some cultures are *monochronic* in that they prefer to organize and schedule things sequentially, while other cultures are *polychronic* in that they are characterized by the simultaneous occurrence of many different activities. Negotiators from cultures with different time expectations will find it quite frustrating to negotiate with each other unless they understand the traditions of the other negotiator.

Section Summary The culture-as-shared-value perspective suggests explanations for why cross-cultural negotiations are difficult and tend to break down. For example, a central value in the United States is individualism. Americans are expected to make individual decisions, defend their points of view, and take strong stands on issues that are important to them. Contrast this with a central value of the Chinese—collectivism (see Faure, 1999, for systematic analysis of the effects of culture on the Chinese negotiation style). Chinese negotiators are expected to make group decisions, defend the group above the individual, and take strong stands on issues important to the group. When Americans and Chinese negotiate, differences in the individualism/collectivism cultural value may influence negotiation in many ways. For instance, (1) the Chinese will likely take more time when negotiating because they have to gain the consensus of their group before they strike a deal; (2) Chinese use of multiple lines of authority will lead to mixed signals about the true needs of the group, and no individual may understand all the

requirements; and (3) because power is shared by many different people and offices, it may be difficult for foreigners to identify their appropriate counterpart in the Chinese bureaucracy (Pye, 1992).

Despite the influence and importance of the culture-as-values perspective, there is some concern that variation *within* cultural value dimensions is underrecognized. For instance, Miyahara, Kim, Shin, and Yoon (1998) studied preferences for conflict resolution styles in Japan and Korea, both of which are collectivist cultures. Miyahara and colleagues found significant differences between Japanese and Koreans, with Koreans reporting more concern about avoiding impositions and avoiding dislike during conflict resolution, while Japanese reported more concern about obtaining clarity. For these reasons, interpretations of the effects of cultural value dimensions on negotiations should be treated with caution.

Culture as Dialectic

The third approach to using culture to understand international negotiation, identified by Janosik (1987), recognizes that all cultures contain dimensions or tensions called *dialectics*. These tensions are nicely illustrated in parables from the Judeo-Christian tradition. Consider the following examples: “too many cooks spoil the broth” and “two heads are better than one.” These adages offer conflicting guidance for those considering whether to work on a task alone or in a group. This reflects a dialectic, or tension, within the Judeo-Christian tradition regarding the values of independence and teamwork. Neither complete independence nor complete teamwork works all the time; each has advantages and disadvantages that vary as a function of the circumstances (e.g., the type of decision to be made or task to be addressed). According to Janosik, the culture-as-dialectic approach has advantages over the culture-as-shared-values approach because it can explain variations within cultures (i.e., not every person in the same culture shares the same values to the same extent). The culture-as-dialectic approach does not provide international negotiators with simple advice about how to behave in a given negotiation. Rather, it suggests that negotiators who want to have successful international negotiations need to appreciate the richness of the cultures in which they will be operating.

Theoretical work by Gelfand and McCusker (2002) provides a similar way to examine the effects of culture on negotiation through examining *negotiation metaphors* rather than dialectics. They define negotiation metaphors as “coherent, holistic meaning systems, which have been developed and cultivated in particular socio-cultural environments, [and] *function* to interpret, structure, and organize social action in negotiation” (Gelfand and McCusker, 2002, p. 297). Cultural negotiation metaphors help people understand things that happen in negotiation. Gelfand and McCusker suggest that *negotiation as sport* is the dominant metaphor for understanding negotiation in the United States, where negotiators concentrate on their own performance and winning and negotiations are episodic. Contrast this with the dominant negotiation metaphor in Japan, negotiation as *ie* (traditional household). The fundamental challenges of *ie* are continuity and succession; negotiators concentrate on relationships and survival of the group, and negotiations are a continuous part of a larger whole. The greater the difference in cultural negotiation metaphors, the more likely it will be that negotiators will not understand each other, and the challenge of having a positive negotiation outcome increases.

The culture-as-dialectic perspective starts with a deep understanding of a culture and uses that understanding to create negotiation metaphors to have a rich understanding of how negotiations unfold within a culture. Negotiators with stronger understanding of the negotiation metaphor within a culture are more likely to succeed in negotiations.

Culture in Context

Proponents of the fourth approach to using culture to understand international negotiations recognize that human behavior is not determined by a single cause. Rather, all behavior may be understood at many different levels simultaneously, and a social behavior as complex as negotiation is determined by many different factors, one of which is culture. Other factors that may be important determinants of negotiation behavior include personality, social context, and environmental factors (Rubin and Sander, 1991). Proponents of the culture-in-context approach recognize that negotiation behavior is multiply determined, and using culture as the sole explanation of behavior is oversimplifying a complex social process.¹² Kumar and Worm (2004) make this point succinctly: “While negotiations are always in the present they are influenced by what looms in the past and are constrained by the shadow of the future” (p. 305).

Theory and research in international negotiation have started to take a culture-in-context approach. For instance, Tinsley, Brett, Shapiro, and Okumura (2004) proposed a *cultural complexity theory*, in which they suggest that cultural values will have a direct effect on negotiations in some circumstances and a moderated effect in others. Values are proposed to have a direct effect when they have strong effects across several different contexts (e.g., American individuality), whereas values that have a moderated effect are those that have different contextual instigators in the culture. For example, France has both monarchical and democratic traditions, both of which can influence negotiation behavior depending on the context (Brett et al., 1998). Fang (2006) suggests that traditions of Mao, Confucius, and Sun Tzu provide multiple influences on Chinese negotiators that can vary by context. Another example of the culture-in-context approach comes from Adair and Brett (2005), who found that communication patterns were different for negotiators from high- and low-context cultures at different stages of the negotiation.

Kopelman, Hardin, Myers, and Tost (2016) explored how low-power negotiators from four different cultures negotiated in a simulated commons dilemma (SHARC, a simulation based on the environmental need to reduce harvesting coastal sharks). Kopelman and colleagues found that the cultures of the negotiators with low and high power interacted to influence their cooperative behavior. Specifically, lowpower negotiators from a vertical-collectivistic culture (Hong Kong) were *less* cooperative when their high-power counterpart was from a vertical-individualistic culture (Israel), but they were *more* cooperative when their high-power counterpart was from a horizontal-collectivist culture (Germany).¹³

Brett, Gunia, and Teucher (2017) have noted the unwieldy number of constructs that have been used to explore cross-cultural differences in negotiation. In response, they have proposed a model that integrates negotiation strategy, trust, cultural tightness–looseness and mindset (holistic vs. analytic) to predict joint gains in integrative negotiation. Brett and colleagues’ model is an excellent example of studying culture in context and provides an intriguing guide for future research in cross-cultural negotiations.

The culture-in-context models and research are becoming more and more complex in order to explain nuanced differences in cross-cultural negotiations. As this complexity

increases, however, they become less useful for practitioners of cross-cultural negotiation to put into practice (Janosik, 1987). Their strength, however, is in forging a deeper understanding of how cross-cultural negotiations work and using that understanding to prepare for and engage more effectively in international negotiation.

The Influence of Culture on Negotiation: Managerial Perspectives

Cultural differences have been suggested to influence negotiation in several different ways. Table 16.2 summarizes 10 ways that culture can influence negotiations. Each is discussed in turn.

Definition of Negotiation

The fundamental definition of negotiation, what is negotiable, and what occurs when we negotiate can differ greatly across cultures (see Ohanian, 1999; Yook and Albert, 1998). For instance, “Americans tend to view negotiating as a competitive process of offers and counteroffers, while the Japanese tend to view the negotiation as an opportunity for information-sharing” (Foster, 1992, p. 272).

Negotiation Opportunity

Culture influences the way negotiators perceive an opportunity as distributive versus integrative. Negotiators in North America are predisposed to perceive negotiation as being fundamentally distributive (Thompson and Hastie, 1990b). This is not the case outside North America, however, as there appears to be a great deal of variation across cultures in the extent to which negotiation situations are initially perceived as distributive or integrative (Salacuse, 1998). Cross-cultural negotiations are influenced by the extent that negotiators in different cultures have fundamental agreement or disagreement about whether or not the situation is distributive or integrative.

TABLE 16.2 | 10 Ways That Culture Can Influence Negotiation

Negotiation Factors	Range of Cultural Responses	
Definition of negotiation	Contract	Relationship
Negotiation opportunity	Distributive	Integrative
Selection of negotiators	Experts	Trusted associates
Protocol	Informal	Formal
Communication	Direct	Indirect
Time sensitivity	High	Low
Risk propensity	High	Low
Groups versus individuals	Collectivism	Individualism
Nature of agreements	Specific	General
Emotionalism	High	Low

Sources: Based on Foster, D. A., *Bargaining Across Borders: How to Negotiate Business Successfully Anywhere in the World*. New York, NY: McGraw-Hill, 1992; Hendon, D. W., & Hendon, R. A., *World-class Negotiating: Dealmaking in the Global Marketplace*. New York, NY: John Wiley & Sons, 1990; Moran, R. T., & Stripp, W. G., *Dynamics of Successful International Business Negotiations*. Houston, TX: Gulf Publishing, 1991; Salacuse, J., “So, What’s the Deal Anyway? Contracts and Relationships as Negotiating Goals,” *Negotiation Journal*, vol. 14, no. 1, January 1998, 5–12; and Weiss, S. E., & Stripp, W., *Negotiating with Foreign Business Persons: An Introduction for Americans with Propositions on Six Cultures*. New York, NY: New York University Graduate School of Business Administration, 1998, Working Paper 85–86.

Selection of Negotiators

The criteria used to select who will participate in a negotiation is different across cultures. These criteria can include knowledge of the subject matter being negotiated, seniority, family connections, gender, age, experience, and status. Different cultures weigh these criteria differently, leading to varying expectations about what is appropriate in different types of negotiations. For instance, in China it is important to establish relationship connections early in the negotiation process, and selection of the appropriate negotiators can help with this (see Zhu, McKenna, and Sun, 2007).

Protocol

Cultures differ in the degree to which protocol, or the formality of the relations between the two negotiating parties, is important. American culture is among the least formal cultures in the world. A familiar communication style is quite common; first names are used, for example, while titles are ignored. Contrast this with other cultures. Many European countries (e.g., France, Germany, England) are very formal, and not using the proper title when addressing someone (e.g., Mr., Dr., Professor, Lord) is considered insulting (see Braganti and Devine, 1992). The formal calling cards or business cards used in many countries in the Pacific Rim (e.g., China, Japan) are essential for introductions there. Negotiators who forget to bring business cards or who write messages on them are breaching protocol and insulting their counterpart (Foster, 1992). Even the way that business cards are presented, hands are shaken, and dress codes are observed is subject to interpretation by negotiators and can be the foundation of attributions about a person's background and personality (items such as business cards are passed with two hands from person to person throughout Asia—using only one hand is considered quite rude).

Communication

Cultures influence how people communicate, both verbally and nonverbally. There are also differences in body language across cultures; a behavior that may be highly insulting in one culture may be completely innocuous in another (Axtell, 1990, 1991, 1993). To avoid offending the other party in negotiations, the international negotiator needs to observe cultural rules of communication carefully. For example, placing feet on a desk in the United States signals power or relaxation; in Thailand, it is considered very insulting (see Boxes 16.3 and 16.4 for more examples). Clearly, there is a lot of information about how to communicate that an international negotiator must remember in order not to insult, anger, or embarrass the other party during negotiations. Culture-specific books and articles can provide considerable advice to international negotiators about how to communicate in various cultures; seeking such advice is an essential aspect of planning for international negotiations.¹⁴

Time Sensitivity

Cultures largely determine what time means and how it affects negotiations (see Macduff, 2006; Mayfield, Mayfield, Martin, and Herbig, 1997). In the United States, people tend to respect time by appearing for meetings at an appointed hour, being sensitive to not wasting the time of other people, and generally holding that “faster” is better than “slower” because it symbolizes high productivity. Other cultures have quite different views about time. In

Example of Communication Rules for International Negotiators

BOX

16.3

Never touch a Malay on the top of the head, for that is where the soul resides. Never show the sole of your shoe to an Arab, for it is dirty and represents the bottom of the body, and never use your left hand in Muslim culture, for it is reserved for physical hygiene. Touch the side of your nose in Italy and it is a sign of distrust. Always look directly and intently into your French associate's eye when making an important point. Direct eye contact in Southeast Asia, however, should be avoided until the relationship is firmly established. If your Japanese associate has just sucked air in deeply through his teeth, that's a sign you've got real problems. Your Mexican associate will want to embrace you at the end of a long and successful negotiation; so will your central and eastern European associates, who may give you a bear hug and kiss you three times on alternating

cheeks. Americans often stand farther apart than their Latin and Arab associates but closer than their Asian associates. In the United States, people shake hands forcefully and enduringly; in Europe, a handshake is usually quick and to the point; in Asia, it is often rather limp. Laughter and giggling in the West Indies indicates humor; in Asia, it more often indicates embarrassment and humility. Additionally, the public expression of deep emotion is considered ill-mannered in most countries of the Pacific Rim; there is an extreme separation between one's personal and public selves. Withholding emotion in Latin America, however, is often cause for mistrust.

Source: Foster, Dean Allen, *Bargaining Across Borders: How to Negotiate Business Successfully Anywhere in the World*. New York, NY: McGraw-Hill, 1992.

more traditional societies, especially in hot climates, the pace is slower than in the United States. This tends to reduce the focus on time, at least in the short term. Arab-speaking Islamic cultures appear to focus more on event-time than clock-time, where “in clock-time cultures people schedule events according to the clock; in event-time cultures, events schedule people” (Alon and Brett, 2007, p. 58). Americans are perceived by other cultures as enslaved by their clocks because they watch time carefully and guard it as a valuable resource. In some cultures, such as China and Latin America, time per se is not important. The focus of negotiations is on the task, regardless of the amount of time it takes. The opportunity for misunderstandings because of different perceptions of time is great during cross-cultural negotiations. Americans may be perceived as always being in a hurry and as flitting from one task to another, while Chinese or Latin American negotiators may appear to Americans to be doing nothing and wasting time. Ilai Alon and Jeanne Brett propose five tactics for managing differences in time sensitivity (see Box 16.5).

Risk Propensity

Cultures vary in the extent to which they are willing to take risks. Some cultures tend to produce bureaucratic, conservative decision makers who want a great deal of information before making decisions. Other cultures produce negotiators who are more entrepreneurial and who are willing to act and take risks when they have incomplete information (e.g., “nothing ventured, nothing gained”). According to Foster (1992), Americans fall on the risk-taking end of the continuum, as do some Asian cultures, while some European cultures are quite conservative (e.g., Greece). The orientation of a culture toward risk will have a large effect on what is negotiated and the content of the negotiated outcome. Negotiators in risk-oriented cultures will be more willing to move early on a deal and will

Although many multinational organizations have extensive experience in overseas markets, some problems persist. Language and cultural differences make it difficult to translate slogans and ideas effectively in new environments. For example,

- In Taiwan, the Pepsi slogan “Come alive with the Pepsi Generation” translated into “Pepsi will bring your ancestors back from the dead.”
- In Chinese, Kentucky Fried Chicken’s “Finger-lickin’ good” became “Eat your fingers off.”
- Salem cigarettes’ slogan “Salem—Feeling Free” became “When smoking Salem, you feel so refreshed that your mind seems to be free and empty” in Japan.
- When Chevrolet introduced the Nova in South America, they were apparently unaware that in Spanish “No va” means “It won’t go.”
- When Parker Pen marketed a ballpoint in Mexico, the slogan was supposed to inform customers that the pen “won’t leak in your pocket and embarrass you.” However, the company used the word *embarazar* for *embarrass*. Mexican consumers read the advertisement as “It won’t leak in your pocket and make you pregnant.”
- In Italy, a campaign for Schweppes tonic water translated the name as “Schweppes Toilet Water.”

Source: Anonymous.

generally take more chances. Those in risk-avoiding cultures are more likely to seek further information and take a wait-and-see stance.

Groups versus Individuals

Cultures differ according to whether they emphasize the individual or the group. The United States is very much an individual-oriented culture, where being independent and assertive is valued and praised. Group-oriented cultures, in contrast, favor the superiority of the group and see individual needs as second to the group’s needs. Group-oriented cultures value fitting in and reward loyal team players; those who dare to be different are socially ostracized—a large price to pay in a group-oriented society. This cultural difference can have a variety of effects on negotiation. Americans are more likely to have one individual who is responsible for the final decision, whereas group-oriented cultures, like the Japanese, are more likely to have a group responsible for the decision. Decision making in group-oriented cultures involves consensus and may take considerably more time than American negotiators are used to. In addition, because so many people can be involved in the negotiations in group-oriented cultures, and because their participation may be sequential rather than simultaneous, American negotiators may be faced with a series of discussions over the same issues and materials with many different people. In a negotiation in China, one of the authors of this book met with more than six people on successive days, going over the same ground with different negotiators and interpreters, until the negotiation was concluded.

Nature of Agreements

Culture also has an important effect both on concluding agreements and on what form the negotiated agreement takes. In the United States, agreements are typically based on logic

1. Spend extra time preparing for cultural differences.
2. Commit the time to building and maintaining relationships.
3. Plan your actions according to clock-time, but allow for wide margins to accommodate for event-time.
4. Prepare argumentation in advance, using precedents, models, and history.
5. Try to avoid language that might suggest that the parties have full control over future events.

Source: Alon, Ilai, and Brett, Jeanne M., "Perceptions of Time and Their Impact on Negotiations in the Arabic-Speaking Islamic World," *Negotiation Journal*, vol. 23, no. 1, January 11, 2007, 55-73.

(e.g., the low-cost producer gets the deal), are often formalized, and are enforced through the legal system if such standards are not honored. In other cultures, however, obtaining the deal may be based on who you are (e.g., your family or political connections) rather than on what you can do. In addition, agreements do not mean the same thing in all cultures. Foster (1992) notes that the Chinese frequently use memorandums of agreement to formalize a relationship and to signal the start of negotiations (mutual favors and compromise). Frequently, however, Americans will interpret the same memorandum of agreement as the completion of the negotiations that is enforceable in a court of law. Again, cultural differences in how to close an agreement and what exactly that agreement means can lead to confusion and misunderstandings.

Emotionalism

Culture appears to influence the extent to which negotiators display emotions (Salacuse, 1998). These emotions may be used as tactics, or they may be a natural response to positive and negative circumstances during the negotiation (see Kumar, 2004). While personality likely also plays a role in the expression of emotions, there also appear to be considerable cross-cultural differences, and the rules that govern general emotional displays in a culture are likely to be present during negotiation (Salacuse, 1998).

Section Summary

A great deal of practical advice has been written about the importance of culture in international negotiations. Although the word *culture* has been used to mean several different things, it is clearly a critical aspect of international negotiation that can have a broad influence on many aspects of the process and outcome of international negotiation. We now turn to examining research perspectives on how culture influences negotiation.

The Influence of Culture on Negotiation: Research Perspectives

The last 20 years has seen a marked increase in research on cross-cultural negotiation. This research has examined the influence of culture on negotiation outcomes, negotiation process and information exchange, negotiator cognition, negotiator ethics and tactics, and conflict resolution. The highlights of this research are explored in the following sections of this chapter.

Effects of Culture on Negotiation Outcomes

Researchers initially explored the fundamental question of how culture influences negotiation outcomes. Two approaches were taken to explore this question. In the first approach, researchers compared the outcomes of the same simulated negotiation with negotiators from several different cultures who negotiated with other negotiators from their own culture. The goal of these *intracultural* studies was to see if negotiators from different cultures reached the same negotiation outcomes when presented with the same materials. The second approach to exploring how culture influences negotiation outcomes was to compare intracultural and *cross-cultural* negotiation outcomes to see if they were the same. Researchers investigated this by comparing negotiation outcomes when negotiators negotiated with people from the same culture with the outcomes achieved when they negotiated with people from other cultures. For example, did Japanese negotiators reach the same negotiation outcomes when negotiating with other Japanese negotiators as they did with American negotiators?

A series of research studies comparing intracultural negotiations in several different cultures was conducted by John Graham and colleagues (for a review of these studies see Graham, 1993), using a very simple buyer-seller negotiation simulation in which negotiators have to decide on the prices of three products (televisions, typewriters, air conditioners). Graham and his colleagues found no differences in the profit levels obtained by negotiators in different cultures, including comparing the United States with Japan (Graham, 1983, 1984), China (Adler, Brahm, and Graham, 1992), Canada (Adler and Graham, 1987; Adler, Graham, and Schwarz, 1987), Brazil (Graham, 1983), and Mexico (Adler, Graham, and Schwarz, 1987).

Research has found, however, that negotiators in collectivist cultures are more likely to reach integrative outcomes than negotiators in individualist cultures. For instance, Lituchy (1997) reported that negotiators from a more collectivist culture (Japan) reached more integrative solutions than negotiators from a more individualist culture (the United States). Arunachalam, Wall, and Chan (1998) found that negotiators from a more collectivistic culture (Hong Kong) reached higher joint outcomes on an integrative negotiation task than did negotiators from a more individualistic culture (the United States).

Research by Jeanne Brett and colleagues has used a richer negotiation simulation and identified differences in negotiation outcomes by negotiators in different cultures. For instance, Brett and colleagues (1998) compared intracultural negotiators in six cultures (France, Russia, Japan, Hong Kong, Brazil, United States) and found differences in joint gains achieved. In addition, Daldin and colleagues (1999) reported differences in individual gains for negotiators from five different cultures (United States, Hong Kong, Germany, Israel, Japan). These two studies suggest that culture does have an effect on negotiation outcomes but there are complex patterns across cultures. It is likely that differences in the negotiation process across cultures, and not the cultures per se, are responsible for the different outcomes below.

The second approach to exploring cultural effects on negotiation outcomes compared the negotiation outcomes of intracultural and cross-cultural negotiations. Adler and Graham (1989) found that Japanese and English-Canadian negotiators received lower profit levels when they negotiated cross-culturally than when they negotiated intraculturally; American and French-Canadian negotiators negotiated the same average outcomes in cross-cultural and intracultural negotiations. These results support Adler and Graham's hypothesis that cross-cultural negotiations will result in poorer outcomes compared with intracultural

negotiations, at least some of the time. In addition, Adler and Graham found some differences in the cross-cultural negotiation process. For instance, French-Canadian negotiators used more cooperative strategies in cross-cultural negotiations than in intracultural negotiations, and American negotiators reported higher levels of satisfaction with their cross-cultural negotiations (versus intracultural negotiations).

Studies by Natlandsmyr and Rognes (1995), Lituchy (1997), and Brett and Okumura (1998) extend Adler and Graham's results. Natlandsmyr and Rognes found that when negotiating intraculturally, Norwegian negotiators reached higher joint outcomes than Mexican negotiators. During cross-cultural negotiations, however, the Mexican-Norwegian dyads reached agreements closer to the intracultural Mexican dyads than to the intracultural Norwegian dyads. Natlandsmyr and Rognes reported that the progression of offers that Mexican and Norwegian negotiators made was different, and they suggest that culture may have a significant effect on the negotiation process. Lituchy found that Japanese intracultural negotiators reached more integrative solutions than were reached by Japanese-American cross-cultural negotiators, and Brett and Okumura found that Japanese and American negotiators had lower joint gains when negotiating cross-culturally than when negotiating with each other intraculturally.

In summary, research suggests that culture does have an effect on negotiation outcomes, although it may not be direct, and it likely has an influence through differences in the negotiation process in different cultures. In addition, there is some evidence that cross-cultural negotiations yield poorer outcomes than intracultural negotiations. Considerable research has been conducted to understand why. We review two broad approaches to examining this question next. First, extensive work has used dimensions of cultural values (Hall, Hofstede) to compare and contrast negotiations that occur in different cultures. More recently, researchers have turned to examining the effect of culture on the psychological states of negotiators, including how it affects judgment biases and implicit theories of negotiation.

Effects of Culture on Negotiation Process and Information Exchange

Graham and colleagues found significant differences in the negotiation strategies and tactics in the cultures they studied (see Graham, Evenko, and Rajan, 1992). For instance, Graham (1983) concluded that "in American negotiations, higher profits are achieved by making opponents feel uncomfortable, while in Japanese negotiations, higher profits are associated with making opponents feel comfortable" (p. 63). In addition, Graham (1983) reported that Brazilian negotiators who used powerful and deceptive strategies were more likely to receive higher outcomes; these strategies were not related to the outcomes attained by the American negotiators. Further, Adler, Graham, and Schwarz (1987) reported that representational strategies (gathering information) were negatively related to profits attained by Mexican and French-Canadian negotiators, whereas these strategies were unrelated to the profits that American negotiators received. Finally, although Adler, Brahm, and Graham (1992) found that Chinese and American negotiators used similar negotiation strategies when they negotiated, their communication patterns were quite different—the Chinese asked more questions, said "no" less frequently, and interrupted each other more frequently than did American negotiators. Adair, Weingart, and Brett (2007) also found different communication patterns in the use of offers during negotiation whereby Japanese negotiators used offers early to find out information, while Americans used offers later to consolidate information.

Cai (1998) demonstrated how individualism/collectivism influenced negotiation planning: Negotiators from a more collectivist culture (Taiwan) spent more time planning for long-term goals, while negotiators from a more individualistic culture (the United States) spent more time planning for short-term goals. Gelfand and Christakopoulou (1999) found that negotiators from a more individualistic culture (the United States) made more extreme offers during the negotiation than did negotiators from a more collectivist culture (Greece).

Adair and colleagues (2004) found considerable difference in direct information sharing, with negotiators from the United States most likely to share information directly. In addition, they found that while U.S. and Japanese negotiators both maximized their joint gains, they took different paths to do so. U.S. negotiators used *direct information exchange* about preferences and priorities and referred to similarities and differences between the parties to achieve joint gains. Japanese negotiators used *indirect information exchange* and inferred the preferences of the other negotiator by comparing several different offers and counteroffers, and they justified their trade-offs with persuasive arguments. It is instructive to note that Russian and Hong Kong negotiators did not achieve high joint gains for different reasons: "Hong Kong negotiators did not exchange enough information and Russian negotiators were too focused on power" (Adair et al., 2004, p. 105).

Adair, Kopelman, Gillespie, Brett, and Okumura (1998) examined the effect of information sharing on joint gains in negotiation in a cross-cultural context and found that negotiators from culturally similar countries (United States, Israel) were more likely to share information during negotiation than negotiators from less culturally similar countries (United States, Japan), and those differences in information led to higher joint gains for negotiators from the culturally similar countries.

Adair, Okumura, and Brett (2001) examined negotiation outcomes and information sharing in both intracultural (within the United States and within Japan) and cross-cultural (United States-Japan) negotiations. They found that both U.S. and Japanese intracultural negotiators reached higher joint gains than cross-cultural negotiators. The way that intracultural negotiators achieved these gains, however, was different for the U.S. and Japanese negotiators. Intracultural U.S. negotiators were more likely to share information directly and less likely to share information indirectly than were intracultural Japanese negotiators. In cross-cultural negotiations, Japanese negotiators adapted to U.S. normative behaviors, and Japanese cross-cultural negotiators were more likely to share information than Japanese intracultural negotiators. This increased direct information sharing by Japanese negotiators did not translate into higher joint gains in cross-cultural negotiations, however.

Adair (2002, 2003) extended the research on the importance of culture on information sharing in negotiation by comparing integrative behavior sequences in intracultural negotiations from several high- and low-context cultures and in cross-cultural negotiations from two mixed-context cultures.¹⁵ Adair (2003) found that culture led to different communication patterns in intracultural negotiations, with negotiators from low-context cultures tending to use direct communication, while negotiators from high-context cultures used more indirect communication. In cross-cultural negotiations, direct integrative sequences of information exchange led to higher joint outcomes, which suggests that *both* negotiators need to exchange information integratively in order for cross-cultural negotiations to reach a successful conclusion.

Culture also appears to influence the general communication strategy used during negotiations. Gunia, Brett, Nandkeolyar, and Kamdar (2011) found that Indian and

American negotiators used very different strategies while negotiating. Americans favored a “question and answer” approach, while Indian negotiators were more likely to use “substantiation and offers,” a more aggressive justification of single-issue offers in negotiation.

Rosette, Brett, Barsness, and Lytle (2004) examined how culture influenced intracultural and cross-cultural email negotiations with negotiators from high-context (Hong Kong) and low-context (United States) cultures. They found that Hong Kong negotiators achieved higher joint gains in email negotiations than in face-to-face negotiations, while there was no difference in the joint gains achieved for U.S. negotiators. The higher joint gains appear to be the result of the use of higher opening offers and more multiple-issue offers by Hong Kong negotiators when conducting email negotiations. In the cross-cultural email negotiation, Hong Kong negotiators achieved higher individual outcomes than U.S. negotiators, apparently as a function of more aggressive opening offers. There were no differences in the number of multiple-issue offers between Hong Kong and U.S. negotiators in the cross-cultural negotiation, likely due to negotiators reciprocating offers during the negotiation. The Rosette and colleagues (2004) study suggests that culture has an effect on the process of email negotiations, which in turn appears to influence negotiation outcomes.

Lugger, Geiger, Neun, and Backhaus (2015) used an integrative web negotiation to explore negotiation process and outcomes in both inter- and intracultural negotiations between German and Chinese negotiators. Lugger and colleagues found that “German negotiators used more integrative and less distributive tactics compared to Chinese negotiators” (2015, p. 15) when negotiating *intraculturally*. The pattern of negotiating *interculturally* was also different for German and Chinese negotiators. Chinese negotiators negotiated consistently in *intra-* and *intercultural* negotiations, while German negotiators used more distributive tactics in *intercultural* than *intracultural* negotiations. It appears that German negotiators were more likely to adjust their negotiation tactics in *intercultural* negotiations than were their Chinese counterparts.

In summary, culture has been found to have significant effects on several aspects of the negotiation process, including how negotiators plan, the offers made during negotiation, the communication process, and how information is shared during negotiation. It appears that culture influences negotiation processes and strategies, which in turn affect negotiation outcomes.

Effects of Culture on Negotiator Cognition

Researchers have also examined how culture influences the psychological processes of negotiators (Gelfand and Dyer, 2000; Morris and Gelfand, 2004), and they are working to understand how culture influences the way that negotiators process information during negotiation and how this in turn influences negotiation processes and outcomes.

Gelfand and Realo (1999) found that accountability to a constituent influenced negotiators from individualistic and collectivistic cultures differently. They found that accountability led to more competition among individualists but to higher levels of cooperation among collectivists. In addition, there were differences in negotiator cognitions: Individualists had more competitive behavioral intentions and thoughts before negotiating, acted less cooperatively during negotiations, and perceived the other party more negatively after the negotiation.

Gelfand and colleagues (2001) explored how people from a collectivist culture (Japan) and an individualist culture (the United States) perceived the same conflict. They found that the Japanese were more likely to perceive the conflicts as involving compromise than were the Americans. Gelfand and associates also found that Japanese and Americans used different frames to make sense of some conflicts. For instance, the Japanese framed some conflicts as *giri* violations (breaches in social positions), while the Americans never used that frame. The Gelfand and colleagues study suggests that there are some universal ways of framing conflict (e.g., compromise-win) but there are also significant culturally specific ways (e.g., *giri* violations).

Negotiators from different cultures may perceive negotiation opportunities differently, and this may account for differences in negotiation outcomes. Liu and Wilson (2011) found that Chinese negotiators used more competitive tactics than Americans, but this was a result of a higher likelihood of defining the negotiation as a competitive situation and not a direct effect of culture on the negotiation process. The way that negotiators perceive negotiations and make sense of what is an inherently ambiguous situation appears to be where culture can have a critical effect on negotiation process (Kumar and Patriotta, 2011).

Another way to explore the influence of culture on negotiator cognition is to examine the extent to which well-known cognitive effects identified in Western cultures occur in other cultures. Gelfand and Christakopoulou (1999) found that negotiators from an individualistic culture (the United States) were more susceptible to fixed-pie errors (see Chapter 6) than were negotiators from a more collectivist culture (Greece). In a series of creative studies examining the self-serving bias of fairness¹⁶ in other cultures, Gelfand and colleagues (2002) found that the self-serving bias was far stronger in an individualist culture (United States) than a collectivist culture (Japan). Wade-Benzoni and colleagues (2002) reported a similar finding for cultural differences in how asymmetric social dilemmas (i.e., the tension between self and group interests) are managed in the United States and Japan. The study found that the Americans provided less cooperative solutions and expected others to be less cooperative than Japanese participants. Finally, Valenzuela, Srivastava, and Lee (2005) report that members of a collectivist culture (Korea) are less prone to making fundamental attribution errors during negotiation than are members of an individualistic culture (the United States).

In summary, it appears that several aspects of negotiator cognition are significantly influenced by culture and that negotiators should not assume that findings on negotiator cognition from Western negotiators are universally applicable to other cultures (Wade-Benzoni et al., 2002). These cultural effects on negotiator cognition influence perceptions of negotiation situations as well as negotiators' choice of tactics.

Effects of Culture on Negotiator Ethics and Tactics

Researchers have also turned their attention to examining ethics and negotiation tactics in cross-cultural negotiations by exploring the broad question of whether negotiators in different cultures have the same ethical evaluation of negotiation tactics (see Rivers and Lytle, 2007, for a review). For instance, Zarkada-Fraser and Fraser (2001) investigated perceptions of Lewicki and Robinson's (1998) negotiation tactics (see Chapter 5) with negotiators from six different cultures. They found significant differences in the tolerance of

different negotiation tactics in different cultures, with Japanese negotiators more intolerant of the use of misrepresentation tactics than negotiators from Australia, the United States, Britain, Russia, and Greece. Volkema and Fleury (2002) examined the responses of Brazilians and Americans to Lewicki and Robinson's ethics questionnaire and found similar evaluations of the level of acceptability of the negotiation tactics in Brazil and the United States, but American negotiators reported that they would be more likely to use the tactics, especially exaggerating their opening offers, than Brazilian negotiators. Elahee and colleagues (Elahee and Brooks, 2004; Elahee, Kirby, and Nasif, 2002) explored the influence of trust on the use of Lewicki and Robinson's tactics by American, Mexican, and Canadian negotiators. They found that negotiators who trusted the other party were less likely to use questionable negotiation tactics. Elahee and colleagues also found that Mexican negotiators were least likely to trust foreign negotiators and more likely to use tactics like bluffing and misrepresentation in intercultural than in intracultural negotiations. Canadian and American negotiators reported no difference in the likelihood of using these tactics in intercultural and intracultural negotiations. Using Lewicki et al.'s SINS questionnaire, Ma, Liang, and Chen (2013) found that Chinese negotiators were more likely to use ethically questionable tactics than American negotiators. Ma and colleagues suggest that this may be due to cultural influences on how Chinese negotiators deal with in- and out-group negotiations.

There is also evidence that the use and interpretation of apologies in negotiation is influenced by culture. Maddux, Kim, Okumura, and Brett (2011) argue that more individualistic societies use apologies to assign blame, while in more collective cultures apologies are used to express remorse. Consistent with their predictions, they found that negotiators from an individualistic culture (Americans) were more likely to link apologies to accepting blame than were members of a collectivist culture (Japanese), who were more likely to apologize in situations where they had no blame. Japanese and Americans differed in their acceptance of apologies as well, with Japanese negotiators more likely to accept an apology for an integrity violation than Americans (Maddux et al., 2011).

Effects of Culture on Conflict Resolution

Kim and Kitani (1998) demonstrated how individualism/collectivism influenced preference for conflict resolution styles in romantic relationships as partners from a more collectivist culture (Asian Americans) preferred obliging, avoiding, and integrating conflict management styles, while partners from a more individualistic culture (Caucasian Americans) preferred a dominating conflict management style. Similarly, Pearson and Stephan (1998) found that negotiators from a more collectivist culture (Brazil) preferred accommodation, collaboration, and withdrawal compared with negotiators from a more individualist culture (the United States), who had a stronger preference for competition (also see Ma, 2007; Mintu-Wimsatt, 2002; Oetzel and Ting-Toomey, 2003). Smith, Dugan, Peterson, and Leung (1998) found that within collectivistic countries disagreements are resolved based on rules, whereas in individualistic countries conflicts tend to be resolved through personal experience and training. In addition, Smith and colleagues (1998) found that "out-group" disagreements were less likely to occur in high-power distance cultures than lower-power distance cultures.

A study by Mintu-Wimsatt and Gassenheimer (2000) provided further evidence of the effects of individualism/collectivism on conflict resolution styles—they found that exporters from the Philippines (a high-context culture that is more collectivist) preferred less confrontational problem solving than did exporters from the United States (a low-context culture that is more individualistic). Gire (1997) found that negotiators from both a more individualistic culture (Canada) and a more collectivist culture (Nigeria) preferred negotiation to arbitration as a conflict management procedure. Negotiators from the more collectivist culture had an even stronger preference for negotiation than did negotiators from the more individualistic culture, who found arbitration more acceptable than negotiators from the more collectivist culture. In addition, Arunachalam, Wall, and Chan (1998) found that mediation had a stronger effect on negotiation outcomes with negotiators from a more individualistic culture (the United States) than those with negotiators from a more collectivist culture (Hong Kong).

Section Summary

There has been considerable research on the effects of culture on negotiation in the last two decades. Findings suggest that culture has important effects on several aspects of negotiation, including the outcomes of negotiation, the negotiation process, information exchange, negotiator cognition, negotiator perceptions of ethical behavior, and preferences for conflict resolution. The research is difficult to summarize, however, because it explores many different cultures, samples, and topics and the findings are occasionally contradictory.

There are some who now suggest that similar models of negotiation may be more pan-cultural than originally thought (Ma, 2006; Ma and Jaegar, 2005; Metcalf, Bird, and Dewar, 2008), as well as suggesting that cultures may shift their negotiation patterns as economies develop and nations modernize (Vieregge and Quick, 2011; Wang, Jing, and Klossek, 2007). More research will need to be done to verify if this apparent pattern is due to the effects of globalization, better measurement of negotiation variables, or the misspecification of negotiation models that have missed differences that actually exist (Metcalf et al., 2008).

Culturally Responsive Negotiation Strategies

Although a great deal has been written about the challenge of international and cross-cultural negotiations, far less attention has been paid to what negotiators should do when faced with negotiating with someone from another culture. The advice by many theorists in this area, either explicitly or implicitly, has been “When in Rome, do as the Romans do” (see Francis, 1991, and Weiss, 1994, for reviews of the oversimplification of this advice). In other words, negotiators are advised to be aware of the effects of cultural differences on negotiation and to take them into account when they negotiate. Many theorists appear to assume implicitly that the best way to manage cross-cultural negotiations is to be sensitive to the cultural norms of the other negotiator and to modify one’s strategy to be consistent with behaviors that occur in that culture.

Several factors suggest that negotiators should *not* make large modifications to their approach when negotiating cross-culturally, however:

1. Negotiators may not be able to modify their approach effectively. It takes years to understand another culture deeply, and negotiators typically do not have the time necessary to gain this understanding before beginning a negotiation. Although a little

understanding of another culture is clearly better than ignorance, it may not be enough to enable negotiators to make effective adjustments to their negotiation strategy. Attempting to match the strategies and tactics used by negotiators in another culture is a daunting task that requires fluency in their language as well as deep cultural understanding. Even simple words may be translated in several different ways with different nuances, making the challenge of communicating in different languages overwhelming (see Adachi, 1998).

2. Even if negotiators can modify their approach effectively, it does not mean that this will translate automatically into a better negotiation outcome. It is quite possible that the other party will modify his or her approach, too. The results in this situation can be disastrous, with each side trying to act as the other “should” be acting and both sides not really understanding what the other party is doing. Consider the following example contrasting typical American and Japanese negotiation styles. Americans are more likely to start negotiations with an extreme offer in order to leave room for concessions. Japanese are more likely to start negotiations with gathering information in order to understand with whom they are dealing and what the relationship will be. Assume that both parties understand their own and the other party’s cultural tendencies (this is a large assumption that frequently is not met). Now assume that each party, acting out of respect for the other, decides to “do as the Romans do” and to adopt the approach of the other party. The possibilities for confusion are endless. When the Americans gather information about the Japanese, are they truly interested or are they playing a role? It will be clear that they are not acting as Americans, but the strategy that they are using may not be readily identified. How will the Americans interpret the Japanese behavior? The Americans have prepared well for their negotiations and understand that the Japanese do not present extreme positions early in negotiations. When the Japanese do present an extreme position early in negotiations (in order to adapt to the American negotiation style), how should the Americans interpret this behavior? The Americans likely will think, “That must be what they really want, because they don’t typically open with extreme offers.” Adopting the other party’s approach does not guarantee success, and, in fact, it may lead to more confusion than acting as yourself (where at least your behavior is understood within your own cultural context).
3. Research suggests that negotiators may naturally negotiate differently when they are with people from their own culture than when they are with people from other cultures (Adler and Graham, 1989; Natlandsmyr and Rognes, 1995). The implications of this research are that a deep understanding of how people in other cultures negotiate, such as Costa Ricans negotiating with each other, may not help an American negotiating with a Costa Rican (see Drake, 1995; Weldon and Jehn, 1995).
4. Francis (1991) suggests that moderate adaptation may be more effective than “doing as the Romans do.” In a simulation study of Americans’ responses to negotiators from other countries, Francis found that negotiators from a familiar culture (Japan) who made moderate adaptations to American ways were perceived more positively than negotiators who made no changes or those who made large adaptations. Although these findings did not replicate for negotiators from a less familiar culture (Korea),

more research needs to be conducted to understand why. At the very least, the results of this study suggest that large adaptations by international negotiators will not always be effective.

5. Negotiators may be more likely to adjust their negotiation tactics when they are with a more distant (versus more similar) culture. Warden and Chen (2009) found that Chinese negotiators were more likely to adjust their approach with negotiators from a distant (American) versus more similar (Japanese) culture.

Research findings have provided some specific advice about how to negotiate cross-culturally. Rubin and Sander (1991) suggest that during preparation, negotiators should concentrate on understanding three things: (1) their own biases, strengths, and weaknesses; (2) the other negotiator as an individual; and (3) the other negotiator's cultural context. Brett, Adair, and colleagues (1998) suggest that cross-cultural negotiators should go further and ask themselves a series of questions about how culture may influence information sharing and the negotiation process (e.g., Does this culture share information directly or indirectly? Is it monochronic or polychronic?). Learning about how another culture shares information and structures the negotiation process may help negotiators plan more strategically for the negotiation (Adair et al., 2004). Finally, Adair, Okumura, and Brett (2001) suggest that both parties in a cross-cultural negotiation need to be prepared to communicate in the other party's culturally preferred method of direct or indirect communication in order to increase the chances of a successful negotiation outcome.

Weiss's Culturally Responsive Strategies

Stephen Weiss (1994) proposed a useful way of thinking about the options for negotiating with someone from another culture. Weiss observes that negotiators may choose from among eight different culturally responsive strategies. These strategies may be used individually or sequentially, and the strategies can be switched as the negotiation progresses. When choosing a strategy, negotiators should be aware of their own and the other party's culture in general, understand the specific factors in the current relationship, and predict or try to influence the other party's approach (Weiss, 1994). Weiss's culturally responsive strategies may be arranged into three groups, based on the level of familiarity (low, moderate, high) that a negotiator has with the other party's culture. Within each group are some strategies that the negotiator may use individually (unilateral strategies) and others that involve the participation of the other party (joint strategies).

Low Familiarity

Employ Agents or Advisers (Unilateral Strategy) One approach for negotiators who have very low familiarity with the other party's culture is to hire an agent or adviser who is familiar with the cultures of both parties. This relationship may range from having the other party conduct the negotiations under supervision (agent) to receiving regular or occasional advice during the negotiations (adviser). Although agents or advisers may create other challenges (see Chapter 11), they may be quite useful for negotiators who have little awareness of the other party's culture and little time to prepare.

Bring in a Mediator (Joint Strategy) Many types of mediators may be used in cross-cultural negotiations, ranging from someone who conducts introductions and then withdraws to someone who is present throughout the negotiation and takes responsibility for managing the negotiation process (see Chapter 19). Interpreters will often play this role, providing both parties with more information than the mere translation of words during negotiations. Mediators may encourage one side to adopt the other culture's approaches or a third cultural approach (the mediator's home culture).

Induce the Other Negotiator to Use Your Approach (Joint Strategy) Another option is to persuade the other party to use your approach. There are many ways to do this, ranging from making a polite request to asserting rudely that your way is best. More subtly, negotiators can continue to respond to the other party's requests in his own language because he "cannot express himself well enough" in the other's language. Although this strategy has many advantages for the negotiator with low familiarity, there are also some disadvantages. For instance, a Japanese party may become irritated or insulted by having to make the extra effort to deal with a Canadian negotiator on Canadian cultural terms. In addition, the other negotiator may also have a strategic advantage because she may now attempt more extreme tactics and excuse their use on the basis of her "cultural ignorance" (after all, negotiators can't expect the other party to understand everything about how they negotiate).

Moderate Familiarity

Adapt to the Other Negotiator's Approach (Unilateral Strategy) This strategy involves negotiators making conscious changes to their approach so that it is more appealing to the other party. Rather than trying to act as the other party does, negotiators using this strategy maintain a firm grasp on their own approach but make modifications to help relations with the other party. These modifications may include acting in a less extreme manner, eliminating some behaviors, and adopting some of the other party's behaviors. The challenge in using this strategy is to know which behaviors to modify, eliminate, or adopt. In addition, it is not clear that the other party will interpret modifications in the way that negotiators have intended.

Coordinate Adjustment (Joint Strategy) This strategy involves both parties making mutual adjustments to find a common process for negotiation. Although this can be done implicitly, it is more likely to occur explicitly ("How would you like to proceed?"), and it can be thought of as a special instance of negotiating the process of negotiation. This strategy requires a moderate amount of knowledge about the other party's culture and at least some facility with his or her language (comprehension, if not the ability to speak). Coordinate adjustment occurs on a daily basis in Montreal, the most bilingual city in North America (85 percent of Montrealers understand both English and French). It is standard practice for businesspeople in Montreal to negotiate the process of negotiation before the substantive discussion begins. The outcomes of this discussion are variations on the theme of whether the negotiations will occur in English or French, with a typical outcome being that either party may speak either language. Negotiations

often occur in both languages, and frequently the person with the best second-language skills will switch languages to facilitate the discussion. Another outcome that occasionally occurs has both parties speaking in their second language (i.e., the French speaker will negotiate in English, while the English speaker will negotiate in French) to demonstrate respect for the other party. Another type of coordinate adjustment occurs when the two negotiating parties adopt aspects of a third culture to facilitate their negotiations. For instance, during a trip to Latin America, one of the authors of this book conducted discussions in French with a Latin American colleague who spoke Spanish and French, but not English. On a subsequent trip to China, negotiations were conducted in French, English, and Chinese because each of the six participants spoke two of the three languages.

High Familiarity

Embrace the Other Negotiator's Approach (Unilateral Strategy) This strategy involves completely adopting the approach of the other negotiator. To be used successfully, the negotiator needs to be completely bilingual and bicultural. In essence, the negotiator using this strategy doesn't act *as* a Roman; he or she *is* a Roman. This strategy is costly in preparation time and expense, and it places the negotiator using it under considerable stress because it is difficult to switch back and forth rapidly between cultures. However, there is much to gain by using this strategy because the other negotiator can be approached and understood completely on his or her own terms.

Improvise an Approach (Joint Strategy) This strategy involves crafting an approach that is specifically tailored to the negotiation situation, other negotiator, and circumstances. To use this approach, both parties to the negotiation need to have high familiarity with the other party's culture and a strong understanding of the individual characteristics of the other negotiator. The negotiation that emerges with this approach can be crafted by adopting aspects from both cultures when they will be useful. This approach is the most flexible of the eight strategies, which is both its strength and weakness. Flexibility is a strength because it allows the approach to be crafted to the circumstances at hand, but it is a weakness because there are few general prescriptive statements that can be made about how to use this strategy.

Effect Symphony (Joint Strategy) This strategy allows negotiators to create a new approach that may include aspects of either home culture or adopt practices from a third culture. Professional diplomats use such an approach when the customs, norms, and language they use transcend national borders and form their own culture (diplomacy). Use of this strategy is complex and involves a great deal of time and effort. It works best when the parties are familiar with each other and with both home cultures and have a common structure (like that of professional diplomats) for the negotiation. Risks of using this strategy include costs due to confusion, lost time, and the overall effort required to make it work.

Chapter Summary

This chapter examined various aspects of a growing field of negotiation that explores the complexities of international and cross-cultural negotiation. We began the chapter with a discussion of the art and science of negotiation. Next, we considered some of the factors that make international negotiations different. Phatak and Habib (1996) suggest that both the environmental and the immediate context have important effects on international negotiations. We then discussed Salacuse's (1988) description of the environmental factors that influence international negotiations: (1) political and legal pluralism, (2) international economics, (3) foreign governments and bureaucracies, (4) instability, (5) ideology, and (6) culture. We added one more environmental factor—external stakeholders—from Phatak and Habib (1996). Phatak and Habib's five immediate context factors were discussed next: (1) relative bargaining power, (2) levels of conflict, (3) relationship between negotiators, (4) desired outcomes, and (5) immediate stakeholders. Each of these environmental and immediate context factors acts to make international negotiations more difficult, and effective international negotiators need to understand how to manage them.

Next, we turned to a discussion of how to conceptualize culture. Robert Janosik (1987) suggests that researchers and practitioners of negotiation use culture in at least four different ways: (1) culture as learned behavior,

(2) culture as shared values, (3) culture as dialectics, and (4) culture in context. We then examined two perspectives on how cultural differences can influence negotiations. From the managerial perspective, we discussed 10 ways that culture can influence negotiation: (1) the definition of negotiation, (2) the negotiation opportunity, (3) the selection of negotiators, (4) protocol, (5) communication, (6) time sensitivity, (7) risk propensity, (8) groups versus individuals, (9) the nature of agreements, and (10) emotionalism. From the research perspective, we examined the effect of culture on negotiation outcomes, negotiation process and information exchange, negotiator cognition, negotiator ethics, and conflict resolution.

The chapter concluded with a discussion of how to manage cultural differences in negotiation. Weiss (1994) presents eight different culturally responsive strategies that negotiators can use with a negotiator from a different culture. Some of these strategies may be used individually, whereas others are used jointly with the other negotiator. Weiss indicates that one critical aspect of choosing the correct strategy for a given negotiation is the degree of familiarity (low, moderate, or high) that a negotiator has with the other culture. However, even those with high familiarity with another culture are faced with a daunting task if they want to modify their strategy completely when they deal with the other culture.

Endnotes

¹ For example see Binnendijk (1987); Brett (2001); Fisher, Schneider, Borgwardt, and Ganson (1997); Foster (1992); Gelfand and Dyer (2000); Habeeb (1988); Hendon and Hendon (1990); Kremenyuk (1991); Lukov (1985); Mautner-Markhof (1989); Reynolds, Siminitiras, and Vlachou (2003); and Weiss (1996, 2004). For earlier work, see Fayerweather and Kapoor (1976); Hall (1960); and Van Zandt (1970).

² For example see Arino, Abramov, Rykounina, and Vila (1997); Brouthers and Bamossy (1997); Pfouts (1994); and Uzo and Adigwe (2016).

³ For example, see Husted (1996); Natlandsmyr and Rognes (1995); and Zarkada-Fraser and Fraser (2001).

⁴ For instance, see Fan (2002); Ghauri and Fang (2001); Kumar and Worm (2003); Leung, Brew, Zhang, and Zhang (2011); Leung, Chan, Lai, and Ngai (2011); Lin and Miller (2003); Ma, Dong, Wu, Liang, and Yin (2015); Ma, Liang, and Chen (2013); Palich, Carini, and Livingstone (2002); Roy and Menasco (2015); Shi and Wright (2001); Tjosvold and Sun (2001); and Warden and Chen (2009).

⁵ See Clem and Mujtaba (2011); Gunia, Brett, Nandkeolyar and Kamdar (2011); and Luomala, Kumar, Singh, and Jaakkola (2015).

⁶ For example, see Albin (2012); Baruch Bush (2003); Crump and Druckman (2012); Druckman (2001); and Martinez and Suskind (2000).

- ⁷ Descriptions of the American negotiation style may be found in Druckman (1996); Koh (1996); Le Poole (1989); and McDonald (1996).
- ⁸ See Agha and Malley (2002); Isajiw (2000); Ross (2000); Rubinstein (2003); Stein (1999); and Zartman (1997).
- ⁹ For reviews of this work, see Brett (2001); Brett and Gelfand (2004); and Brett, Gunia, and Teucher (2017).
- ¹⁰ Subsequent research by Hofstede and Bond (1988) suggested that a fifth dimension, labeled Confucian Dynamism, be added. Confucian Dynamism contains three elements: work ethic, time, and commitment to traditional Confucian values. The dimension has received little attention in the negotiation literature (cf., Chan, 1998).
- ¹¹ See Kale and Barnes (1992); Schwartz (1994); Triandis (1982). For extensive reviews of research on Hofstede's model see Kirkman, Lowe, and Gibson (2006, 2017); Taras, Kirkman and Steel (2010).
- ¹² Taras, Kirkman, and Steel's metanalysis of three decades of research on Hofstede's value dimensions reached a similar conclusion: behavior in a broad array of organizational contexts are influenced by cultural values, personality, demographics, and general mental ability.
- ¹³ Vertical cultures place more importance on hierarchy than horizontal cultures; individualism-collectivism is discussed above.
- ¹⁴ For example, see Binnendijk (1987); Graham and Sano (1989); Pye (1992); and Tung (1991).
- ¹⁵ The low-context cultures included in the study were the United States, Sweden, Germany, and Israel; the high-context cultures were Japan, Hong Kong, Thailand, and Russia; and the mixed-context cultures were United States-Japan and United States-Hong Kong.
- ¹⁶ Negotiator definitions of fairness are influenced by what would benefit themselves (see Chapter 6).



Managing Negotiation Impasses

Objectives

1. Understand why some conflicts and negotiations are difficult to resolve successfully.
 2. Explore fundamental mistakes that negotiators make that increase the likelihood of impasse.
 3. Consider a series of tools and approaches that negotiators can use to break and resolve impasses.
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CHAPTER OUTLINE

The Nature of Difficult-to-Resolve Negotiations and Why They Occur

The Nature of Impasse

What Causes Impasses and Intractable Negotiations?

Characteristics of the Issues

Characteristics of the Parties

Characteristics of the Negotiation Environment

Characteristics of the Negotiation Setting

Fundamental Mistakes That Cause Impasses

Preventing Impasses

How to Resolve Impasses

Agreement on the Rules and Procedures

Reducing Tension and Synchronizing De-escalation

Improving the Accuracy of Communication

Controlling Issues

Establishing Common Ground

Enhancing the Desirability of Options to the Other Party

Chapter Summary

After months of negotiation about a joint venture in the oil and gas industry, one party broke off discussions abruptly. It is not clear why this happened, and the party refused repeated requests to schedule a meeting. Two colleagues on the same floor of a computer consulting company are no longer speaking to each other. This has started to cause problems with some clients, who have commented that the level of service from the organization is slipping and that telephone calls are not being returned. There are numerous examples from international conflicts where negotiations have reached an impasse (see Spector, 2006). Some have restarted negotiations and managed through the impasse (e.g., East Timor, Sri Lanka), while others remain deadlocked (e.g., Congo, Mali, North Korea).

Negotiations break down and stall for many reasons. In this chapter, we address situations in which negotiations become especially difficult, often to the point of impasse, stalemate, or breakdown. Parties can become angry or entrenched in their positions. Perceptions become distorted, and judgments are biased. The parties stop communicating effectively and instead blame each other. One party has a conflict management style that is not compatible with the other. Perceptions are so different that the parties do not believe there is any possible compatibility between them, or they cannot find a middle ground where agreement is possible. In short, destructive conflict processes override the negotiation, and the parties cannot proceed.

The chapter is organized into three major sections. First, we discuss the nature of negotiations that are difficult to resolve. We examine the nature of impasses—what makes negotiations intractable—and discuss four elements that make negotiations difficult to resolve: the types of issues, the parties, the negotiation environment, and the negotiation setting. In the second section, we explore fundamental mistakes that negotiators make that cause negotiation impasses. Finally, we discuss strategies that negotiators can use to resolve impasses and get negotiations restarted and back on track to productive outcomes.

The Nature of Difficult-to-Resolve Negotiations and Why They Occur

It is not uncommon for negotiations, especially distributive ones, to become contentious to the point of breakdown. In extreme cases, conflict escalates and interpersonal relations can become strained and even nasty. What are the characteristics of difficult-to-resolve negotiations? Several things can go wrong. We begin this section by discussing impasse as a way to understand difficult negotiations, and we examine what causes negotiations to become intractable and reach impasse.

The Nature of Impasse

We define difficult-to-resolve negotiations broadly as being at impasse. *Impasse* is a condition or state of conflict in which there is no apparent quick or easy resolution. When impasse exists, the parties are unable to create deals that satisfy their aspirations and expectations (Ross and Stillinger, 1991).

- *Impasse is not necessarily bad or destructive (although it can be).* There are numerous reasons negotiations can be at impasse, and there are very good reasons parties sometimes choose to stay at impasse until a viable resolution can be recognized (Mayer, 2000).

- *Impasse does not have to be permanent.* Impasse is a state of a negotiation that means that conflict is not resolvable, given the current content, context, process, or people involved in the discussion. Thus, if the content, context, process, or people are altered in some way—either intentionally or simply by the passage of time and change of circumstances—the negotiation can move out of impasse and toward resolution.
- *Impasse can be tactical or genuine.* Tactical impasse occurs when parties deliberately refuse to proceed with negotiation as a way to gain leverage or put pressure on the other party to make concessions (Mayer, 2000; Zartman, 2015). Ross and Stilling (1991) suggest that this sort of intransigence occurs when “one or both parties in a conflict . . . [believe] that a willingness to forgo immediate gains in trade (and thereby deprive its adversary of similar gains) will win for itself even more favorable terms in future negotiations” (p. 391). Genuine impasse, in contrast, occurs “when the parties feel unable to move forward without sacrificing something important to them . . . usually, disputants experience this kind of impasse as beyond their control, and they feel they have no acceptable choice but to remain there” (Mayer, 2000, p. 171). Impasses that begin as tactical may become genuine (Mayer, 2000).
- *Impasse can be partial.* An impasse may block progress in the entire negotiation (a total impasse), or it can affect some negotiation issues but not others (a partial impasse; Trötschel, Hüffmeier, Loschelder, Schwartz, and Gollwitzer, 2011). A partial impasse is a bigger obstacle in a situation where agreement is necessary on all issues for a deal to occur (e.g., a divorce settlement where the parties desire no future negotiation) than it is in situations where a deal can involve agreement on some issues but not on others (e.g., a treaty between countries discussing numerous matters of mutual interest who will continue to hold talks in the future).
- *Impasse perceptions can differ from reality.* The difference between tactical and genuine impasse may be perceived rather than real—but even if it is perceived, that may be real enough for the parties to believe they are at impasse. The perception of impasse can be created by an intransigent negotiator who is looking to extract concessions from the other party. *Intransigence* can be defined as a party’s unwillingness to move to any fallback position through concession or compromise. Such toughness in negotiating may lead to short-term gain if agreement ensues, but toughness that calls forth toughness in response may well lead to no agreement whatsoever, making such a tactic a “powerful but dangerous card for a negotiator to play” in negotiations (Brams and Doherty, 1993, p. 706).

What Causes Impasses and Intractable Negotiations?

Negotiations evolve as time passes and the issues, parties, and context change. A negotiation becomes more *tractable* when it becomes easier to resolve and *intractable* when it is more difficult to resolve. Intractable negotiations may persist over a long period of time, and when there is no further progress they are at impasse. Putnam and Wondolleck (2003) suggest that intractable conflicts vary along four dimensions:

1. *Divisiveness*—the degree to which the conflict divides people such that they are “backed into a corner” and can’t escape without losing face.
2. *Intensity*—the level of participant involvement, emotionality, and commitment in a conflict.

Factors That Increase or Decrease the Likelihood of Impasse

Increase Likelihood of Impasse

The following characteristics make a negotiation more intractable:

- The parties themselves are unorganized, loosely connected, and lacking structure.
- The social system from which the parties come is ill defined, dispute resolution procedures are chaotic and uncertain, and there is an absence of clear governing authority.
- There are fundamental value differences on the key issues.
- The conflict repeatedly escalates: The parties grow in size, the number of issues expands, and the costs of resolution increase. Parties are polarized against each other, and conflict repeatedly spirals.

Decrease Likelihood of Impasse

In contrast, the following characteristics make a negotiation more tractable:

- The parties themselves are well organized; group members communicate clearly, and the

parties have clearly defined roles and agree on a common mission.

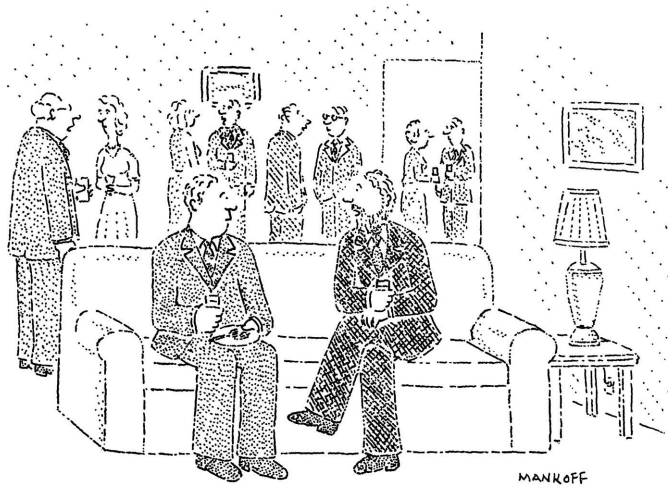
- The social system from which the parties come is clearly structured; there are clear procedures and rules for resolving disputes; and clear, legitimate authority exists.
- There is general consensus on underlying values, but a disagreement on how resources are to be allocated.
- The conflict frequently de-escalates: The negotiation remains contained and focused, the parties are strongly committed to finding a mutually acceptable resolution, and cycles of high conflict are frequently broken up by long cycles of relative peace and calm.

Source: Putnam, Linda, and Wondolleck, Julia, "Intractability: Definitions, Dimensions and Distinctions," in Lewicki, Roy J., Gray, Barbara, and Elliott, Michael, *Making Sense of Intractable Environmental Disputes*. Washington, DC: Island Press, 2003.

3. *Pervasiveness*—the degree to which the conflict invades the social and private lives of people.
4. *Complexity*—the number and complexity of issues, the number of parties involved, the levels of social systems involved in the conflict, and the degree to which it is impossible to resolve one issue without resolving several others simultaneously.

The factors that increase the likelihood of impasse are listed in Box 17.1. These factors can lead to an atmosphere charged with anger, frustration, and resentment. Channels of communication, previously used to exchange information and supporting arguments for each party's position, become closed or constrained. Negotiators use communication to criticize and blame the other while attempting to limit the same type of communication from the other party. The original issues at stake have become blurred and ill defined, and new issues may have been added. Negotiators have become identified with positions on issues, and the conflict has become personalized.

The parties tend to perceive great differences in their respective positions. Conflict heightens the magnitude of these differences and minimizes areas of perceived commonality and agreement. As anger and tension increase, the parties become locked into their initial negotiating positions. Rather than searching for ways to make concessions and move toward agreement, the parties become firmer in stating their initial demands, and they resort to



"We're still pretty far apart. I'm looking for a six-figure advance and they're refusing to read the manuscript."

Source: ©Bob Mankoff/Cartoonstock

threats, lies, and distortions to force the other party to comply. One party will usually meet threats with counterthreats and retaliation. Those on the same side tend to view each other favorably. They see the best qualities in the people on their side and minimize whatever differences exist, yet they also demand conformity from their team members and will accept a militant, autocratic form of leadership. If there is dissension in the group, it is hidden from the other party; group members always attempt to present a united front to the other side.¹

Next we discuss four dimensions that cause negotiations to reach impasse—characteristics of the issues, the parties, the negotiation environment, and the negotiation setting.

Characteristics of the Issues

The first dimension that can cause negotiations to reach impasse are characteristics of the issues. Three characteristics that can have a particularly important influence are value differences, high-stakes distributive bargaining, and risk to human health and safety.

- *Value differences.* Many negotiations that reach impasse can be traced to fundamental value differences between the parties. Value differences vary from minor differences in preferences to major differences in ideology, lifestyle, or what is considered sacred and critical. The critical question is how individuals or groups with distinct differences in values choose to deal with these differences—by attempting to force their views on others or by supporting efforts to accommodate and respect others. Many of the most intractable conflicts in society—ethnic, religious, political, economic, legal, and environmental—are rooted in core value differences (see Dingwall, 2002). Wade-Benzoni, Hoffman, and colleagues (2002) argue that differences in ideology are the result of differences in core values, and these differences are significant barriers that can derail negotiations.

- *High-stakes distributive bargaining.* Negotiation impasses may also result from distributive bargaining when there is no apparent overlap in the bargaining range. As we noted in Chapter 2, parties may have inflated their negotiating positions to the point that there is no apparent zone of agreement; the costs of settling are seen as higher than the costs of protracting the dispute; the parties have locked themselves into public postures from which they are unwilling to back down; and the parties are inclined to use power to force the other side to back down. Many of these impasses are very responsive to the tactics we describe later in this chapter.
- *Risk to human health and safety.* Finally, some negotiations—particularly those in the area of health and the environment—reach impasse because the threat to human welfare is clear and apparent and because the issues themselves are rooted in complex science that is difficult for the layperson to understand, much less believe and trust. Environmental cleanup, nuclear power, disposal of toxic waste, pollution control, and related issues create intense debate and deeply felt argument.² Burgess and Burgess (1995) note that negotiating parties often compete in “bidding wars” of one-upsmanship over who has the greatest concern for public health and safety.

Characteristics of the Parties

We discuss five characteristics of the parties that may play a role in causing negotiations to be difficult to resolve: how people define themselves, how people compare themselves to others, perceptions of power, revenge and anger, and conflict management styles.

How to Define the Self Issues of *identity* are central to many difficult-to-resolve negotiations. Identity is determined by the way that individuals answer the question “Who am I?” (Hoare, 1994, p. 25). People may answer this question in a variety of ways, depending on the social groups to which they belong and how they understand themselves to be.³ Rothman (1997) suggests that conflict is likely to occur when people’s identities are threatened because such threats challenge people’s fundamental sense of who they are. Appeals for ethnic self-determination or a national homeland, the correction of perceived institutionalized discrimination against aggrieved minorities, and the universal extension of human or political rights are all causal elements in intractable negotiations. Harold Saunders (2003) suggests that the psychological processes involved in group identity are among the strongest causes of impasses. Moreover, as we noted in Chapter 6, parties often frame a negotiation around an identity issue when they believe that one outcome of the conflict could be to either strengthen or weaken their sense of identity (Gray, 2003a). Negotiators often adopt a stance based on role (e.g., defender of the underdog) or a personal definition of ethics that is strongly related to self. These stances readily lead to impasses when confronted with another party who does not share these characteristics.

Comparing the Self to Others If issues of identity focus on the question “Who am I?” then issues of social comparison reflect the way individuals define “Who are they?” (Gray, 2003a). The development of a person’s social identity is often inextricably linked to the process of comparing that person’s self to others. When we define ourselves by virtue of the groups to which we belong, we also begin to define others as members of groups to which

we do not belong. Moreover, parties in conflict tend to fall into a psychological trap called the *fundamental attribution error*—tending to blame others when things go wrong but taking personal credit for successes; conversely, they tend to see others' successes as due to luck but failures as due to others' defects and deficiencies (Ross, 1997). (We discussed this and other self-serving psychological biases in Chapter 6.)

Babcock, Wang, and Loewenstein (1996) examined the effect of this social comparison process as it occurs in negotiation impasses, with two principal findings. First, negotiators chose comparison groups to reflect a supportive, self-serving bias for their own positions by comparing themselves to others whose positions made their own demands seem fair and reasonable. Second, negotiation breakdowns or impasses were positively correlated with perceived differences between the negotiators' chosen comparison groups. In short, the greater the perceived differences between the comparison groups, the greater the likelihood of a breakdown. While the first finding could be based on an intentional, strategic choice, the second finding is consistent with our earlier comments regarding extreme positions, perceptual differences, and resultant impasses.

Comparing with others can frequently lead to negotiation impasse in highly structured and departmentalized organizations—for instance, the marketing department spends money it doesn't have, operations is slow to produce new products. These departments see the world differently and, when under stress, can easily lead to impasse because of misinterpretations of communication based on department membership.

Perceptions of Power Negotiators may believe that they can exercise coercive power to levy costs on the other party or to force that party to accept a settlement that is not in his or her best interest (we examined power at length in Chapter 8). The effectiveness of such a tactic, in the short run and without regard to its effect on the long-term negotiation relationship, clearly depends on the other party's belief that the negotiator has such power and will use it (Brams and Doherty, 1993; de Dreu, 1995). Negotiators in such confrontations are likely to develop a tendency to see each other as extreme, biased, and self-interested. If the other party is perceived to be politically or philosophically the opposite, and if good manners lead one or both parties to avoid mutual disclosure of their views on volatile subjects, the level of negotiation difficulty is likely to rise. Keltner and Robinson (1993) found such negotiations to be marked by excessive length, few agreements overall, and, in retrospect, little perceived cooperation.

According to Smyth (1994), impasses often result from the perceived need to negotiate simultaneously about change in power and the applicable, appropriate institutions for maintaining that power shift. For instance, when social identification is strong (as it is, for example, in the Chechnya–Russia conflict or among Israelis and Palestinians in the Middle East), the consequent in-group/out-group bias often leads one or both parties to demonize the other and to discount the validity and acceptability of the other's bargaining position. This often results in an unwillingness to deal with the other party at all. Third-party strategies to manage this are discussed in Chapter 19. It is in the nature of intergroup negotiations that some adjustment of each party's own identity, or the rigor with which it is defended, must be made in order for negotiations to proceed productively (Ring and Van de Ven, 1994). In short, there has to be some give on both sides (particularly the high-power side) and a willingness to at least consider that the other party may have a legitimate interest and a valid perspective.

Revenge and Anger Impasse may also result from an expression of fear and anger (Adler, Rosen, and Silverstein, 1998) or from a desire to seek revenge on the offending party (Bies and Tripp, 2001; Tripp and Bies, 2009). The escalation of conflict through revenge seems to be driven by three factors: an interest in retribution to correct injustice, the need to stand up and express one's self-worth, and the wish to deter future instances of undesirable behavior (Kim and Smith, 1993). These emotions and motivations, in turn, exacerbate the tendency for conflict to escalate and for negotiations to break down completely. Pruitt, Parker, and Mikolic (1997) propose that escalation often occurs in response to persistent annoyance of one party by another, while Jones and Reiland (1993) suggest that escalation might also be explained by "nonverbal status displays" (p. 119). Such displays are meant to express power, dominance, or relative status in face-to-face conflicts in order to degrade the other party's physical or intellectual presence. For instance, negotiators can refuse to meet in the same room with the other party (degrading physical presence) or refuse to acknowledge questions from the other party during negotiations (degrading intellectual presence).

Conflict Management Styles Finally, impasses may also result from too little engagement in the negotiation, rather than too much. Mayer (2000) observed that parties often prefer to avoid conflict in a number of creative ways:

- Aggressive avoidance ("Don't start with me or you will regret it")—intimidate others to keep them away.
- Passive avoidance ("I refuse to dance")—try to ignore the other.
- Passive aggressive avoidance ("If you are angry at me, that's *your* problem")—put the blame on the other party and walk away.
- Avoidance by claiming hopelessness ("What's the use . . . ?").
- Avoidance through surrogates ("Let's you and she fight")—deflect the conflict to an agent or representative to take the other on.
- Avoidance through denial ("If I close my eyes, it will all go away")—make believe it isn't there.
- Avoidance through premature problem solving ("There is no conflict—I fixed everything").
- Avoidance by folding ("OK, we'll do it your way; now can we talk about something else?").

Note that these eight approaches can be used individually or combined together. The function is to avoid engaging in the conflict in a productive way, which may in and of itself perpetuate the impasse until the other party, or the circumstances, changes in some way (Mayer, 2000). We discussed avoidance as a strategy in Chapter 1 and as a personal style in Chapter 15.

Characteristics of the Negotiation Environment

The third dimension that can cause negotiations to reach impasse includes characteristics of the negotiation environment. It is important that negotiators clearly understand what they are negotiating because this may be different for both parties (Fortgang, Lax, and Sebenius, 2003). For instance, one party may be interested in only the current contract, while the other is interested in creating a long-term strategic partnership. When negotiators learn that they have very different understandings about what they are negotiating, the risk of impasse increases.

Another environmental factor that can lead to impasse is the *renegotiation* of existing agreements. Salacuse (2001) suggests that renegotiations of existing agreements occur frequently and are in response to three situations: (1) postdeal negotiations, (2) intradeal negotiations, and (3) extradeal negotiations. *Postdeal* negotiations are negotiations that occur as an existing agreement is expiring. For instance, when a contract between a purchaser and supplier is coming to completion, both parties have the opportunity to negotiate a new agreement. *Intradeal* negotiations occur when an agreement states that negotiations should be reopened at specific intervals. For instance, two parties to a joint venture could agree to renegotiate certain contract provisions every 12 months to ensure that the agreement is working well. *Extradeal* negotiations occur when it appears that there is a violation of the contract or in the absence of a contract reopening clause. For instance, negotiations that result from one party missing a payment to the other would be an extradeal negotiation.

While all three types of renegotiations can lead to impasse, extradeal negotiations have the largest probability of doing so because they are generally the result of a large shift in the environment, such as a sudden increase in oil prices, unforeseen changes in government policy, or political instability that has a much larger effect on one party than the other. The negatively affected party clearly has more motivation to reopen negotiations, while the less affected negotiator may feel hostile, that a “deal is a deal,” and see no need to negotiate (Salacuse, 2001).

Characteristics of the Negotiation Setting

The fourth set of reasons that negotiations reach impasse involve characteristics of the negotiation setting, which include temporal issues, relational issues, and cultural issues. The influence of culture on negotiation was discussed in Chapter 16. Very little has been written about how the negotiation setting leads negotiators to impasses. Experienced negotiators understand, however, that changing the negotiation setting—the physical location in which it occurs—can be an important tactic for getting negotiations back on track. For instance, changing from one hotel or city to another can be used as a symbol for a new start to negotiations and a signal that the previous approach was left at the old location. Alternatively, changing from a more formal space—such as a formal conference or board room—to an informal space—such as a living room, lounge, or restaurant—can make people more comfortable and change the interpersonal dynamics. Even more importantly, replacing an aggressive member of the negotiating team with a more collaborative member, either temporarily or permanently, can signal to the other party a willingness to change the substance of the negotiation. Lax and Sebenius (2003) suggest further that “negotiating with the wrong parties, or about the wrong set of issues, involving parties in the wrong sequence, or at the wrong time” can all lead to impasses (p. 66). Finally, timing is critical in a negotiation (see Chapter 2). Compromises that are presented too early may be rejected outright, but if they can be repackaged and presented later for exploration, they may be able to break an impasse (Eliasson, 2002).

Fundamental Mistakes That Cause Impasses

We now turn to exploring mistakes that negotiators make that increase the likelihood of negotiation impasses and how these errors can derail negotiations. Sebenius (2001) outlines

six fundamental mistakes that negotiators make that can derail the negotiation process and result in impasses:

1. *Neglecting the other side's problem.* A lack of understanding of what the other side needs to receive from the negotiation or what he or she is trying to accomplish will make negotiations much more difficult to resolve and increase the likelihood of impasses. Negotiators who do not ensure that they are working to craft an agreement that satisfies the needs of both parties are making a mistake that can derail negotiations.
2. *Too much of a focus on price.* An overemphasis on price will make negotiations much more difficult to resolve and can result in impasse. Negotiators need to remember that there is almost always more to a negotiation than just price, and they need to pay attention to both tangible and intangible factors.
3. *Positions over interests.* Negotiations require both creating value and claiming it. Negotiators who focus too early on claiming value, or who do so in too aggressive a manner, are making a mistake that will make negotiations more difficult to resolve and increase the probability of impasse. As Sebenius (2001) suggests, “the pie must be both expanded and divided” (p. 91), or the negotiator is making an error that could derail negotiations.
4. *Too much focus on common ground.* A key aspect of negotiation is interdependence (see Chapter 1), which means that parties need to have enough in common to strike a deal. It can be very difficult to reach agreement with identical other parties, however, because without differences there is little reason to negotiate. Negotiators who focus too much on what they have in common with each other and not enough on their differences are making a mistake and will lose the opportunity to find the creative solutions that make deals work. Unless enough value is created to make a deal attractive, a negotiation will be more difficult to resolve simply because there is not enough motivation to complete the agreement.
5. *Neglecting BATNAs.* Strong BATNAs are an important tool in negotiation, and they give a negotiator the power to drive a positive outcome (Sebenius, 2001). Negotiators who do not work to improve their BATNA are making a mistake because neglecting BATNAs will reduce their power in the current negotiation and may actually make it more difficult to reach an agreement.
6. *Adjusting perceptions during the negotiation.* Negotiators need to use information that they gather throughout the negotiation to adjust their view of the situation, potential agreements, and the other negotiator. Negotiators who do not adjust their perceptions accurately are committing a mistake that will make the negotiation more difficult to resolve. This is a challenging mistake to correct because many biases in negotiation occur unconsciously (see Chapter 6), although they still have the power to derail a negotiation to impasse.

Another mistake that negotiators make during negotiations is that they do not proactively manage the negotiation process itself. Deborah Kolb and Judith Williams (2000, 2001) argue that a major reason negotiations are not successful is that negotiators fail to manage what they have labeled the *shadow negotiation*, a negotiation about the negotiation process that occurs within the substantive negotiation. Shadow negotiation “doesn’t determine the ‘what’ of the discussion, but the ‘how.’ Which interests will hold sway? Will the conversation’s

tone be adversarial or cooperative? Whose opinions will be heard? In short, how will bargainers deal with each other?” (Kolb and Williams, 2001, pp. 89–90). Negotiators who do not manage the shadow negotiation will find that they either cannot get the negotiation started or cannot get their issues discussed, and this increases the likelihood of impasse. For instance, before negotiating the content of a merger, the parties should discuss how they want to work together and set norms for how the discussion should occur.

In a related vein, Ron Fortgang, David Lax, and James Sebenius (2003) suggest that negotiators need to manage the *social contract* in addition to the economic issues under discussion, or the negotiation may derail. The social contract has two components. The *underlying* social contract determines what the negotiation is about. For instance, is the discussion to determine a series of contracts or a deep, strategic relationship? The *ongoing* social contract is concerned with “how we make decisions, handle unforeseen events, communicate, and resolve disputes” (Fortgang et al., 2003, p. 68). Negotiators who neglect managing the social contract of a negotiation are making a mistake that could lead to negotiation impasses.

Finally, Barbara Gray (2003b) suggests that negotiations can reach impasse when negotiators allow their emotions to determine their reaction to the other party, rather than responding in a measured way to the situation. Instead of “separating the people from the problem” (Fisher, Ury, and Patton, 2011), Gray suggests it is important that negotiators understand their internal emotional responses to the other party—when those emotional responses are strong, an internal psychological aspect may be driving them. For instance, if Sam is always late for their negotiation meetings, Mary, who is fastidiously on time, may interpret this pattern as a lack of respect. Sam, on the other hand, may be late because he has to travel farther to the meetings across town and with his tightly packed schedule he cannot arrive on time. In fact, Sam may see it as a sign of disrespect that he always has to travel farther to the meetings. Thus, Mary’s emotional response may have more to do with her own internal emotional state than Sam’s behavior. For instance, she may have been raised by parents who were very strict about honoring time commitments. Negotiators who do not understand how their emotions can influence their reactions to the other party are making a mistake that can derail negotiations.

Preventing Impasses

Gillian Green and Michael Wheeler (2004) suggest that there are critical moments in negotiations before they unfold. One of the best ways to resolve an impasse is to avoid having one occur. It may be possible to avoid an impasse at the last moment by being very aware of changes in the negotiation process. Green and Wheeler suggest seven signals to be especially aware of that may indicate an impending impasse (see Box 17.2).

How to Resolve Impasses

The first two sections of this chapter focused on what causes negotiations to be difficult to resolve and approach impasse. We now turn to examining how to manage impasses, which need to be resolved on three levels: cognitive, emotional, and behavioral (Mayer, 2000):

1. *Cognitive resolution* is needed to change how the parties view the situation. For parties to achieve cognitive resolution, “. . . they must *perceive* that the key issues have been resolved, think that they have reached closure on the situation, and view the conflict

1. Monitor the interactive quality of the process, noting how each statement and action is linked to the next. Recognize that what you intend will never be perfectly read.
2. Pay special attention to the multiple levels of the negotiation, noting how identity and role are positioned as well as the substance. Note, too, how emotion is expressed or suppressed.
3. Be attuned to the other party's verbal and nonverbal cues. Pitch of voice, speed of conversation, pauses, and verbal stumbles can all signal internal emotions. Changes in physical behaviors may also mark transitions.
4. Be cautious in interpreting the behavior of others, however. Explore alternative explanations of what is taking place. Do not assume that others would respond as you would.
5. Face up to the facts when you are caught in unproductive cycles, rehashing old arguments and advocating old solutions.
6. Recognize your own trigger points, particularly things that make you lose perspective.
7. Anticipate change by imagining different scenarios. Remember that past is not necessarily prologue.

Source: Green, Gillian M., and Wheeler, Michael, "Awareness and Action in Critical Moments," *Negotiation Journal*, vol. 20, no. 2, April 21, 2004, 349-64.

as part of their past as opposed to their future . . ." (Mayer, 2000, p. 98). Cognitive resolution is often difficult to achieve because people tenaciously hang on to beliefs and perceptions in spite of new data to the contrary. New information and explicit reframing (see Chapter 6) are key to achieving cognitive resolution.

2. *Emotional resolution* involves changing how parties feel about the impasse and the other party, as well as reducing the amount of emotional energy they put into the negotiation. When parties have emotionally resolved an impasse, they no longer experience strong negative feelings, relations with the other are less intense, and they have reached some kind of emotional closure on the conflict. Emotional resolution often involves trust rebuilding, forgiveness, and apology.
3. *Behavioral resolution* explicitly addresses what people will do in the future and how agreements they make about the future will be realized. Behavioral resolution agreements should specify ways that the parties can stop difficult conflict dynamics, specify reparations, and include mechanisms for instituting new behaviors that prompt resolution.

There are many ways to start to break an impasse. The key is to find a way to restart the process (Spector, 2006). This may be difficult and the first attempts may fail.

In this section, we describe six strategies that can be used to resolve impasses. These strategies tend to focus on behavioral and cognitive resolution, but they also have an influence on emotional resolution:

1. Reaching agreement on rules and procedures.
2. Reducing tension and synchronizing the de-escalation of hostility.
3. Improving the accuracy of communication, particularly improving each party's understanding of the other's perspective.
4. Controlling the number and size of issues in the discussion.

5. Establishing common ground where parties can find a basis for agreement.
6. Enhancing the desirability of the options and alternatives that each party presents to the other.

There is no standard recipe for resolving impasses, nor is there a standard approach that works every time. Researchers studying the nature of conflict and its resolution have suggested a wide array of dispute resolution techniques that can be applied in several ways.⁴ We suggest that it is frequently productive to resolve negotiation impasses by using these strategies in the order presented here. This means starting with attempts to agree on ground rules and to reduce tension, followed by efforts to improve the accuracy of communication and to control the proliferation of issues. Finally, the parties should move to establish common ground and enhance the attractiveness of each other's preferred alternatives. This approach is by no means firm and inflexible; many impasses have been successfully resolved by invoking the steps in a different order. However, the order in which we present these approaches is one that third parties frequently use to resolve impasses, so we believe it will also be the most effective if employed by the negotiators themselves. If the impasse cannot be broken and productive negotiations started, then third-party intervention may become necessary (see Chapter 19).

Agreement on the Rules and Procedures

Parties can try to manage impasses by obtaining mutual agreement about the rules that will govern the negotiation. Escalated conflict tends to exceed its original bounds; as parties become more upset, they may be more likely to resort to more extreme tactics to defeat the other. Efforts at effective conflict de-escalation and control may require the parties to rededicate themselves to basic ground rules for how they will manage the impasse. Establishing ground rules might include the following steps (see also Dukes, Piscoish, and Stephens, 2000):

- Determining a site for a meeting (changing the site or finding a neutral location).
- Setting a formal agenda outlining what may or may not be discussed and agreeing to follow that agenda.
- Determining who may attend the meetings. (Changing key negotiators or representatives may be a signal of the intention to change the negotiation approach.)
- Setting time limits for individual meetings and for the overall negotiation session. (As we have pointed out, progress in negotiation is often paced according to the time available; therefore, setting limits is likely to yield more progress than not setting them.)
- Setting procedural rules, such as who may speak, how long they may speak, how issues will be approached, what facts may be introduced, how records of the meeting will be kept, how agreements will be affirmed, and what clerical or support services are required.
- Following specific dos and don'ts for behavior (e.g., don't attack others).

Finally, the parties may agree to set aside a short period during negotiations to critique how they are doing. This mechanism designates a specific time for the parties to evaluate their own progress. It provides time to reevaluate ground rules, change procedural mechanisms, or perhaps even change negotiators. This process provides the opportunity for the parties to correct the procedural mechanisms that will allow them to make greater progress on their substantive disagreements (Walton, 1987).

Reducing Tension and Synchronizing De-escalation

Unproductive negotiations can easily become highly emotional. Parties are frustrated, angry, and upset. They are strongly committed to their viewpoints and have argued strenuously for their preferred alternatives, seeing themselves as firm, principled, or deserving. The other side, behaving the same way, is seen as stubborn, bullheaded, inflexible, and unreasonable. The longer the parties debate, the more likely it is that emotions will overrule reason—name calling and verbal assaults replace logic and reason. When the negotiation becomes personalized, turning into a win-lose feud between individuals, all hope of a productive discussion is lost. Several approaches for resolving impasses are directed at defusing volatile emotions.

Separating the Parties The most common approach to de-escalating conflict is to stop meeting. Declare a recess, call a caucus, or agree to adjourn and come back later when there has been a chance to unwind and reflect. The parties should acknowledge explicitly that the purpose of the caucus is to allow tempers to cool so the dialogue will become less emotional. Each party should also agree to return with a renewed effort to make deliberations more productive—either by simply regaining composure or by attempting a new or different way to address the issue that created the anger. Taking a break without explicitly managing the purpose of the break, to reduce hostile behavior, may actually have the opposite effect and increase it (Harinck and de Dreu, 2008, 2011).

The parties may be separated for a few minutes or hours to several days or weeks. Variations in the time period are related to the level of hostility, as well as to unique situational circumstances. Parties may use the time to check with their constituencies, gather new information, and reassess their position and commitments.

Managing Tension Tension is a natural by-product of negotiations. Negotiators should be aware that it is bound to occur, and they should know how to manage it. Some negotiators who are sensitive to increases in tension know how to make a witty remark or crack a joke that causes laughter and releases tension. Others know that it is sometimes important to let the other party ventilate pent-up anger and frustration without responding in kind. Skilled negotiators recognize that allowing the other party the opportunity for a catharsis will often clear the air and may permit negotiations to return to a calmer pace.

Acknowledging the Other's Feelings: Active Listening When one party states her views and the other openly disagrees, the first negotiator often hears the disagreement as more than just disagreement. She may hear a challenge, a put-down, an assertion that her statement is wrong or not acceptable, an accusation of lying or distorting of the facts, or another form of personal attack. Whether or not this is the message that was intended is beside the point; the negotiator has to deal with the way it was received. Understandably, such misinterpretations escalate conflict. As discussed earlier, negotiators need to have a good understanding of their own reactions during negotiation (Gray, 2003b). Negotiators who overreact to the other party are likely responding to something inside themselves, and they need to learn to manage this or it will become a liability during the negotiation process.

There is a difference between accurately hearing what the other party said and agreeing with it. One can let the other party know that both the content and emotional strength of his or her message have been heard and understood, but that does not mean that one agrees with it. This technique is called *active listening*, and it is frequently used in interviews and therapy

settings as a way of encouraging a person to speak more freely (Rogers, 1961). Communication processes were discussed in more detail in Chapter 7. Rather than challenging and confronting the other negotiator's statements by bolstering one's own statements and position, negotiators can respond with statements that probe for confirmation and elaboration. Comments may include "You see the facts this way," "You feel very strongly about this point," and "I can see that if you saw things this way, you would feel threatened and upset by what I have said." Again, these statements do not indicate that a negotiator agrees with the other party; rather, they communicate that the other has been accurately heard and understood.

Synchronized De-escalation Charles Osgood (1962), writing about the Cold War and disarmament, suggested a unilateral strategy for conflict de-escalation called "graduated and reciprocated initiatives in tension reduction" (GRIT). One party decides on a small concession that both parties could make to signal their good faith and desire to de-escalate. The concession should be large enough to be interpreted as an unambiguous signal of the desire to change the relationship, but not so large that if only one side acted it would be weak or vulnerable. The party should then make a public announcement, stating

1. Exactly what the concession is.
2. That the concession is part of a deliberate attempt to reduce tension.
3. That the other side is explicitly invited to reciprocate in a specified form.
4. That the concession will occur on a stated time schedule.
5. That each party commits to make the concession without knowing whether the other will reciprocate.

The party who initiated the de-escalation then makes the concession. The specific concession should be something that is obvious, unambiguous, and subject to easy verification. For instance, a union may state that in order to start a positive negotiation process they will return to the table next Monday, but they expect management to be ready to negotiate in good faith. Making it public and symbolic also helps. If the other party does not respond, then the initiator follows through with the action and repeats the sequence, selecting a simple, low-risk concession in an effort to attract the other into synchronized de-escalation. If the other does respond, then the initiator proposes a second action, slightly riskier than the first, and once again initiates the sequence. As the synchronized de-escalation takes hold, the parties can both propose larger and riskier concessions that will bring them back into a productive negotiating relationship. In a variation of this approach to de-escalation, a negotiator invites the other party to make a small initial concession, providing a short list of options from which that party may choose. Such a proposal is accompanied by a promise to respond in kind, choosing his or her concession from a list to be provided by the other party (Ross and Stillinger, 1991).

Improving the Accuracy of Communication

The third step in conflict reduction is to ensure that both parties accurately understand the other's position. (For a broader treatment of communication processes in negotiation, see Chapter 7.) When conflict becomes heated, communication efforts concentrate on managing emotions and directing the next assault at the other. Effective listening decreases. Both parties think they know what the other side is going to say and no longer listen. During



"Can you believe those guys? We tell them absolutely, positively no further negotiations, and they stop negotiating!"

Source: ©Chris Wildt/Cartoonstock

impasses, listening becomes so poor that the parties are frequently unaware that their positions may have much in common. Rapoport (1964) labeled this the “blindness of involvement” because it inhibits the development of trust and the problem-solving process. Several approaches can be used to rectify this situation.

Role Reversal It is often easy to see the logic, rationale, and potential common ground when viewing the process as an outsider. Recognizing these factors when personally involved in a conflict, however, is another matter. Role reversal can help negotiators place themselves in the other party’s shoes and look at the issue from his or her perspective. (We discussed perspective taking as an individual negotiator ability in Chapter 15.) For instance, a manager can take the position of an employee, a salesperson that of a customer, a purchasing agent that of a supplier. Negotiators can play out scenarios in their imagination, ask a friend or colleague to assume the other role and act out a dialogue, or, more effectively, include role reversal as part of a unilateral strategy preparation process. Although role reversal will not identify exactly how the other party thinks and feels about the issues, the process can provide useful and surprising insights. (For example, see Box 17.3 on managing offensive comments.)

One purpose of role reversal is to highlight areas of commonality and overlap between positions; however, this cannot be achieved unless such compatibilities actually exist and at least one party moves toward them by suggesting ideas. When no actual compatibility exists, role reversal may simply sharpen the differences between the parties. Although some

When you are on the receiving end of offensive comments in a negotiation setting, your first response may be to offend back, or to stalk off in anger and displeasure. For important negotiations, though, this creates the risk of denying you (as well as the other parties) any mutual gains from the exchange, as well as diverting your attention from the issues that brought you to the table in the first place. Andrea Schneider (1994) suggests that your basic options when faced with offensive comments involve first trying to understand why the offense occurred and then deciding what to do about it. To understand the behavior, she suggests four steps:

- Check your assumptions.
 - Check the data on which your assumptions are based.
 - Seek and evaluate other data, even (or especially) if those data tend to disconfirm your assumptions.
- Evaluate and adjust your assumptions, as appropriate.
- Once your assumptions seem correct and appropriate, then decide whether to handle the behavior by
- Ignoring it (just act as if it never occurred).
 - Confronting it (i.e., counterattack: “That’s racist” or “How juvenile”).
 - Deflecting it (i.e., acknowledge it and move on—a sense of humor often helps here).
 - Engaging it (talk with the other party about his or her purpose in being offensive, and about your reaction to the offense).

Source: Kupfer, Andrea Schneider, “Effective Responses to Offensive Comments,” *Negotiation Journal*, vol. 10, 1994, 107–15.

negotiators find that a lack of compatibility inhibits attempts to resolve the negotiation, others prefer to be aware of it so they can find other means to break the impasse. To negotiate integratively, both parties need accurate knowledge of the other’s goals. If the parties’ goals are completely incompatible, integrative negotiation is impossible, and the sooner that is discovered, the better. As we showed in Chapter 2, the existence of a negative settlement range has serious consequences for the distributive bargaining process, and it is best to be identified. Thus, role reversal can be a powerful tool for uncovering the true goals of both parties and determining how the negotiation should proceed.

Imaging Imaging is another method for gaining insight into the other party’s perspective. In the imaging process, parties in conflict are asked to engage in the following activities separately:

1. Describe how they see themselves.
2. Describe how the other party appears to them.
3. State how they think the other party would describe them.
4. State how they think the other party sees themselves.

The parties then exchange this information, in order. The two sets of statements frequently reveal both similarities and differences. Imaging usually produces animated discussion as the parties clarify and substantiate what they have said or heard. A common result is that the parties recognize that many apparent differences and areas of conflict are not real, and

thus they begin to understand those that are real. Alderfer (1977) gives an example of imaging in negotiations between top executives who met to work out an organizational structure for a new firm that resulted from a merger of two organizations. Executives from both sides were deeply concerned that they would be outmaneuvered by the other and would lose their power as a result of the merger. A consultant suggested having an imaging meeting prior to actual negotiations. This meeting sharply altered the perceptions of both parties, and successful integrative negotiations became possible.

The successful use of role reversal or imaging techniques can accomplish several things. First, they can clarify and correct misconceptions and misinterpretations. In addition, they bring to the surface both parties' interests, goals, and priorities, as well as limitations, which can then be used in the negotiation process. One or both sides often gain an understanding of the other side's true needs. Finally, these processes set a positive tone for the negotiation. Negotiators find they can make their needs and concerns heard and not be interrupted. This reduces defensiveness and encourages people to listen. Most people begin the negotiation process with a rather clear idea of what they need from the other party; in this phase, they learn more about what the other needs from them. Joint problem solving moves from being an unattainable ideal to an achievable process.

Controlling Issues

The fourth step to conflict resolution is to control the number of issues under discussion. As conflict intensifies, the size, number, and complexity of the issues expand. Although small conflicts have issues that can be managed satisfactorily one at a time, large conflicts become unwieldy and less amenable to easy resolution. The challenge for negotiators in impasses, therefore, is to develop strategies to contain issue proliferation and reduce the negotiation to manageable proportions. We discuss several strategies next.

Fractionate the Negotiation *Fractionating* is a method of issue control that involves dividing a large conflict into smaller parts. According to Fisher (1964), fractionating can involve several actions: reducing the number of parties on each side; controlling the number of substantive issues discussed; stating issues in concrete terms rather than as principles; restricting the precedents involved, both procedural and substantive; searching for ways to narrow the big issues; and depersonalizing issues, separating them from the parties advocating them. These approaches work as follows:

1. **Reduce the number of parties on each side.** When there is an impasse, both parties try to build alliances for strength or to bring their constituencies into the negotiation to have more clout at the table. Additional parties, such as lawyers, experts, or parties with formal authority, are often brought in for the information or the leverage they can provide (12 ways to manage dueling experts are presented in Box 17.4). The sheer number of parties in the negotiation can increase the complexity of the negotiation substantially (more parties bring more perspectives on the issues, more time is needed to hear each party, and therefore there are more opportunities for disagreement, etc.). One way to manage a conflict that has escalated to impasse is to reduce the number of participants. Having fewer negotiators present, or even limiting the discussion to two individuals, will increase the chances of reaching a settlement.

1. Try to convince the other party that your expert is better.
2. Have experts jointly explain why they have different advice.
3. Have each expert answer a list of written questions.
4. Have the experts sign a joint explanation.
5. Jointly choose a third expert to attend the negotiation.
6. Have the third expert write a nonbinding decision.
7. Have the third expert write a binding decision.
8. Create doubt by introducing new or hypothetical facts.
9. Split the difference between the experts.
10. Logroll across experts.
11. Choose randomly between the experts.
12. Refer the decision to a binding third party (arbitrator, judge).

Source: Wade, John H., "Dueling Experts in Mediation and Negotiation: How to Respond When Eager Expensive Entrenched Expert Egos Escalate Enmity," *Conflict Resolution Quarterly*, vol. 21, no. 4, June 24, 2004, 419–36.

2. ***Control the number of substantive issues involved.*** A second way to fractionate a conflict is to keep the number of issues small enough to manage. When conflict builds to impasse, the size and number of issues proliferate. Some negotiations escalate to the point where there are too many issues to manage constructively. At the same time, limiting negotiations to very few issues also raises problems. Single-issue negotiations are frequently harder to manage because they quickly lead to win-lose polarization over the issue. In such circumstances, it is often important to expand the number of issues so both sides can see themselves as having gained. The number of issues can be expanded by defining the issue broadly enough so that resolution can benefit both sides or by coupling the issue with another issue so that each party can receive a preferred settlement on at least one issue. (We discussed defining the bargaining mix, bundling and packaging issues, and inventing options in Chapters 2, 3, and 4.)
3. ***State issues in concrete terms rather than as principles.*** Negotiation issues become difficult to control when events or issues are treated as matters of principle. Small conflicts can rapidly become intractable disputes when their resolution is not treated as an isolated event but, instead, is made consistent with a broader policy or principle. Negotiators may view any deviation from policy as a threat to that policy. Because it is far more difficult to change broad policy than to make a concession on a single issue, negotiations become challenging quickly. For example, an employee needs to take her child to the doctor during work hours and requests an excused absence from the company. The company does not have a policy that permits employees to take time off for this reason, and the employee's supervisor tells her she has to take sick leave or vacation time instead. "It's a matter of principle," the manager asserts. Resorting to arguments of principle and policy is often a tactic used by high-power parties against any change from the status quo; the longer the discussion remains at the level of policy or principle, however, the less likely it is that it will become specific enough to be successfully resolved.

There are times, of course, when a single event is indicative of a new principle or policy. When this is the case, negotiations should specifically address the policy or principle. Frequently, people are reluctant to address principles because they know negotiations over principles are difficult and lengthy. Attempting to negotiate a concrete issue when the negotiation really should address the broader principle, however, may result only in frustration and a sense of futility. If this occurs, it is wise to face the underlying issue and raise it directly. There are at least two tactics that can be used:

- Question whether the issue needs to be addressed at the principle or policy level. Inquire about the link between the specific issue and the broader principle or policy. If none exists, and one party wants to look at the matter from a principle or policy level, suggest that the immediate concrete issue be handled and discussed separately from the underlying principle or policy.
- Assert that exceptions can be made to all policies and that principles and policies can be maintained even if exceptions are made under special circumstances. The parties may be willing to agree that this specific case might be one of those times.

4. ***Restrict the precedents involved, both procedural and substantive.*** Another opportunity to fractionate the negotiation occurs when the parties treat concessions on a single issue as creating a substantive or procedural precedent. When a substantive precedent is at stake, the party may feel that to concede on the issue at this time will render him or her vulnerable to conceding on the same issue, or a similar issue, in the future. To return to our previous example, the manager may argue that if he grants the employee an excused absence in this case, when no policy exists, then he will be obligated to grant permission to every other employee making the same request. Belief in the power of substantive precedents is strong, but it may be possible to restrict the negotiation so that it has no precedent value and the agreement applies only to the current situation. Ideally, some aspect of the current situation is unique so that the fractionation may occur. Procedural precedents are at stake when parties agree to follow a process they haven't followed before. In the employment example, the manager may not want to give the employee the excused absence because the employee did not submit any proof that she was, in fact, taking a child to the doctor. So they could agree that the employee will return with some evidence that the doctor's visit was made.

Issues of precedent can be as difficult to manage as issues of principle. Negotiators trying to move conflict toward de-escalation and resolution should try to prevent single issues from being translated into major questions of precedent. Focusing the dialogue on the key issue and persisting in arguments that concessions on this issue at this time do not have to set any precedents—substantive or procedural—is a way to undermine the power of precedent and to return the negotiation to a course leading toward agreement.

5. ***Search for ways to divide the big issues.*** Negotiators should try to find ways to slice a large issue into smaller pieces, known as using *salami tactics* (Fisher, 1964). Issues that can be expressed in quantitative, measurable units are easy to slice. For example, compensation demands can be divided into cents-per-hour increments or lease rates can be quoted as dollars per square foot. When working to fractionate issues of principle or precedent, parties may use the time horizon (when the principle goes into

effect or how long it will last) as a way to fractionate the issue. It may be easier to reach an agreement when settlement terms don't have to be implemented until months in the future. Another approach is to vary the number of ways that the principle may be applied. For example, a company may devise a family emergency leave plan that allows employees the opportunity to be away from the company for a period of no longer than three hours, and no more than once a month, for illness in the employee's immediate family.

- 6. *Depersonalize issues: separate them from the parties advocating them.*** Positional bargaining can create conflict over the issues and enhance tension in the relationship between negotiators. People become identified with positions on issues, and vice versa. Effective negotiation requires separating the issues from the parties, not only by working to establish a productive relationship between the parties but also by trying to resolve the issues in a fair and impartial way independent of the relationship between the parties with conflicting views. Fisher, Ury, and Patton (2011) elaborate on this point, suggesting that effective integrative negotiation is tough on the negotiating problem but soft on the people. We expect this to be even more important when negotiations are at impasse.

Establishing Common Ground

Parties in escalated conflict tend to magnify perceived differences and to minimize perceived similarities (Pruitt and Rubin, 1986). The parties see themselves as further apart and having less in common than may actually be the case. A fifth step that parties can take to de-escalate conflict is to establish common ground and focus on common objectives. Several approaches are possible: establishing superordinate goals, aligning against common enemies, establishing common expectations, managing time constraints and deadlines, reframing the other party's view, building trust, searching for semantic solutions, and using analogical reasoning. As we discussed in Chapter 6, these approaches might also be viewed as efforts to reframe the conflict away from a focus on differences and toward a focus on common areas. In general, as the conflict de-escalates, it becomes possible to move to an approach that accommodates a mix of distributive and integrative strategies, and to reduce the use of purely distributive approaches.

Establish Superordinate Goals Superordinate goals are common goals; both parties desire them, and both parties must cooperate to achieve them (see Box 17.5). In a corporation, for example, people perform different jobs that have different objectives (e.g., marketing, manufacturing, distribution), yet they must work together or the business will not survive. A local city council may disagree with community members about the ways to spend limited funds for community development; however, the two sides may be able to agree if they write a joint grant proposal that will provide enough money to meet the majority of their objectives. Two entrepreneurs may be in a heated conflict over how to resolve a design problem in a new product, but if they share the common objective of resolving the problem in time to present their case to a group of venture capitalists who could fund the enterprise, they may improve their chances of finding a solution.

To have a constructive impact on negotiations, superordinate goals must be wanted by both parties and must not be seen as benefiting one more than the other. Johnson and

Trying to Please Everyone: The Use of a Superordinate Goal

Disputes over the use of water are common among environmentalists, water recreation enthusiasts, and industry. Early in 1996, the Deerfield River Hydroelectric Project in Vermont was simply another battle site in this longstanding, multiparty war. However, creative negotiation has transformed the heated discussions over the Deerfield project into cooperative ventures that have benefited most of the parties involved.

Each of the stakeholders in this dispute brought different priorities to the negotiation table. The rafting and canoeing companies wanted the power company to agree to a regular schedule of water release into the Deerfield River so they could coordinate recreation activities with their clients. Fishing enthusiasts felt that the flow into the river should be continuous and steady so that regular cycles of fish breeding and migration would be undisturbed. Local environmental groups wanted the power company to set aside land for conservation to offset damage that might be caused by the water release. Finally, local towns worried that the use of land for conservation would reduce their property tax revenue. Ultimately, it was a lose-lose situation for the power company:

There was no activity they could envision that would satisfy all constituents.

The typical strategy for the power company would have been to divide and conquer, asking that the federal government or court agree to the proposed release schedule as originally presented simply because the other parties could not agree. But they noted the potential for long, costly court battles and appeals, coupled with the risk that the final settlement may not be to their liking, and opted instead to renew negotiation efforts.

Ultimately, the company agreed to spend \$7 million to protect both fish and land while agreeing to coordinate release of white water with local recreation companies. Local towns are thrilled with the increase in sales tax revenue that accompanies an increase in recreational activity. More important, the lines of communication in Vermont remain open. The stakeholders in this dispute realized that they shared a common goal: protection of the Deerfield River.

Source: Ulman, Neil, "Unlikely Allies: Pact for River's Use Unites Conservationists and a Power Company," *The Wall Street Journal*, May 20, 1996, A6, A9.

Lewicki (1969) showed that when one party introduced superordinate goals that were closely related to the issues of conflict, that party often became caught up in the conflict dynamics and lost their effectiveness. Random events or events created by neutral third parties generate better superordinate goals than those sought or planned by the parties involved. For example, disasters such as floods, storms, blackouts, and fires—witness the impact of the events of September 11, 2001—bring people and communities together with a common purpose of survival; the same impact can be seen in negotiations.

Align against Common Enemies A common enemy is a negative type of superordinate goal. The parties find new motivation to resolve their differences to avoid intervention by a third party or to pool resources to defeat a common enemy. Political leaders of all persuasions invoke outside enemies, such as the other political party, to bring their own constituencies together. Managers who are in conflict learn that if they don't resolve their differences themselves, their boss will make the decision for them. Labor and management may behave more collaboratively when threatened with binding arbitration, declining market share, foreign competition, or government intervention. Common enemies have the capacity to establish common ground between parties, who can then work to resolve impasses.

Establish Common Expectations We noted earlier in this chapter that parties can manage the social context by devising ground rules to govern their conflict. When ground rules are poorly chosen and mismanaged, however, they become part of the conflict rather than a process for effectively managing it. For example, ground rules are often introduced in a directive manner; they are formal, limiting, and prohibitive—trying to prevent people from doing the wrong things, rather than encouraging people to do the right things. They are also not consistently applied, deviations are handled arbitrarily, and there is no agreed-upon procedure for revising them.

A more effective process is to move from ground rules to what Dukes, Pisolish, and Stephens call “higher ground” by creating common and shared expectations. The act of doing this—a process for how the parties will move forward—is called “creating a group covenant” (Dukes et al., 2000). A group covenant addresses differences, clarifies expectations, and establishes ground rules to move the group forward. There are six key elements to this process (p. 83):

1. Establish the need for creating shared expectations.
2. Educate and inspire people to create a new covenant that all will agree to follow.
3. Envision desired outcomes for the future, and then develop common ground rules that will enable the group to reach them.
4. Promote full participation by giving everyone a voice in the process.
5. Be accountable by honoring the agreements contained in the new covenant.
6. Evaluate, modify, revise, and recommit to these new principles as necessary.

Manage Time Constraints and Deadlines While time can be a source of power and leverage in many negotiations (see Chapter 8), it can also be an impediment. Gersick (1988, 1989) suggests that time and timing are critical aspects of effective group process. Not only should parties try to agree to a time schedule for moving discussions along, but they should also realize that under the time pressure of an approaching deadline, any substantive issues that remain unresolved may surface, changing one or both parties to a more competitive, less collaborative frame of mind. In addition, while people may feel that they become more creative as deadlines approach, research evidence suggests that, in fact, the opposite occurs (Amabile, Hadley, and Kramer, 2002). Research shows that negotiators reach better agreements when they have more time to negotiate (de Dreu, 2003). The remedies for managing time constraints and deadlines to de-escalate impasses are straightforward:

- Conduct thorough and open problem diagnosis and issue identification to clarify the motives of both parties.
- Address and identify the clearly distributive issues early enough so they are not a surprise as the deadline approaches.
- Be generous in estimating the time necessary to conclude the negotiation, allowing extra time to manage difficult or linked issues.
- Recognize tentative deadlines for what they are, consider benchmarking progress against the time allotted, and let both sides reconsider tentative settlements before closing the discussion.

- Consider the possibility of extending a deadline set early in the negotiation. If the deadline is not movable, pay additional attention to timing, pacing, and especially benchmarking progress.

Reframe the Parties' View of Each Other In Chapter 6, we discussed the power of frames to shape the way the parties view each other, the issues, and the conflict management process. Lewicki, Gray, and Elliott (2003) provided detailed examples of how frames shape and misshape the ways parties perceive difficult-to-resolve environmental disputes and the processes available for their resolution. In an examination of several ways that disputes can be reframed, Lewicki and colleagues suggest that parties must be able to gain perspective on the dispute. This perspective taking requires standing back from the negotiation, observing it, and reflecting on it in a way that allows parties to recognize that there is more than one way to view the other party, the issues, and the process of resolving it (see Schön and Rein, 1994). Many of the processes we describe in this chapter presume that the parties are able to engage in this perspective taking on their own. If they are unable, however, then these suggestions will be difficult to employ, and the help of a third party may be required (see Chapter 19).

Build Trust Strong, constructive bargaining relationships are typically marked by conditions of high trust (characterized by hope, faith, confidence, assurance, and initiative) and low distrust (characterized by the absence of fear, skepticism, and cynicism) and are accompanied by low vigilance and low monitoring behaviors between the parties (Lewicki, McAllister, and Bies, 1998; Lewicki and Stevenson, 1998). Healthy interdependence, characterized by strong trust and either low distrust or the effective management of any distrust that exists will support the pursuit of mutually beneficial opportunities. The collaborative ideal of high trust/low distrust refers to each party's expectation that the other will cooperate, be predictable, and be committed to solving the problem (Ross and LaCroix, 1996). Such attitudes and behaviors are critically important to moving parties to create value in negotiations and to move beyond impasses. The trust produced by successful collaboration—based on enhanced knowledge of the other party and his or her needs—reinforces itself through multiple iterations of bargaining situations (e.g., Lewicki and Stevenson, 1998; Shapiro, Sheppard, and Cheraskin, 1992). Trust was discussed more extensively in Chapter 10.

Search for Semantic Resolutions Negotiations where the parties are negotiating over specific words and ideas—deciding on contract language, setting policy, or establishing memorandums of agreement—can lead to an impasse over key words, phrases, and expressions. Sometimes these discussions can be reduced to irrelevant linguistic hairsplitting, yet to the parties involved the wording is significant in both meaning and intent (see Box 17.6). Discovering how parties attach different meanings to some words, and exploring language that can accommodate both sides, is another approach to moving beyond impasse.

Use Analogical Reasoning Spector (1995) suggested applying creative decision-making approaches to negotiation, especially in difficult or intractable cases.⁵ Going beyond basic creativity heuristics such as brainstorming, role-playing, and role reversal, Spector proposes

Linguist Deborah Tannen (1998) states that Americans live in an argument culture, where the language we use in talking about issues reflects a preference for adversarial relationships. The words we choose to describe our interactions shape our perceptions of the experience.

Consequently, when we refer to the “opponent” in a “debate,” we shape our communication as adversarial and are more likely to escalate the conflict.

Tannen proposes the following naming alternatives to help defuse the argument culture:

Instead of This . . .	Say This . . .
Battle of the sexes	Relations between women and men
Critique	Comment
Fight	Discussion
Both sides	All sides
Debate	Discuss
The other side	Another side
Having an argument	Making an argument
The opposite sex	The other sex
War on drugs	Solving the drug problem
Litigation	Mediation
Provocative	Thought-provoking
Most controversial	Most important
Polarize	Unify
Attack-dog journalism	Watchdog journalism
Automatic opposition	Genuine opposition
Focus on differences	Search for common ground
Win the argument	Understand another point of view
The opposition party	The other party
Prosecutorial reporting	Investigative reporting
The argument culture	The dialogue culture

Source: Tannen, Deborah, “How to Turn Debate into Dialogue,” *USA Weekend*, February 27–March 3, 1998, 4–5.

that the metaphorical process of analogical reasoning (the illustrative use of analogies) provides considerable power to reframe intractable conflict. *Analogical reasoning* is defined as the inferential process by which a resemblance, similarity, or correspondence, perceived between two or more things in some respect, suggests that they will probably agree in other ways as well.⁶ When using analogies, the problem is restated in terms of something very familiar. By comparison and through different lenses, new ideas and options may be generated (Spector, 1995, p. 87).

This might be a particularly fruitful remedy for impasse problems, since “the way a dispute is framed can constrain the options for resolution” (Spector, 1995, p. 82). Several kinds of analogies may prove useful:

- *Direct analogies*, in which the problem is placed or examined in a totally different field of information (e.g., “This conflict is like a can of worms”).
- *Fantasy analogies*, in which the problem is restated in terms of a party’s fantasized or wished-for state (e.g., “I wish I could sweep this thing away like a pile of dust”).
- *Personal analogies*, in which a party puts herself in the problem situation, attempting to identify with it or empathize with those in the situation (“You must feel like a large picture in a small frame”).
- *Symbolic analogies*, in which a different, often graphic, image is conjured up to focus attention and provide a starting point for more open discussion (“This conflict reminds me of trying to land an airplane whose landing gear won’t go down”) (Spector, 1995, p. 88).

The desired outcome—fresh ideas and new perspectives—becomes possible when parties use the analogy to develop a new or amended cognitive orientation to the problem.

Enhancing the Desirability of Options to the Other Party

The sixth step parties can use to de-escalate a conflict is to make their desires and preferences appear more palatable to the other. As conflict escalates, the parties may lock into a rigid position on an issue. Moreover, as this position is interpreted and reinterpreted over time, negotiators try to remain consistent with the original position. If the other party does not comply with a negotiator’s position, the negotiator’s tendency is to escalate tactics or increase the magnitude of threats for noncompliance. These actions make impasse more likely.

Rather than focusing on their own interests and positions, negotiators should direct their efforts to the following question: How can we get the other party to make a choice that is best for us, given that our interests diverge? This approach is largely a matter of focusing on the other’s interests rather than one’s own. One powerful way to do this is to focus on *why* the other party wants what he wants (Malhotra and Bazerman, 2007). Understanding why the other party takes positions and holds interests allows negotiators to create new options that may get the negotiation back on track. Like role reversal, it requires negotiators to focus less on their own position and more on clearly understanding and addressing the other party’s needs. Moreover, once those needs are understood, negotiators should move toward the other party, instead of trying to get the other party to come to them. This can be done in most cases by making offers rather than demands and threats. Fisher (1969) suggests several alternative strategies, which are discussed next.

Give the Other Party a “Yesable” Proposal A negotiator should direct efforts to understanding the other side’s needs and devising a proposal that will meet those needs rather than emphasizing his or her own position and letting the other party suggest alternatives that can be approved or overruled. Fisher (1969) calls this a “yesable” proposal, one to which the only answer can be “Yes, it is acceptable.” To succeed, however, this approach

requires negotiators to consider what the other party wants or would agree with, rather than exclusively considering their own goals and needs.

Ask for a Different Decision Rather than making demands more general, negotiators should endeavor to make them more specific. Negotiators must determine what specific elements of their demands are most palatable or offensive to the other party, then use this information to refine the demand. “Ask for a different decision,” asserts Fisher (1969). Reformulate, repackage, reorganize, or rephrase. Fractionate, split, divide, or make more specific. Making demands more specific is not making them more rigid; rather, specific demands can be reformulated to meet the other’s needs. Fisher, Ury, and Patton (2011) recommend that successful negotiators be skilled at inventing options for mutual gain (see Chapter 3). Inventing and refining ways in which both parties can succeed, and providing a variety of these options to the other party, greatly enhances the likelihood that both parties can select a desirable option.

Sweeten the Offer Rather Than Intensifying the Threat Negotiators can also make options more palatable by enhancing the attractiveness of accepting them. Again, this is a matter of placing emphasis on the positive rather than the negative. In the language of traditional carrot-and-stick tactics for motivating workers, the approach should make the carrot more attractive rather than enlarging the stick. Promises and offers can be made more attractive in several ways: maximizing the attractive qualities and minimizing the negative ones, showing how the offer meets the other party’s needs, reducing the disadvantages of accepting the offer, making offers more credible by providing third-party references or factual support, or setting deadlines on offers so they expire if not accepted quickly. Many would argue that these are common sales tricks akin to time-limited rebates, discount coupons, two-for-the-price-of-one offers, “today only” sales, and extra-added-attraction elements. They are! Negotiators can and should use the same techniques that salespeople use to move their products. Some of these techniques were described more fully in Chapter 9 under the topic of influence.

Use Legitimacy or Objective Criteria to Evaluate Solutions Finally, negotiators may insist that alternative solutions be evaluated by objective criteria that meet the tests of fairness and legitimacy. Negotiators on all sides should be able to demonstrate that their demands are based on sound facts, calculations, and information and that preferred solutions are consistent with those facts and information. This procedure will frequently require disclosing and sharing those facts, rather than disguising and distorting them. “Here’s how we arrived at our proposal. Here are the facts we used, the cost data we used in our estimates, the calculations we made. You can verify these by the following procedures.” The more these data are open to public verification and demonstrated to be within the bounds of fairness and legitimacy, the more convincing it will be that the position is independent of the negotiator who advocates it, and the more persuasive the position will be in achieving a settlement.

Section Summary

In this section, we reviewed six major strategies that negotiators can use to get derailed negotiations back on track and return to a more productive flow of events: agreeing on the ground rules, reducing tension, improving communication, controlling issues, finding

common ground, and making options more attractive for joint resolution. Taken together, these strategies create a large portfolio of alternatives that negotiators can pursue to manage derailed discussions, enhance deteriorating communications, and find ways to invent acceptable solutions. These techniques are ways that parties can work together to overcome intractability and improve the odds that successful resolution can occur.

Chapter Summary

Through several different avenues—breakdowns in communication, escalation of anger and mistrust, polarization of positions and refusal to compromise, ultimatums, or even conflict avoidance—negotiations can hit an impasse. Productive dialogue stops. The parties may continue talking, but the communication is usually characterized by trying to sell or force the negotiator's own position, talking about the other's unreasonable position and uncooperative behavior, or both. When these breakdowns occur, the parties may simply agree to recess, cool off, and come back tomorrow. More commonly, however, the parties break off negotiation and walk away angry and upset. Although they may privately wish there were some way to get back together, they usually don't know how to start the reconciliation.

This chapter explored various reasons that conflicts become difficult to resolve and likely to reach impasse. We discussed the fundamental nature of difficult-to-resolve conflicts and discussed four dimensions that

make them difficult to resolve: the characteristics of the issues, the parties, the negotiation environment, and the negotiation setting. We then examined several common mistakes that result in derailed negotiations and impasses. Finally, we suggested six strategies that the parties can use to attempt to resolve a dispute on their own.

The tools we discussed are broad in function and in application, and they represent self-help for negotiators in dealing with stalled or problematic exchanges. None of these methods and remedies is a panacea, and each should be chosen and applied with sensitivity to the needs and limitations of the situations and of the negotiators involved. Their successful application requires a significant amount of interpersonal communication skill. A truly confrontational breakdown, especially one that involves agreements of great impact or importance, sometimes justifies the introduction of individuals or agencies who themselves are not party to the dispute. Third-party interventions are discussed in detail in Chapter 19.

Endnotes

¹ Characteristics of the conflict resolution process are discussed in more detail in Adler, Rosen, and Silverstein (1998); Blake and Mouton (1961a, 1961b, 1961c); Corwin (1969); Harvey (1953); and Keltner and Robinson (1993).

² Environmental negotiations are discussed in detail in Sauer, Dvorak, Lisa, and Fiala (2003); and Wade-Benzoni, Hoffman et al. (2002).

³ See Gray (2003a); Hogg, Terry, and White (1995); and Smyth (1994).

⁴ For more detailed discussion, see Deutsch (1973); Deutsch and Coleman (2000); Pruitt and Rubin (1986);

Susskind, McKernan, and Thomas-Larmer (1999); and Walton (1987).

⁵ For a discussion of creative thinking, see De Bono (1990); Sternberg (1988); Von Oech (1990); and Whiting (1958). For a proposed research agenda on creativity and negotiation, see Wilson and Thompson (2014).

⁶ Analogical reasoning and aspects of negotiation have been examined by Gillespie, Thompson, Loewenstein, and Gentner (1999); and Loewenstein, Thompson, and Gentner (1999, 2002).



Managing Difficult Negotiations

Objectives

1. Understand how to manage the social contract.
 2. Consider how to respond when the other party responds distributively, has more power, or presents you with an ultimatum.
 3. Learn different approaches a negotiator can use when dealing with difficult people.
-

CHAPTER OUTLINE

Managing the Shadow Negotiation and Social Contract

Power Moves

Process Moves

Appreciative Moves

Responding to the Other Side's Hard Distributive Tactics

Call Them on It

Ignore Them

Respond in Kind

Offer to Change to More Productive Methods

Responding to Irrationality

Responding When the Other Side Has More Power

The Special Problem of Handling Ultimatums

Responding to Anger

Responding When the Other Side Is Being Difficult

Ury's Breakthrough Approach

Responding to Difficult People

Having Conversations with Difficult People

Duplicitous Negotiations

Chapter Summary

Michele is having a terrible dispute with her neighbor in the condo next door. The neighbor, who recently moved into the apartment, brought a large German shepherd dog with him that barks *all* the time. Michele is a writer who works at home, but the dog is so distracting that she cannot get anything done. Michele has talked to the neighbor, who has apologized for the problem but has done nothing to keep the dog quiet. Since then, the neighbor won't speak to her or respond to her messages. He won't even answer the door when she knocks,

even though she knows he is home. Michele is considering filing a nuisance complaint with the police and taking the neighbor to court.

Jose and his co-worker Max are at it again. They both work as software developers for a major marketing firm. Max just can't seem to get to work on time in the morning, and Jose always has to cover for him on problems that crop up overnight. Max always stays later than Jose, but there is much less work in the late afternoon than first thing in the morning. Jose and Max have talked about it; Max promises to get to work earlier, and for a few days he is fine, but then he slips back into his old pattern. Jose doesn't want to report him to the boss, but he doesn't see any other alternative.

Simon, a manufacturer's representative for a machine tool company, finds that a client's recent expansion has resulted in Simon having to follow the client into another sales representative's territory. Simon is sure that the problem can be worked out to everyone's satisfaction and advantage, but so far the other sales rep seems to not want to give up a piece of his "turf"—in fact, he seems to act like it's some sort of contest and wants to play games.

In this chapter, we turn to situations where parties are using *different* models to guide their negotiation because they have diagnosed the situation differently, possess different levels of negotiation sophistication, or prefer different approaches to negotiating. We believe that many negotiators are not very familiar with collaborative negotiation and use it less frequently than they should. One goal of negotiators should be to ensure the broader application of integrative negotiating under appropriate circumstances in order to produce better agreements. We direct our discussion and advice to negotiators who wish to negotiate collaboratively but find they must deal with others who are reluctant to do so—who wish, intend, or are actively trying to be distributive. We call them "difficult" people.

Negotiators always run the risk of encountering other parties who, for any number of reasons, are difficult negotiators, and frequently they must negotiate with them or face large personal costs (e.g., Michele, Jose, and Simon in the opening examples of this chapter). In tough situations, negotiators must choose whether or not to negotiate. Robert Mnookin (2010), in his seminal book *Bargaining with the Devil*, states that when faced with a devil and the choice to negotiate, his advice is to negotiate, "not always, but more often than you feel like it" (p. 261). Mnookin suggests four elements that should guide the decision whether or not to negotiate: (1) a systematic comparison of the expected costs and benefits of negotiation; (2) obtaining advice from others when evaluating alternatives; (3) starting with a presumption to negotiate but allowing this to be overruled as the negotiation develops; and (4) when negotiating on behalf of others, not allowing pragmatic assessments to be overruled by your own moral perspective. Mnookin argues that the most difficult dilemma that negotiators face when bargaining with the devil is between the "principled choice" and the "pragmatic choice" (also see Faure, 2015). There is no single answer to this dilemma, but Mnookin's four elements offer guidance for negotiators deciding whether or not to proceed.

The behavior of difficult negotiators may be *intentional*, the result of a clear strategic, behavioral, or philosophical choice by the other party. It may also be due to *inadequate skill*, including faulty diagnosis of negotiation opportunities—the other party just doesn't see any value in or potential for a collaborative approach or doesn't know how to craft and pursue such an approach. In this chapter, we address methods negotiators can use when dealing with an intentionally difficult party. We then proceed to explain the skills and behaviors needed to defend against such parties and/or to convert them to use a more productive negotiation process. In simple terms, the collaborative party is trying to change the social contract or proactively manage the shadow

negotiation introduced in Chapter 17 (see Fortgang, Lax, and Sebenius, 2003; Kolb and Williams, 2001). Regardless of the reasons the other party is being difficult, the general advice is to “slow down” the negotiation and to listen carefully to the other party for clues as to how to proceed.¹

We begin by discussing how to manage the shadow negotiation and social contract. Next, we turn to a discussion of how to respond to the other party’s hard distributive tactics, which is followed by a discussion of the options available to negotiators who are faced with another party who is irrational or has more power. We then examine how to respond to ultimatums and discuss possible tactics to use when dealing with angry and generally difficult negotiators. Next we discuss how to manage difficult conversations. We close the chapter with a discussion of “duplicious negotiations,” situations in which the other party appears to be negotiating but, in fact, has no desire to reach an agreement (Anand, Feldman, and Schweitzer, 2009).

Managing the Shadow Negotiation and Social Contract

Managing the shadow negotiation and social contract is fundamentally concerned with determining *what* ground the negotiation is going to cover and *how* the negotiators are going to work together (Fortgang et al., 2003; Kolb and Williams, 2001). As we mentioned in Chapter 17, the *shadow negotiation* occurs in parallel with the substantive negotiation and is concerned with how the negotiation will proceed. Who will have influence and power? What is acceptable behavior? Who is included or excluded from the discussion? Frequently, these matters are not decided in the open but occur “in the shadows.” The result of this ongoing shadow negotiation is a *social contract* regarding how the negotiation will proceed, who has influence and power, and what the boundaries of the negotiation are.

The social contract and shadow negotiation are concerned with what the negotiation is about and how decisions are made. Negotiators need to be clear in their own minds where the boundaries of the current negotiation are and should be. If the discussion is too narrow or too broad, then this needs to be explicitly addressed and corrected. When the other party has a different implicit or explicit understanding of the negotiation, negotiators need to discuss this and work to create alignment in the social contract. This alignment can occur by convincing the other party to agree with your view of the situation, changing your expectation to match theirs, or reaching an agreement about the parameters of the social contract. In other words, the social contract should be discussed and negotiated, not assumed.

It is important that negotiators consider the shadow negotiation carefully before meeting with the other party so that they are clear in their own minds about the scope of the negotiation and understand how they would ideally like to work with the other party. For instance, do they want to be more or less collaborative? How important is time pressure? Is this a one-time deal, or is this discussion part of a longer relationship? It is also important that negotiators monitor the shadow negotiation once the substantive negotiation has started—because if the shadow negotiation is ignored, it has the potential to lead to poorer outcomes or even to derail the talks.

Deborah Kolb and Judith Williams (2001) interviewed hundreds of executives about their negotiation experiences, especially with respect to the shadow negotiation. Kolb and Williams suggest that negotiators ignore shadow negotiations at their peril because the unaddressed shadow negotiation can lead to negotiations that are “blocked or stalled—undermined by hidden assumptions, unrealistic expectations, or personal histories” (p. 90). They identify three strategic levers available to help people navigate the shadow negotiation: power moves, process moves, and appreciative moves (see Box 18.1 for an example).

A single strategic move seldom carries the day. In combination, however, such moves can jump-start workplace negotiations and keep them moving toward resolution.

Consider the case of Fiona Sweeney, the new operations chief. She had neither the authority nor the personal inclination to order the sales and production divisions of her company to cooperate. Instead, she fashioned a series of strategic moves designed to influence the negotiations.

Power Moves

Having established her credibility with sales by increasing the turnaround time on expense-account reimbursements, Sweeney knew she needed to up the ante for maintaining the status quo, which created hardships for production and was frustrating customers. It was particularly important to bring pressure to bear on the sales division, because the informal reward systems, and many of the formal ones, currently worked to its benefit. To disturb the equilibrium, Sweeney began to talk in management meetings about a bonus system that would penalize the sales division whenever it promised more than production could deliver. Rather than immediately acting on this threat, however, she suggested creating a cross-divisional task force to explore the issues. Not surprisingly, the sales group was eager to be included. Moreover, the CEO let key people know that he backed Sweeney's proposal to base bonuses on profits, not revenues.

Process Moves

Sweeney then moved to exert control over the agenda and build support for the changes she and the CEO envisioned. She started an operations subgroup with the heads of quality control and production, mobilizing allies in the two areas most directly affected by the sales division's behavior. Soon, they developed a common agenda and began working in concert to stem the influence of sales in

senior staff meetings. On one occasion, for example, Sweeney proposed assigning a low priority to orders that had not been cleared by the operations subgroup. Quality control and production roundly supported the suggestion, which was soon implemented. Through these process moves, Sweeney built a coalition that shaped the subsequent negotiations. But she did something more.

Power and process moves often provoke resistance from the other side. Sweeney prevented resistance from becoming entrenched within the sales division through a series of appreciative moves.

Appreciative Moves

To deepen her understanding of the issues sales confronted, Sweeney volunteered her operations expertise to the division's planning team. By helping sales develop a new pricing-and-profit model, she not only increased understanding and trust on both sides of the table but also paved the way for dialogue on other issues—specifically the need for change in the company's decision-making processes.

Most important, Sweeney never forced any of the players into positions where they would lose face. By using a combination of strategic moves, she helped the sales division realize that change was coming and that it would be better off helping to shape the change than blocking it. In the end, improved communication and cooperation among divisions resulted in increases in both the company's top-line revenues and its profit margins. With better product quality and delivery times, sales actually made more money, and production no longer had the burden of delivering on unrealistic promises generated by sales. Customers—and the CEO—were all happy.

Source: Kolb, Deborah M., and Williams, Judith, "Break-through Bargaining," *Harvard Business Review*, vol. 79, no. 2, February 2001, 89–97.

Power Moves

Power moves are designed to bring reluctant bargainers back to the table. There are three kinds of power moves: incentives, pressure tactics, and the use of allies. *Incentives* draw the attention of the other party to the importance of the negotiation and help them recognize that they will benefit from negotiation. *Pressure tactics* force the other party to realize that the status quo is unacceptable and make the costs of not negotiating very explicit. Finally, enlisting the support of *allies* can help the other party see the advantage of negotiating.

Process Moves

Process moves are designed to alter the negotiation process itself through adjustments to the agenda, sequencing, decision rules, and the like. For example, a competitive mindset may favor those who speak loudest or longest, or who like bluffing and gamesmanship. A negotiator who is uncomfortable with this dynamic can try to reframe the process, for example, by redefining something that was a competition over resources into a collaborative group allocation decision based on need.

Appreciative Moves

Appreciative moves are designed to break cycles of contentiousness that may have led to deteriorating communication, acrimony, or even silence. Examples of appreciative moves are tactics that help the other party save face in an argument, maintain dialogue and information exchange in the face of pressure to disengage, or invite new perspectives into the discussion to try to break a logjam or reverse a skid toward stalemate.

Section Summary

The concepts of the shadow negotiation and social contract are compelling ways to think about the often hidden yet crucial processes that occur in negotiation alongside haggling over positions and arriving at agreements. Negotiators who want to shift to a more collaborative process should actively manage the shadow negotiation and social contract.

Responding to the Other Side's Hard Distributive Tactics

By *hard tactics*, we mean the distributive tactics that the other party uses in a negotiation to put pressure on negotiators to do something that is not in their best interest. The temptation to use hard tactics is inherent in the distributive model: Try to get information, but don't share it; work to convince the other party of the value of staying in the deal, or enhance the perception of the cost of leaving it rather than working to create value; and so on. Distributive tactics were discussed in Chapter 2, where we also discussed strategies for responding to these tactics. To summarize briefly, as a party managing a negotiation mismatch, you can respond to these tactics in the following ways: Call them on it, ignore them, respond in kind, or offer to change to more productive methods.

Tools for Handling Aggressive Bargaining Techniques

Aggressive Bargaining Technique	Value-Based Response
Early request for price quote	Probe buyer's needs. Quote list pricing or a w-i-d-e range.
Focus on seller's cost and profit margins	Communicate ways you lower costs for the buyer through unique elements of your offer.
Constrained by buyer's budget	Identify items that can be either trimmed from the proposal or shared with other budget centers.
Provide a discount to win future business	Explain your perspective that future business is based on value delivery today.
Price discounts based on past service failure	Seek to understand the issue and its impact; then fix it without providing a price discount.
Requests for additional items at no charge	Explain the offering menu and that items purchased outside the scope of the agreement are priced "à la carte."

Source: Yama, Elliott, "Buying Hardball, Playing Price," *Business Horizons*, vol. 47, no. 5, September–October 2004, 62–66.

Call Them on It

Negotiators should tell the other party that they are aware of what he or she is doing when using hard tactics by identifying the tactic and raising it to the level of open discussion. This should be done tactfully but firmly. Negotiators may indicate their displeasure with the tactic and explain why it is interfering with a positive discussion and preventing the negotiation from progressing. Sometimes, the embarrassment value of such an observation is sufficient to make negotiators disavow the tactic and stop using it. Discussing the tactic is a good first step to converting negotiators to more win-win negotiating.

Ignore Them

A tactic that is ignored is essentially a tactic defeated; even if it is recognized later, it does not have the power to bring undue pressure to bear. Unfortunately, some bargainers continue to bargain distributively and ignoring their tactics may not be enough to give them the message that a more collaborative approach to the negotiation is possible. Yama (2004) presents several responses from a hard bargaining sales context that ignore buyers' aggressive bargaining tactics while refocusing the negotiation on the sellers' value proposition (see Box 18.2).

Respond in Kind

The possibility of responding to a hard tactic with a hard tactic was discussed in Chapter 2. While this is appropriate in some circumstances, responding in kind is likely to escalate the conflict. Hence, responding in kind is not consistent with the goal of trying to convert the other party to use a more collaborative approach and should not be considered in this situation.

Offer to Change to More Productive Methods

Negotiators may announce that they have identified the other party's behavior and suggest a better way to negotiate. Fisher, Ury, and Patton (2011), in advising well-intentioned bargainers not to let themselves be victimized, suggest a comprehensive strategy: "Recognize the tactic, raise the issue explicitly, and question the tactic's legitimacy and desirability—negotiate over it" (p. 132). The logic of this advice lies in the assumption that once the aggressive negotiator understands that (1) their behavior is understood and (2) continuing this behavior will entail certain costs (including the possibility that you will walk away from the negotiation), he or she will (hopefully) respond to a suggestion for a more integrative exchange.

Section Summary

We recommend that negotiators who are trying to convert the other party from using hard distributive tactics to a more collaborative approach should respond by calling the other on the tactics and should offer to change to more productive methods if the distributive bargaining persists. Ignoring the tactics may work for a while, but responding in kind is not likely to be helpful in this situation.

Responding to Irrationality

One of the more challenging negotiation situations occurs when the other party appears to be completely irrational. The key to managing this situation is to understand why. Negotiators may act irrationally as a hard bargaining tactic, but there are other reasons they may appear irrational. Malhotra and Bazerman (2007) suggest three reasons that negotiators may seem irrational: (1) They are uninformed, (2) they have hidden constraints, and (3) they have hidden interests. During the recent sale of a vacation property, one of the authors of this book experienced hard bargaining from the potential buyer from the start of the negotiation. There had been extreme offers, unreasonable deadlines, multiple conditions, and constant requests for more information and price reductions. In addition, the buyer and his agent contradicted themselves from one day to the next. The negotiation came to a head over the septic system, and the author halted negotiations. While it may have been tempting to label the buyer irrational, this type of label does not help negotiations. The seller considered the three preceding reasons in relation to the sale: (1) The buyer may not have understood how septic systems work and was getting bad advice, (2) the buyer may have hit his price limit and was trying to drive the price down to afford the property, and (3) there may have been a hidden interest the seller didn't understand. The buyer's agent called 24 hours after abandoning the negotiation and confirmed it was a hidden interest. One year earlier, the buyer had purchased a home that contained \$30,000 in unexpected repairs and left the buyer very cautious about real estate transactions. The buyer shared this with the seller in a last attempt to get negotiations back on track. The buyer and seller then agreed to hire their own experts to assess the septic system and then discuss a fair resolution.

Malhotra and Bazerman (2007) caution against labeling negotiators as irrational because typically they are not and the label does not help the negotiation process. There are

times, however, when the other party is truly irrational. At that point, negotiators should seriously consider using their BATNA, imposing a solution if they have more power, or seeking the assistance of a third party (see Chapter 19).

Responding When the Other Side Has More Power

Relative power can be a good predictor of how a conflict will evolve. Other things being equal, when power is unequal, the more powerful party can achieve his or her goals more readily. Power imbalances in negotiation can represent clear dangers to the satisfaction of the needs of both parties and to the collaborative process. First, high-power parties tend to pay little heed to the needs of low-power parties, who either don't get their needs met or use disruptive, attention-getting tactics that make collaboration very difficult (Donohue and Kolt, 1992). Second, low-power parties are not usually in a position to trigger and advance an integrative process. Integrative negotiation requires a tolerance of change and flexibility, which often requires negotiators to give up some control over outcomes; low-power parties "have less to give, and thus less flexibility to offer the other party" (Donohue and Kolt, 1992, p. 107). Negotiators should consider four tactics when dealing with a party with more power:

1. Protect themselves.
2. Cultivate their best alternative to a negotiated agreement (BATNA).
3. Formulate a trip wire alert system.
4. Correct the power imbalance.

Negotiators can *protect themselves* by keeping in mind that they have real interests, that negotiation may be the preferred approach for achieving those interests, and that excessive accommodation to the high-power party will not serve them well over the long term. In other words, low-power parties should remember their resistance point and try to stick to it. That said, while knowing the resistance point will provide a clear measure of minimum acceptability (lowest price, maximum monthly payment, etc.), overly strict adherence to it may deprive negotiators of creativity and flexibility, which are critical components in the design of an integrative outcome. It may also limit their ability to use information that emerges during the exchange (Fisher, Ury, and Patton, 2011). Thus, lower-power parties need to protect their bottom line but also be open to creative approaches that may allow them to achieve their interests in other ways.

When in the low-power position, it is very important that negotiators *cultivate their BATNA*, which represents the best outcome that they can accomplish without the current negotiation. Many negotiators bargain without a clear definition of their BATNA; we pointed out in Chapters 2 and 3 that the lack of such a critical reference point gives negotiators less power and limits what they can achieve in the current negotiation (Fisher, Ury, and Patton, 1991). Even after negotiations have started, negotiators should continue to try to improve their BATNA, especially when dealing with another party that has more power. For example, a job seeker who is discussing a weak offer with a particular employer should continue to cultivate alternatives by pursuing other employment opportunities.

Keep in mind that cultivating a BATNA also has important perceptual elements: Does the other party *perceive* that your BATNA is worthwhile and you are likely to accept it if sufficiently favorable negotiation terms are not available? A low-power negotiator is strengthened to the extent that his or her alternatives improve, but it may not be enough simply to have an improved alternative. The other party must be aware that the alternative exists and must recognize its strength in relation to the preferred outcome. Negotiators can also help the other party see that his or her BATNA is not really as good as he or she thinks it is. Negotiators should work to identify what unique aspects they bring to the negotiation situation that gives them a competitive advantage over other negotiators. For example, perhaps you understand the needs and processes of the other party better than your competitors, so the other party's BATNA may not be as good as he or she claims.

A clear, strong BATNA may be reinforced by additional measures. Low-power negotiators are advised to *formulate a trip wire alert system* that serves as an early warning signal when bargaining enters the "warning" zone close to the walkaway option or the BATNA (Fisher, Ury, and Patton, 2011). The trip wire tells the negotiator to exercise special caution and pay increased attention to the negotiation in progress. Given that negotiations often become intense and engrossing at such points, it might be appropriate to assign a co-negotiator to watch for the warning zone and to notify the involved negotiator at the critical time.

The fourth option for dealing with more powerful parties is to *correct the imbalance*. This option involves dealing with an existing power imbalance. Three approaches to this are possible: low-power parties taking power, high-power parties giving power, and third parties managing the transfer and balance of power. The first approach, power taking, is typically not feasible in negotiations. Using disruptive or attention-getting actions to try to assume power typically contributes to a distributive exchange, generating in-kind responses from the high-power party. As we pointed out in Chapter 8, however, power in negotiation is multifaceted, and power may be gained on dimensions different from those currently held by the high-power party.

The second approach is for the high-power party to transfer power to the other party. Such actions include sharing resources, sharing control over certain processes or outcomes (e.g., the shadow negotiation, agendas, or decisions), focusing on common interests rather than solely on the high-powered party's interests, and educating the low-power party about what power he or she does have and how to use it more effectively (Donohue and Kolt, 1992). We may question why high-power parties would ever choose to transfer power to the other party. The answer is complex, but there are good reasons. First, sharing power facilitates the integrative negotiation process and leads to a better agreement. Second, when one party does have power over the other, frequently the best outcome the high-power party can achieve is compliance rather than enthusiastic cooperation. Finally, no power imbalance exists forever, and when low-power parties gain a power base or a BATNA, they are likely to either sever the relationship or engage in some form of revenge. Sharing power is a proactive way to prevent these outcomes.

Finally, the third approach—using a third party to manage power transfer—is feasible and is commonly used. We discuss the use of mediators and other third parties in detail in Chapter 19.

The Special Problem of Handling Ultimatums

One particularly troublesome hard tactic distributive negotiators use is ultimatums. An *ultimatum* is an attempt “to induce compliance or force concessions from a presumably recalcitrant opponent” (Kramer, Shah, and Woerner, 1995, p. 285). Ultimatums typically have three components: (1) a demand; (2) an attempt to create a sense of urgency, such that compliance is required; and (3) a threat of punishment if compliance does not occur (George, 1993). For example, one type of ultimatum is the *exploding offer*, in which one party presents the other with a classic no-win, use-it-or-lose-it dilemma. An exploding offer has a specific time limit attached to it, forcing the other party to decide on a less-than-ideal offer or run the risk of going without anything (Robinson, 1995). Such offers have several other components, including (pp. 278–79)

- A clear asymmetry of power between the parties.
- A pressure-inducing test of faith for the recipient of the offer.
- A restricted set of options.
- A lack of consideration and respect for the recipient by the offerer.
- An apparent lack of good faith on the offerer’s part.

The strategic logic of this type of ultimatum often involves an attempt to force a negotiator into a premature agreement, thereby bringing an early end to a negotiation process that might eventually produce a more equitable outcome for the receiver. It might also have the effect of limiting the negotiator’s ability to comparison-shop among multiple competing offers or possible BATNAs. Exploding offers have become popular among some employers recruiting graduating university students. These organizations may offer competitive, or even slightly better, financial packages to graduates but only allow 24 or 48 hours for a



“Mind if I tweak it?”

student to decide or the offer is withdrawn. Typically, these organizations are very early in the recruiting process, and their motive is to lock-in their preferred candidates and prevent them from considering other offers. While many university career centers actively discourage exploding offers, the practice persists.

While an initial analysis of ultimatums might suggest that such a take-it-or-leave-it tactic might be successful, given that something (anything) must be preferable to nothing (a failed negotiation), empirical studies have not found this to be so (Guth, Schmittberger, and Schwarze, 1982; Guth and Tietz, 1990). Conflicts involving ultimatums often lead to escalation through severe action–reaction spirals. Reactions to the making of ultimatums seem to go beyond the violation of simple fairness concerns, in that they

are motivated by asymmetric moral imperatives. Most offerers define the situation as the opportunity for . . . gain; they tend to be blatantly strategic. Many respondents, on the other hand, owing to their relatively powerless situation, define the situation morally. . . . This asymmetry can lead to disagreement and unhappiness for both parties—for the offerer, following a rejection, or for the respondent, in accepting an offer that he or she feels is unfair. (Murnighan and Pillutla, 1995, p. 265)

The pervasive unhappiness resulting from the use of such ultimatums can taint future dealings between the parties, sometimes permanently.

Robinson (1995) developed one possible response to ultimatums, which he calls the “farpoint gambit” (after the name of a maneuver on an episode of the original *Star Trek* television series). The success of the response hangs on the ability to say “Yes, but . . .” to an ultimatum. Robinson cautions—and we agree—that this approach is a last resort; other remedies should be exhausted first. When first presented with an ultimatum, negotiators should probably try a reasonable approach: Be forthright in addressing the ultimatum; make sensible, reasonable counteroffers; or attempt to engage the offerer in joint problem solving. If that fails, Robinson suggests, “an exploding offer can be defused by *embracing it*” (p. 282)—that is, agree to the ultimatum provisionally, subject to some qualifying event or condition. Robinson advises that the farpoint gambit should be used only when all three of the following conditions exist:

1. When the initiator is perceived as behaving unethically and ignores appeals to reason.
2. When the respondent is truly interested in the basic offer but needs more time to consider it.
3. When there are issues central to the deal that genuinely need clarification.

Responding to Anger

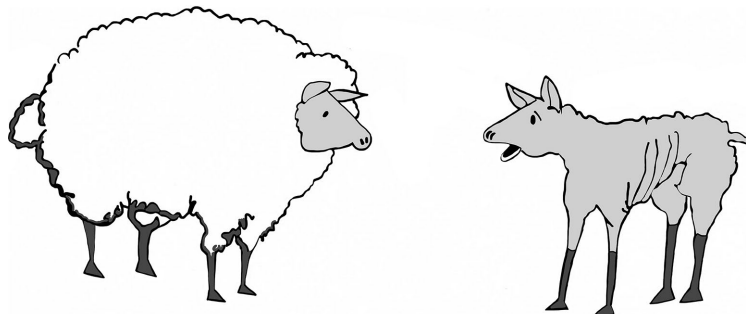
Anger and the threat of anger in negotiation can be very intimidating. Anger is a fundamental human emotion to which everyone can relate. (We discussed emotion in negotiation generally in Chapter 6.) Not only is managing angry people in negotiation challenging, but it can also be very stressful. Malhotra and Bazerman (2007) suggest four strategies for managing angry negotiators: (1) Try to understand why they are angry,

(2) give voice to their anger, (3) sidestep the power of their emotion, and (4) try to help them understand their underlying interests. The purpose of these strategies is to refocus the energy spent on the anger back on the negotiation. Understanding why the other party is angry can help negotiators manage the other party's anger and to channel the energy more productively.

Dealing with anger can be very unpleasant, and it is not easy to manage. Negotiators need to have great patience and self-control to be effective. A key point to remember is that responding to anger with a calm and professional demeanor increases the chance that calm will prevail. Responding to anger with anger will likely lead to escalation. There are times, however, when the other party needs time to cool down, and negotiators need to be aware that their interventions will be more effective when the other party is more open to "hearing" them.

Responding When the Other Side Is Being Difficult

When the other side presents a pattern of clearly difficult behavior, two possibilities exist. On the one hand, the negotiator might not know any other way to negotiate but might be responsive to suggestions for changing his or her behavior. On the other hand, the other party might have a difficult personality and is generally difficult to deal with. In most cases, it is likely that not enough is known about the other party to make the distinction. In this section, we review several approaches for dealing with difficult negotiators. The first, proposed by Ury (1991), suggests a broad-based approach that may be used with any other party who is being difficult, including one using hard distributive tactics. The second, based on the work of Bramson (1981), suggests several strategies for dealing with negotiators who have particularly difficult styles. Finally, the third approach is by Weeks (2001), who outlines the importance of preparation and management when confronted with the need to have a difficult conversation with another person.



"How did the negotiations go?
Take a wild guess."

Ury's Breakthrough Approach

William Ury (1991) conceptualizes obstacles set by the other party as challenges that can be addressed through specific strategies described in a five-stage “breakthrough approach.” Ury suggests creating a favorable negotiation environment by regaining mental balance and controlling our own behavior; helping the other party achieve similar balance and control; changing the approach from a distributive to an integrative one; overcoming the other party's skepticism by jointly crafting a mutually satisfactory agreement; and achieving closure through firm, even-handed use of negotiating power. Ury argues that his approach operates on the principle of acting counterintuitively. This requires negotiators to behave directly opposite what they might naturally do in difficult situations. When the other party stonewalls or attacks, people often feel like responding in kind. When others insist on their position, negotiators often want to reject it and assert their own. When others exert pressure, negotiators are inclined to retaliate with direct counterpressure. In trying to break down the other party's resistance, however, these counterpressure responses actually increase it. In contrast,

The essence of the breakthrough strategy is indirect action. You try to go around his resistance. Rather than pounding in a new idea from the outside, you encourage him to reach from within. Rather than telling him what to do, you let him figure it out. Rather than trying to break down his resistance, you make it easier for him to break through it himself. In short, breakthrough negotiation is the art of letting the other person have it your way. (Ury, 1991, p. 9)

Ury proposes a five-step process for this counterintuitive pattern of responding (the titles of the steps are adapted from Ury's strategies for managing difficult negotiations; see Table 18.1).

Step 1: Don't React—Go to the Balcony A natural reaction to aggressive tactics is to strike back, give in, or break off negotiations. These behaviors do not serve the negotiator's tangible interests, let alone move the process in an integrative direction. The challenge to

TABLE 18.1 | Ury's Strategies for Managing Difficult Negotiations

Steps	Barriers to Cooperation	Challenges	Strategies
Step 1	Your natural reaction to the other side's competitive behavior	Don't react.	Go to the balcony.
Step 2	Other's negative emotions	Disarm them.	Step to their side.
Step 3	Other's positional behavior	Change the game.	Don't reject; reframe.
Step 4	Other's skepticism about benefits of agreement	Make it easy for them to say yes.	Build them a golden bridge.
Step 5	Other's perceived power	Make it hard to say no.	Bring them to their senses, not their knees.

Source: Adapted from Ury, William, *Getting Past No*. New York, NY: Bantam Books, 1991.

this obstacle is to not react, thereby avoiding the destructive effect that reacting naturally has on the process. Instead, Ury recommends that negotiators “go to the balcony”—that is, psychologically remove themselves from the interaction so that they become an observer to their own interaction with the other party. The advantages of going to the balcony are that it

- Provides some distance from the conflict and from one’s own emotions.
- Creates breathing space, allowing negotiators to cool off so their response can be more reasoned.
- Creates an opportunity for negotiators to understand the situation in the broader context and to remind themselves why they are there in the first place.

Step 2: Disarm Them—Step to Their Side Negative and attacking behavior in negotiation tends to breed more of the same from the other party. Tensions heighten and damaging exchanges tend to escalate. Confrontation and impending impasse typically elicit negative emotions for both sides. The negotiator’s challenge is to act counterintuitively—to deflect or sidestep the other party’s negative behavior, disarming him or her through positive, constructive communication. The strategy of stepping to the other side conveys the compelling image of “coming around” the table to listen to and acknowledge the other party’s legitimate points, needs, and concerns. This strategy of disarmament includes

- Active listening.
- Acknowledging the other party’s points, without necessarily conceding their truth or accuracy.
- Recognizing points of understanding and overlap that might provide the foundation for subsequent agreement.
- Acknowledging the other party personally as a mark of recognition and respect for his or her authority, sensitivity, and competency.
- Expressing one’s own views clearly and considerately.

Step 3: Change the Game—Don’t Reject; Reframe Framing the problem is an important step in preparing for any negotiation (see Chapter 6). Given the obstacle of the other party’s positional behavior, the challenge at this stage is to change the negotiation by proactively reframing his or her tactics. A reframing strategy includes the following active behaviors:

- Ask open-ended, problem-solving questions.
- Reframe the other party’s tactics. For example, if presented with a stone wall, ignore it, test it, or reinterpret it as just wishful thinking. If attacked, ignore it, deflect it from you to the problem, or recast it in less confrontational terms that highlight common goals and interests.
- Negotiate directly and openly the rules of the negotiation process.

Step 4: Make It Easy to Say Yes—Build Them a Golden Bridge This is the persuasive stage of the process, wherein the challenge and opportunity for negotiators is to make it easy for the other party to say yes to an offer. According to Ury (1991, p. 89), the four most common objections from the other party to your proposals are

- They're not my idea.
- They don't address one of my basic interests.
- They might cause me to lose face or look bad to some important constituency.
- They require too big of an adjustment for me (e.g., "you want too much, too fast").

The proposed strategy is to close the gap between negotiators by building a golden bridge to entice the other party to cross over to agreement by

- Involving him or her in the actual design of an agreement that addresses the interests and challenges of all parties.
- Satisfying his or her unmet needs as much as possible without jeopardizing meeting your needs or the basic fabric of the agreement.
- Recognizing and being empathetic to the range of personal and organizational demands and expectations that he or she faces.
- Helping him or her to save face and deal with constituencies by providing justifications for the agreement—for example, that conditions have changed, a third party recommends this, or an objective standard of fairness supports this outcome.
- "Going slow to go fast" (Ury, 1991, p. 105)—walking him or her through complex agreements step by step and not demanding closure until everyone is ready.

Step 5: Make It Hard to Say No—Bring Them to Their Senses, Not Their Knees Throughout the first four stages, the other party may believe in his or her superior power or wits. Having made it easy for the other party to say yes, negotiators must now address the challenge of making it hard for him or her to say no. Confronting power plays with power plays will most likely return the negotiation to the competitive dynamics the parties have worked to change. A better strategy is to bring the other negotiators to their senses without bringing them to their knees. The components of this strategy are to

- Pay attention to your own BATNA, strengthening it and making sure the other party knows what it is.
- Help the other party think about the consequences of not reaching an agreement.
- If necessary, actually use your own BATNA, being careful to anticipate and defuse the other's reaction to what may be perceived as a punitive move.
- Keep sharpening the other's choice—refer back to the attractive terms that got the other party to cross the bridge and help him or her maintain his or her focus on the advantages of completing the deal.
- Fashion a lasting agreement, thinking through and planning for implementation.

Ury's breakthrough approach is an active strategy that negotiators can use to deal with another party that is being difficult. Care must be taken when using this approach because in an emotionally charged negotiation, these tactics have the potential to make matters worse if they are not applied subtly and carefully. That said, Ury's approach does provide a powerful way to manage difficult people in a nonconfrontational manner.

Responding to Difficult People

Sometimes problems in negotiation can be traced to difficulties in the other party's behavioral style. The subject of how to deal with difficult people in the workplace has received increasing attention in recent years from several authors (e.g., Dionisi, Barling, and Dupré, 2012; Hershcovis and Barling, 2010; Raver and Nishii, 2010).² These authors make several important points. First, everyone can exhibit difficult behaviors or be difficult to deal with at times; some people, however, are *invariably* difficult, and their behavior follows predictable and identifiable patterns. Second, what is difficult behavior for one person may not be difficult for another. Labeling an action "difficult" may say as much about the receiver as it does about the sender. Person A may have a great deal of difficulty contending with a very aggressive negotiator, whereas Person B has little difficulty with that person. Third, difficult people behave the way they do because it achieves results for them. Their behavior gives them control, feels comfortable, and lets them get their way. By giving in to it, negotiators reinforce the behavior, providing the difficult person ample reasons to continue behaving in ways that have worked in the past. Difficult people also may continue their behavior because they honestly are not aware of the long-term costs to people and organizations that must contend with them.

It is possible to cope with difficult people—contending with their behavior on equal behavioral terms—as opposed to giving in to them; accepting their behavior; or getting them to change their values, beliefs, or attitudes. In short, negotiators must effectively counterbalance the potential power these behaviors give to those who use them. Box 18.3 offers a general framework for coping with a difficult other party. Relating to difficult people in negotiation or other highly charged, results-oriented exchanges is a critically important skill. We encourage anyone wishing to go beyond the basics presented here to refer to Bramson (1981), Solomon (1990), and Ury (1991) to build their skills and insights in this area.

Having Conversations with Difficult People

There are many topics that people find difficult to discuss with others—including both negative situations (such as discussing poor performance with an employee that may lead to a dismissal) and positive situations (such as providing praise for a job well done) (Weeks, 2001). While people differ in the type of situations that they find stressful, whatever the topic, it is much harder to discuss when the other party is a difficult person. Weeks suggests that there are two fundamental stages to dealing with a stressful conversation: preparation and managing the conversation.

Preparation The best place to begin preparing for difficult conversations is to really understand your comfort level in having them (Weeks, 2001; also see Gray, 2003b; Stone,

Emotions are frequently an aspect of difficult, high-stakes negotiation. When emotions run wild, however, they can be detrimental to the process, distorting perceptions and diverting attention from the real issues. Adler, Rosen, and Silverstein (1998) looked at the problem and effects of fear and anger in negotiations, and they suggest some tactics for managing such emotions. Regarding your *own* emotions, negotiators can

- Determine which situations tend to trigger inappropriate anger.
- When angry, decide whether or not to display their anger.
- Use behavioral techniques to reduce their anger (e.g., taking a break, counting to 10).
- Express their anger and disappointment effectively (e.g., openly and in a nonaccusatory fashion).
- Avoid the negotiator's bias ("I'm fair and reasonable, you're not . . .").
- Try to promote trust.

Regarding the *other party's* emotions, negotiators can

- Defuse emotional buildups by direct confrontation ("You seem angry; are you?").
- Assess the real significance of emotional displays (Is it an act? A distributive dirty trick?).
- Address the other's anger directly, perhaps apologizing for a comment or pointing out the effects of a bad situation.
- Respond to the other's anger strategically (call a break, use silence to "wait him out," make a modest concession, etc.).
- Help the other party save face, especially when losing face contributed to his or her anger.
- Consider engaging a mediator when they anticipate anger rising.

Source: Adler, Robert S., Rosen, Benson, and Silverstein, Elliot M., "Emotions in Negotiation: How to Manage Fear and Anger," *Negotiation Journal*, vol. 14, no. 2, April 1998, 161-79.

Patton, and Heen, 1999). Some people are more comfortable discussing negative situations (like a poor performance appraisal) than others. Some people are more comfortable delivering praise than others. The key here is to understand your own comfort level and to know how you react to different difficult conversations. For instance, if someone gets aggressive, raises his or her voice, and threatens you during a negotiation, is your natural response to withdraw, to push back, or to analyze the situation? It is important to understand your natural response to difficult situations so that you are not vulnerable to being taken advantage of by the other party (Weeks, 2001).

Stone, Patton, and Heen (1999) suggest that a difficult conversation actually includes three conversations: (1) the "what happened" conversation, which is concerned with what did or should happen; (2) the "feelings" conversation, where negotiators assess their feelings about the situation; and (3) the "identity" conversation, an internal "conversation" where we assess what this situation means to ourselves. Stone et al. (1999) have created a useful checklist for a five-step process of having difficult conversations, beginning with solid preparation before the conversation (see Box 18.4).

There are at least three things you can do once you are aware of your likely response to an upcoming difficult conversation. First, you can *visualize* how the conversation will unfold—meaning

Step 1: Prepare by Walking through the Three Conversations

1. Sort out what happened.
 - Where does your story come from (information, past experiences, rules)? Theirs?
 - What impact has this situation had on you? What might their intentions have been?
 - What have you each contributed to the problem?
2. Understand emotions.
 - Explore your emotional footprint and the bundle of emotions you experience.
3. Ground your identity.
 - What's at stake for you *about you*? What do you need to accept to be better grounded?

Step 2: Check Your Purposes and Decide Whether to Raise the Issue

- *Purposes*: What do you hope to accomplish by having this conversation? Shift your stance to support learning, sharing, and problem solving.
- *Deciding*: Is this the best way to address the issue and achieve your purposes? Is the issue really embedded in your identity conversation? Can you affect the problem by changing your contributions? If you don't raise it, what can you do to help yourself let go?

Step 3: Start from the Third Story

1. Describe the problem as the difference between your stories. Include both viewpoints as a legitimate part of the discussion.
2. Share your purposes.
3. Invite them to join you as a *partner* in sorting out the situation together.

Step 4: Explore Their Story and Yours

- Listen to understand their perspective on what happened. Ask questions. Acknowledge the feelings behind the arguments and accusations. Paraphrase to see if you've got it. Try to unravel how the two of you got to this place.
- Share your own viewpoint, and your past experiences, intentions, feelings.
- Reframe, reframe, reframe to keep on track. Reframe truth to perceptions, blame to contribution, accusations to feelings, and so on.

Step 5: Problem Solving

- Invent options that meet each side's most important concerns and interests.
- Look to standards for what *should* happen. Keep in mind the standard of mutual caretaking; relationships that always go one way rarely last.
- Talk about how to keep communication open as you go forward.

Source: Stone, Douglas, Patton, Bruce, and Heen, Sheila, *Difficult Conversations: How to Discuss What Matters Most*. New York, NY: Penguin Books, 1999.

think about the order of the conversation, how the other person may respond, and how you will respond back. You should consider multiple pathways because it may not be possible to predict with complete accuracy what direction the conversation will take. Second, you can *practice* the upcoming difficult conversation with a neutral party (Weeks, 2001). This person should not have the same reactions to others as you do in order to provide a different perspective on the upcoming difficult conversation. The practice can involve role-playing "what if he or she says this" and should include an honest appraisal by the neutral friend of how the other party may interpret

your responses. Third, you can assemble a team that incorporates a variety of strengths and weaknesses when dealing with difficult others. This is likely limited in practice to more complex negotiations, but often people can take someone with them to a difficult conversation to provide emotional support and to help with the post discussion interpretation.

Managing Difficult Conversations Weeks (2001) suggests that there are three important elements to the successful management of difficult conversations: *clarity*, *tone*, and *temperate phrasing*. Each is discussed in detail here.

Clarity Clarity means using language that is as precise as possible when managing a difficult conversation. There is a natural tendency to use euphemisms and to speak indirectly, especially in a difficult conversation where the delivery of bad news may be involved. Clarity is important because using words precisely to express exactly what is thought and felt in a difficult conversation helps the conversation unfold as positively as possible under the circumstances. Delivering the message in a concise manner allows people to understand the message as clearly as possible and to start to make sense of the information. As Weeks (2001) states, “. . . there’s nothing inherently brutal about honesty. It is not the content but the delivery of the news that makes it brutal or humane” (p. 117). In other words, receiving bad news is difficult enough without having the additional stress of having to interpret an unclear message as well.

Tone Tone is the nonverbal aspect of the conversation, and it includes “intonation, facial expressions, conscious and unconscious body language” (Weeks, 2001, p. 117). It is important to strike a neutral tone when having a stressful conversation, especially if it is about bad news. Taking a gloating or an aggressive tone will not only interfere with the other person’s comprehension during a difficult conversation but will also likely lead to an escalated conversation that is even more difficult. In addition, people are very sensitive to tone, and a negative tone along with bad news will likely increase their motivation for revenge in the future.

Temperate Phrasing Temperate phrasing involves choosing language carefully to deliver a message that will not provoke the other side. Instead of telling the other party to “shut up and listen,” one can say “may I finish my sentence before we move on to the next topic?” Provocative language may provide some flair to the conversation in the short term and allow one to impress or hurt the other party, but the goal during difficult conversations is to ensure that the other party hears and understands the message as clearly as possible. Temperate phrasing is an important way to increase the probability of that happening.

Duplicitous Negotiations

Duplicitous negotiations occur when negotiators “negotiate” but have no intention of reaching agreement (Anand, Feldman, and Schweitzer, 2009; Glozman, Barak-Corren, and Yaniv, 2015; Wallihan, 1998). This may occur because their BATNAs are better than any agreement, or it may be for tactical reasons (Wallihan, 1998). Krishnan Anand, Pnina

Feldman, and Maurice Schweitzer (2009) suggest four reasons that duplicitous negotiations occur: (1) to stall for time, (2) to appear cooperative to the other negotiator or important constituents, (3) to obtain information about the other party, and (4) to influence one's own position in another negotiation.

Skilled duplicitous negotiators are extremely difficult to detect. A study of electronic negotiations by Edy Glozman and colleagues (2015) suggests that duplicitous negotiators may take longer to respond to offers and may make *more* collaborative statements than negotiators who are trying to reach an agreement. Importantly, serious negotiators in the Glozman study could not identify when they were negotiating with duplicitous negotiators.

Managing duplicitous negotiations is more art than science. The traditional way of explaining failure to reach agreements in negotiation is that the actual or perceived zones of potential agreement (ZOPAs) do not overlap (Wallihan, 1998). Duplicitous negotiators introduce a completely different challenge for negotiators because of their active use of negotiation behaviors to avoid reaching an agreement.

The best way to identify duplicitous negotiators starts with solid planning and preparation because this should provide a good understanding of the ZOPA. Negotiators then need to probe the other party's needs with questions and listen actively to his or her responses. Negotiators' understanding of the situation should be updated as the discussion unfolds (see Wheeler, 2013, for an interesting example of this). After several probes aimed at clarifying the ZOPA to the other party, a negotiator may need to consider whether or not he or she is negotiating with a duplicitous negotiator. At that point, the choice will be between confronting the duplicitous negotiator and delaying (or abandoning) the negotiation.

Chapter Summary

There are times when negotiators confront a situation in which the other party is using a different negotiating model. This needs to be managed once the negotiator has weighed the alternatives and decided whether or not to negotiate. This chapter examined what negotiators can do when they are in an integrative mode and the other party is being competitive or "difficult." We began with a discussion of the shadow negotiation and social contract, two important and related concepts that negotiators need to manage proactively. Doing so involves managing the *how* of the negotiation, rather than the *what*. We then turned to a discussion of how to respond when the other side persists in using hard distributive tactics, acts irrationally, or has more power. Next we explored how to manage

ultimatums, respond to anger, and deal with persistently difficult negotiators. Ury's "breakthrough approach" to managing obstacles as challenges was discussed next, and the chapter continued with a discussion of managing difficult conversations. The chapter concluded with an exploration of duplicitous negotiations, situations where negotiators appear to be negotiating but in fact have no desire to reach an agreement.

There are two important themes that ran through this chapter. First, preparation for dealing with negotiation mismatches is critical. This preparation not only involves a thorough understanding of the situational dynamics but also requires a deep, critical self-analysis of one's likely response to stressful negotiation situations.

In addition, we recommend that you carefully consider how the other party is behaving and how you are responding to his or her behavior. The second theme running through the chapter is the importance of actively processing information about the negotiation as it unfolds. It is not enough to concentrate on the content of the discussions. When dealing with a difficult other party, negotiators need to be even more vigilant about the process of the negotiation, which entails managing the shadow negotiation and social contract

proactively and being careful with the tone of the discussion.

The techniques that we discussed in this chapter take considerable practice to master. Their application is as much an art as a science, and even the best negotiators will be pushed to their limits when dealing with difficult other parties. That said, these techniques can provide rewards if they are applied judiciously and with sensitivity to the needs and limitations of the situations and of the negotiators involved.

Endnotes

¹ Lessons from extreme negotiations and negotiating with terrorists may be applicable to negotiating with difficult people (see Hand & Fresnel, 2015; Hughes, Wadd, & Weiss, 2013; Voss, 2016).

² Also see Bernstein and Rosen (1989); Bramson (1981, 1992); and Solomon (1990).



Third-Party Approaches to Managing Difficult Negotiations

Objectives

1. Understand the benefits and liabilities of involving a third party to assist in resolving a negotiation.
 2. Explore the major approaches that third parties use: arbitration, mediation, and process consultation.
 3. Consider more informal approaches used by third parties to resolve disputes.
 4. Examine alternative dispute resolution systems used by organizations.
-

CHAPTER OUTLINE

Adding Third Parties to the Two-Party Negotiation Process

Benefits and Liabilities of Third-Party Intervention

When Is Third-Party Involvement Appropriate?

Which Type of Intervention Is Appropriate?

Types of Third-Party Intervention

Formal Intervention Methods

Arbitration

Mediation

Process Consultation

Combining Formal Intervention Methods

Informal Intervention Methods

Which Approach Is More Effective?

Alternative Dispute Resolution Systems

Chapter Summary

There is a long history of third parties helping others resolve disputes or reaching decisions for them when they cannot. Third parties may become involved because of a legal requirement (e.g., to manage a labor dispute or strike), because of diplomacy (to prevent a war between countries), as part of a contractual obligation (e.g., a dispute about a late delivery of merchandise), or because the parties have asked for help. Third parties become involved when negotiators have tried all other options and are not making progress, when mistrust and suspicion are high, or when the parties cannot take actions toward defusing conflict without being misinterpreted and mistrusted by others.

In this chapter, we describe the typical roles that third parties play and how they can contribute to resolving conflict. We begin by discussing how the addition of third parties changes the negotiation process. This is followed by an examination of the types of third-party interventions, with special attention paid to three formal third-party roles: arbitration, mediation, and process consultation. We then discuss informal third-party intervention methods and conclude the chapter with an examination of the institutionalization of third-party processes through the establishment and maintenance of alternative dispute resolution (ADR) systems.

Adding Third Parties to the Two-Party Negotiation Process

Third parties work to manage conflict and help resolve disputes through several different approaches and techniques. Often, third parties only need to implement some of the dispute resolution techniques reviewed in Chapter 17, such as helping to reduce tension, controlling the number of issues, enhancing communication, establishing common ground, and highlighting decision options to make them more attractive. As we discuss, some third-party approaches use more of these techniques than others.¹

The negotiation process we have described throughout this book presumes two or more parties working face-to-face without the direct involvement of others. Their personal involvement can create a deep understanding of the issues and a commitment to resolve their differences in a constructive manner. As long as this direct form of negotiation remains productive, it is best to allow it to proceed without the involvement of other parties. As we have described, however, negotiations are often tense and difficult, and they can lead to frustration and anger. Negotiation over critical issues may reach an impasse, leaving the parties unable to move beyond a particularly difficult point. When passions are high and the parties are deadlocked, third-party intervention may be the only way to get negotiations back on track. We believe that third-party intervention should be avoided as long as negotiations have a chance of proceeding unaided—that is, as long as progress is occurring or is likely to occur within reasonable limits of time and other resources. When intervention becomes advisable, however, it should be done in a timely and thoughtful manner.

The negotiators themselves may seek third-party intervention, or it may be imposed from the outside by choice, custom, law, or regulation. In addition, informal third parties may impose themselves on a situation and bring in the perspective of someone who is not part of the dispute per se but is nonetheless interested in its resolution (see Box 19.1 for a compelling example of peer negotiation). The third party may be a manager, friend, or peer of the negotiators. As a rule, interventions that are not sanctioned by the parties—or

Negotiations often break down when disputing parties become intransigent in their positions, angry with each other, unable to effectively listen to the other any more, and hence bring negotiations to a stalemate. Third parties can be most useful in these situations because they are able to sit down with each party separately, engage them in private conversations, learn about their true concerns and interests, find common ground, and create enough trust in themselves as the “respected” third party to restart the negotiations. Eventually, effective third parties can then begin to carry proposals and modifications from one side to the other in ways that often lead to a deal.

Author David Hoffman tells the story of David White, a former gang member on Chicago’s West Side, who used shuttle diplomacy to broker a truce and keep rival gangs from going to war. He learned that the conflict had started when both

gang leaders were drunk one night, and that an argument between them escalated into brawl which then potentially escalated into a gang war. Through back-and-forth conversations, White was able to get both gang leaders to declare a truce and call off the war. When interviewed later about the reason why White was able to convince their gangs not to go to war, both leaders had told their crews that because White had been a former gang member himself and now stood for peace, that they agreed to cancel the war because they trusted and respected White himself. White’s story reflects the power of shuttle diplomacy in almost any kind of conflict, and the power of respect and a strong, positive reputation of trustworthiness that White had built with each of the gang leaders.

Source: Adapted from Hoffman, David A., “Mediation and the Art of Shuttle Diplomacy,” *Negotiation Journal*, vol. 27, no. 3, July 2011, 263–309.

reinforced by a third party’s expertise, friendship, or authority—are unwelcome and ineffective (see Arnold and O’Connor, 1999). Uninvited third parties may find themselves bearing the brunt of hostility from one or both parties in a negotiation, regardless of the third party’s intention or motivation. For example, law enforcement officers who attempt to intervene in domestic disputes, if only to separate the parties and cool down the situation, often find that the battling parties unite in turning on the officers as unwelcome outsiders. Many law enforcement agencies, in fact, caution officers to respond to domestic disputes in pairs in order to separate the disputants and to protect the officers’ safety.

Benefits and Liabilities of Third-Party Intervention

Benefits Third parties can provide—and, on occasion, enforce—the stability, civility, and forward momentum that negotiators need to address the problems that remain to be solved—especially those problems that are central to the negotiation and that have stalled or derailed discussions. Third-party interventions can yield several other benefits, including

- Creating breathing space or a cooling-off period.
- Reestablishing or enhancing communications.
- Refocusing on the substantive issues.
- Remediating or repairing strained relationships.
- Establishing or recommitting to time limits and deadlines.
- Salvaging sunk costs.

- Increasing levels of negotiator satisfaction with and commitment to the conflict resolution process and its outcomes.

Even if the relationship between the parties is so damaged that future exchanges will be extremely difficult, third parties may enable the parties to reduce hostility, manage their emotions, and achieve some closure on the key issues (Jones and Bodtger, 2001). In addition, many organizations adopt and support alternative dispute resolution (ADR) systems and conflict management skills training for their employees. Such commitments may result in a constructive, collaborative work environment, leading to greater individual and organizational effectiveness (Costantino and Merchant, 1996).

Liabilities and Limitations Third-party interventions also have some liabilities and limitations. The involvement of third parties signals that the negotiation process has stalled. Intervention by a third party may signal that the parties have failed to build relationships or to manage their interdependence positively. This is especially true when parties turn to arbitration (see our later discussion) because parties lose control over determining their outcomes. Arbitration can also be viewed as the result of the negotiators' agreement to disagree and a willingness to surrender control over the outcome of their dispute. In contrast, the dominant purpose of other types of third-party interventions, such as mediation and process consultation (also discussed later), is to enhance the parties' dispute resolution skills. Their goal is to allow the parties to maintain control over outcomes while the third party manages the process of their interaction. Each type of third-party intervention has its own advantages and disadvantages, depending on the context.

When Is Third-Party Involvement Appropriate?

Serious negotiators must make a realistic effort to resolve their own disputes. In labor-management negotiations, for example, failure to bargain in good faith has been codified as an unfair labor practice under U.S. labor law [NLRA, Sections 8(a)(5) and 8(b)(3)]. In general, though, negotiators initiate third-party interventions when they believe they can no longer manage the situation on their own. When one negotiator requests intervention, that process must be acceptable to the other parties. If only one party recognizes a need for third-party intervention, he or she may have to persuade the other party to agree. Someone with power or authority over the negotiators may also impose interventions, particularly when a failure to resolve the dispute threatens to lead to significant costs for the affected organization or individuals. A list of conditions under which negotiators might seek third-party involvement is presented in Table 19.1. Negotiators should consider their alternatives when they decide whether or not to engage a third party. Litigation is often an alternative to mediation or arbitration, and vice versa. Negotiators often have the option to litigate and use a third-party process simultaneously, although this may be restricted in some jurisdictions for certain types of disputes. Negotiators need to be aware of the potential interplay between third parties and litigation, thinking carefully about their BATNA. Donald Philbin (2010) argues that disputants will not use third parties unless that option provides a better settlement than litigation, including costs of time and fees. For clarity of discussion, the interplay between third parties and litigation is set aside during the following discussion of various aspects of third-party interventions.

TABLE 19.1 | Conditions Where Third-Party Intervention May Help

-
- Intense emotions appear to be preventing a settlement.
 - Poor communication is beyond the ability of the negotiators to fix.
 - Misperceptions or stereotypes hinder productive exchanges.
 - Repeated negative behaviors (anger, name-calling, blaming others, etc.) create barriers between the parties.
 - There is serious disagreement over the importance, collection, or evaluation of data.
 - There is disagreement as to the number or type of issues under dispute.
 - Actual or perceived incompatible interests exist that the parties are unable to reconcile.
 - Unnecessary (but perceived-as-necessary) value differences divide the parties.
 - There is an absence of a clear, agreed-on negotiation procedure or protocol, or established procedures (such as caucuses or cooling-off periods) are not being used to their best advantage.
 - Severe difficulties occur in getting negotiations started or in bargaining through an impasse.
-

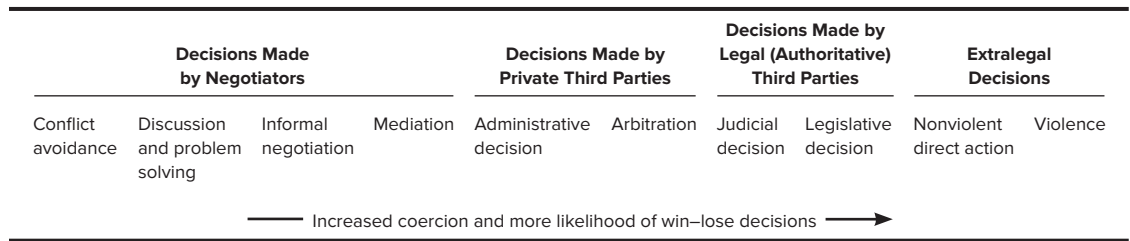
Sources: Adapted from Moore, Christopher W., *The Mediation Process: Practical Strategies for Resolving Conflict*. San Francisco, CA: Jossey-Bass, March 19, 1996; and Arnold, J., and Carnevale, P., "Preferences for Dispute Resolution Procedures as a Function of Intentionality, Consequences, Expected Future Interaction, and Power," *Journal of Applied Psychology*, vol. 27, no. 5, March, 1997, 371–98.

Which Type of Intervention Is Appropriate?

Numerous third-party interventions are available to negotiators. Moore (1996) suggests that approaches to conflict management and resolution can be placed on a single continuum (see Figure 19.1), in increasing order according to the amount of coercion used by third parties to convince negotiators to accept and endorse the third-party settlement. Under conditions of very low coercion, the parties don't engage in the issues themselves, choosing to avoid them or to discuss them informally. At the other extreme, third parties with the force of law of legitimate authority may impose settlements, or the parties may go outside the bounds of the legal and regulatory system by using violent or nonviolent pressure tactics directly on the other.

Thibaut and Walker (1975) presented an important framework suggesting that negotiators may surrender control over neither, either, or both of the process of the dispute (the *how*) and the outcome of the dispute (the *what*; see Figure 19.2). Parties are negotiating when they retain both process and outcome control (lower right cell), as addressed in the other chapters of this book. Negotiators who surrender both outcome and process controls have completely withdrawn from the discussion (upper left cell), indicating their willingness to have the dispute managed by an otherwise uninvolved person who will manage the dispute and determine its outcome in whatever manner he or she sees fit. The remaining two mixed situations are arbitration and mediation (both discussed in detail later in this chapter). Mediation is the most common third-party intervention, and negotiators surrender control over the process while maintaining control over outcomes. Mediation can be highly effective in many disputes² while helping preserve an important benefit of negotiation: The parties retain control over shaping the actual outcome or solution, which enhances their willingness to implement it. Our corollary to the rule "No third-party involvement unless necessary," then, is "If involvement is necessary, use a minimally intrusive intervention" (one toward the left side of the chart in Figure 19.1), such as mediation.

FIGURE 19.1 | Continuum of Conflict Management and Resolution Approaches

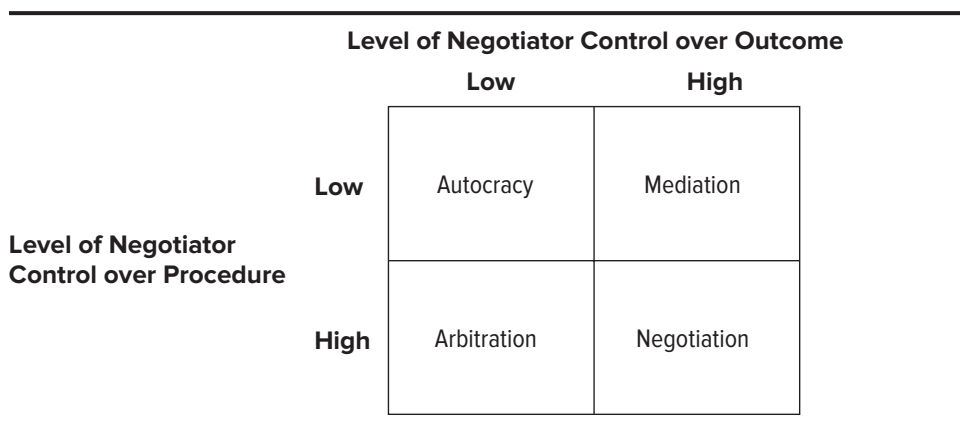


Source: Adapted from Moore, Christopher W., *The Mediation Process: Practical Strategies for Resolving Conflict*. San Francisco, CA: Jossey-Bass, March 19, 1996, 7.

Procedure-only third-party interventions support the needs of negotiators who want guidance or procedural assistance but wish to maintain control over the choice and implementation of the outcome. Frustrated negotiators may feel they just want an end to the dispute, but completely abdicating control to a third party could have several detrimental effects (see the discussion of arbitration later in this chapter). In addition, negotiators may not know how to screen potential third parties to predict what they will do, or the negotiators may be at the mercy of whatever help is most conveniently available. Failure to use a third-party intervention when appropriate is just as wasteful and damaging to the negotiation process as using the wrong intervention method (e.g., arbitration rather than mediation, when negotiator commitment to outcomes is critical for a lasting resolution) or even using the right method at the wrong time (e.g., before negotiators have exhausted the unassisted methods we outlined in Chapter 17 or after expressed anger and personal attacks have soured one or both parties on the entire process—see also Conlon and Fasolo, 1990).

The same issues of propriety and timeliness apply to uninvited interventions, such as when a manager chooses to intervene in a dispute between two subordinates. The third party

FIGURE 19.2 | Categories of Third-Party Intervention



Sources: Adapted from Sheppard, Blair H., “Third-Party Conflict Intervention: A Procedural Framework,” in Staw, Barry M. and Cummings, Larry L., eds., *Research in Organizational Behavior*. Greenwich, CT: JAI Press, 1984, 141–90; and Thibaut, John and Walker, Laurens, *Procedural Justice: A Psychological Analysis*. Hillsdale, NJ: Lawrence Erlbaum, 1975.

has the advantage of being potentially more objective than the disputants about the choices of whether to intervene and what intervention to use. Naïve third parties are less likely to be objective or impartial, however, because they may have a personal feeling or belief about what is right for this situation, as opposed to having a specific or direct interest in helping to resolve the dispute solely by working “to reconcile the competing interests of the two parties” (Moore, 1996, p. 17). Finally, research by Conlon and Ross (1993) suggests that partisan third parties—who lack impartiality due to a prior relationship with one or both parties or who have a clear bias to settle the dispute more in favor of one side than the other—could have a significant negative effect on disputant satisfaction regarding the third-party intervention in workplace settings.³ The third party must keep in mind the likely effect of the intervention on the negotiators—on their willingness and ability to address and manage disputes more effectively in the future.

Third-party interventions, particularly arbitration, may have strong negative consequences such as decreasing the ability of the parties to negotiate effectively and increasing their dependency on third parties (see Beckhard, 1978). Third parties need to use moderation: (1) to borrow the medical dictum first, do no harm and (2) to intervene only when necessary and control only as much as necessary to enable the parties to find resolution. In other words, don’t let the intervention make the situation worse, do use surgery when needed, and don’t use surgery when simple first aid would be sufficient. This advice assumes an overriding value in the negotiators’ ability to interact constructively; it also assumes that immediate resolution of the dispute is not critical. To the extent that the negotiators will have little or no interaction in the future or that timeliness is critical, relatively more controlling interventions may be acceptable or necessary (see the midrange of Figure 19.1).

Types of Third-Party Intervention

In the following sections, we discuss several types of third-party intervention. Third-party intervention may be formal or informal. *Formal* interventions are designed intentionally, in advance, and they follow a set of rules or standards; they are used by judges, labor arbitrators, divorce mediators, referees, and group facilitators (e.g., psychologists or organization development practitioners). *Informal* interventions are incidental to the negotiation; a manager or a concerned friend, for example, may become involved in someone else’s dispute. While it is important to know whether the third party is following a clear, public, specified set of procedures or “making it up on his own,” the proliferation of hybrid forms of dispute resolution, both formal and informal, has blurred this traditional separation.

Formal Intervention Methods

There are three fundamental types of formal third-party interventions: arbitration, mediation, and process consultation.⁴ We review the objectives, style, and procedural impact of each approach and describe how each affects negotiation. This section concludes with an examination of two hybrid types of third-party interventions: mediation-arbitration (med-arb) and arbitration-mediation (arb-med).

Arbitration

Arbitration allows negotiators to have considerable control over the process, but they have little or no control over outcomes (see Figure 19.2). It is the most recognized form of

The Council of Better Business Bureaus Inc. offers arbitration of consumer complaints on vehicles manufactured by participating corporations. Under the council's Auto Line program, local Better Business Bureaus offer arbitration by trained volunteers,

with a twist: The arbitrator's decision is binding on the manufacturer, but not on the consumer-complainant, who is free to pursue other remedies (primarily through litigation) if he or she finds the arbitration decision unacceptable.

third-party dispute resolution because of its high-profile use in labor relations and the setting of compensation of professional athletes (see Hill and Jolly, 2014). The goals of negotiation and arbitration are very different (Posthuma and Dworkin, 2000). Parties negotiate to reach an agreement, while arbitration resolves a disagreement by having a neutral third party impose a decision. The process is very straightforward: Parties in dispute, after having reached a deadlock or a time deadline without successful resolution of their differences, present their positions to a neutral third party. The third party listens to both sides and then decides the outcome of the dispute (Elkouri and Elkouri, 1985; Prasow and Peters, 1983). Arbitration is used widely in disputes between organizations (Corley, Black, and Reed, 1977) and management and labor unions (Elkouri and Elkouri, 1985), and it has become the accepted process for resolving global commercial disputes (Beechey, 2000; Swacker, Redden, and Wenger, 2000).

There are several forms of arbitration. First, arbitrators may hear and rule on a *single issue* under dispute or on multiple issues in a *total settlement package* (Feigenbaum, 1975). Second, arbitration may be voluntary or binding. Under *voluntary arbitration*, the parties submit their arguments to an arbitrator, but they are not required to comply with the arbitrator's decision. In contrast, *binding arbitration* requires the parties to comply with the decision, either by law or by contractual agreement (see Box 19.2 for an interesting variation). In labor-management contract disagreements, the arbitrator's ruling typically amends an existing agreement and becomes part of the agreement for the remaining life of the contract. A third variation concerns the arbitrator's flexibility. At one extreme, arbitrators are free to craft and reach any resolution they deem appropriate; at the other, their choice is severely constrained, as in *final-offer* arbitration, in which the arbitrator must choose, without amendment, one of the positions presented by the disputing parties (see McAndrew, 2003; Pecorino and Van Boening, 2001). In labor-management settings, management frequently attempts to control this situation by requiring the arbitrator to neither add to nor detract from the labor contract being interpreted; that is, management tries to curtail the arbitrator's flexibility to change the contract or to rule outside of a strict interpretation of it. The pros and cons of these variations become evident as we examine arbitration in more detail.

Formal arbitration is most commonly used as a dispute resolution mechanism in labor relations or in claims about violations of legal contracts. For example, in most states, "lemon laws"—legal protection given to consumers if they buy a product that does not work and cannot be effectively fixed, such as a car or major appliance—specify that most claims will be resolved through arbitration. New union contracts, typically in the public sector, that cannot be achieved through negotiation are frequently submitted for consideration to an arbitrator. When a new contract is submitted to arbitration, this process is called *interest arbitration*.

On the other hand, *grievance arbitration* refers to decisions about the interpretation of existing contracts. For instance, a union may grieve management's decision to discipline an employee if it is believed that management did not follow the negotiated discipline policy (e.g., did management act in a fair and consistent manner?). While interest and grievance arbitration have many similarities, the fundamental difference between them concerns the types of decisions they process.

Arbitration initially appears to have two distinct advantages as a resolution procedure: It imposes a clear-cut resolution to the problem in dispute, and it helps the parties avoid the costs of prolonged, unresolved disputes. Arbitration has come under increasing scrutiny and criticism as a dispute resolution mechanism, even in the labor relations area,⁵ and it appears to have several negative consequences, five of which we describe here.

The Chilling Effect When the parties in negotiation anticipate that their own failure to agree will lead to binding arbitration, they may stop working seriously for a negotiated settlement. This *chilling effect* occurs as "the parties avoid making compromises they might be otherwise willing to make, because they fear that the fact finder or arbitrator will split the difference between their stated positions" (Kochan, 1980, p. 291). If negotiators anticipate that the arbitrator will split the difference, then it is in their best interest to maintain an extreme, hard-line position because the hard-liner will be favored (Kritikos, 2006). Research suggests that negotiators expecting a split-the-difference rule in the case of impasse may be chilled, and final-offer arbitration is an alternative that reduces the chilling effect.⁶ In *final-offer arbitration*, the arbitrator must choose either one party's position or the other's—nothing in between, no splitting the difference. Given this constraint, negotiators should be more motivated to settle, or to close the gap that will be arbitrated as much as possible, in order to increase the likelihood that the arbitrator will choose their final offer. If both parties act this way, it also minimizes the loss that will occur if the arbitrator picks the other party's submission as the basis for the arbitration award. It also appears that if at least one party is risk averse, then there will be a strong likelihood that agreement will be reached before invoking final-offer arbitration (Hanany, Kilgour, and Gerchak, 2007).

Research suggests that splitting the difference may not be common practice in professional business arbitration. Keer and Naimark (2001) examined a sample of arbitration cases and found that two-thirds of arbitrators ruled either 100 percent for the claimants or 0 percent for the claimants, while only one-third of the cases involved some form of splitting. A related study cited by these authors showed that 72 percent of a large sample of commercial arbitration awards gave less than 20 percent or greater than 80 percent of the award to the claimant. These findings suggest that the tendency for the arbitrator to split the difference may not be common in commercial contexts, perhaps due to the fundamental characteristics of the issues in dispute or due to the fact that these arbitrators are highly experienced and know an extreme demand when they see it.

The Narcotic Effect When arbitration is anticipated as a result of the failure of parties to agree, negotiators may lose interest in the process of negotiating. Bargaining takes time and effort, especially in complex situations, and there is no guarantee that agreement will

be reached. Negotiator passivity, loss of initiative, and dependence on the third party are common results of recurring dispute arbitration and collectively are known as the *narcotic effect* of arbitration. The narcotic effect is even more likely when negotiators are accountable to constituencies because negotiators can take tough, unyielding stands on issues and blame compromise settlements on the arbitrator rather than on their own concessions.

The Half-Life Effect Parents are quite aware that as the demand for arbitration between siblings increases, both the sheer number of decisions required and the likelihood that those decisions will not please one or both sides increase as well. This is known as the *half-life effect*. For example, as one of the authors worked at home on a Sunday afternoon, he was frequently subject to his children's demands to arbitrate disputes over sharing a videogame. After a series of decisions involving both his own children and half of the surrounding neighborhood, he was informed by one of his children that his decisions were generally viewed as outrageous, unfair, and without appropriate compassion for his own children—and that his services were no longer desired. As the frequency of arbitration increases, disenchantment with the adequacy and fairness of the process develops (Anderson and Kochan, 1977), and the parties may resort to other means to resolve their disputes.

The Biasing Effect Arbitrators must be careful that their decisions do not systematically favor one side or the other and that they maintain an image of fairness and impartiality, or they may be perceived as subject to a *biasing effect* (see Conlon and Ross, 1993). Even if each separate decision appears to be a fair settlement of the current situation, perceived patterns of partiality toward one side may jeopardize the arbitrator's acceptability in future disputes. Negotiators anticipating labor arbitration typically review different arbitrators' decisions in an effort to secure one who is likely to favor their own side or to avoid one who may make awards more consistently supportive of the other side. While arbitrators deny that they are subject to a biasing effect, negotiators continue to look for any clue that may help them in arbitration.

The Decision-Acceptance Effect Arbitrated disputes may also engender less commitment to the settlement than alternative forms of dispute resolution, and this is known as the *decision-acceptance effect*. Research on the dynamics of group decision making has demonstrated that commitment to a given solution and willingness to implement it are significantly greater when group members participate in developing that solution than when it is imposed by a single member (Vroom, 1973). Lasting dispute resolution requires timely and effective implementation, and "one of the most powerful drivers of effective implementation is the commitment to [a] decision that derives from prior participation in making it" (Leavitt and Bahrani, 1988, p. 173). For this reason, arbitration is likely to lead to situations in which disputants are less than fully committed to following through, especially if they feel dissatisfied with the arbitrator's decision.

Section Summary Arbitration remains an important mechanism for resolving disputes when negotiators cannot reach an agreement on their own. It has many advantages as a dispute resolution mechanism, but also several disadvantages. The largest disadvantage is

1. Describe the mediator's role and objectives in terms based on empowerment and recognition.
2. Leave responsibility for outcomes with the parties.
3. Consciously refuse to be judgmental about the parties' views and decisions.
4. Take an optimistic view of the parties' competence and motives.
5. Allow and be responsive to the parties' expression of emotions.
6. Allow and explore the parties' uncertainty.
7. Remain focused on the here and now of the conflict interaction.
8. Be responsive to the parties' statements about past events.
9. View an intervention as one point in a larger sequence of conflict interaction.
10. Feel a sense of success when empowerment and recognition occur, even in small degrees.

Source: Folger, Joseph P., and Bush, Robert A. B., "Transformative Mediation and Third-Party Intervention: Ten Hallmarks of a Transformative Approach to Practice," *Mediation Quarterly*, vol. 13, no. 4, 1996, 263–78.

removal of decision control from the negotiators themselves; this can have very negative consequences when they must implement and live with the decision after the arbitrator has gone home. We now turn to a discussion of mediation, a process that leaves decision control with the negotiators.

Mediation

In contrast to arbitration, mediation has developed considerable support and has been studied with increasing frequency and intensity.⁷ Brett, Barsness, and Goldberg (1996) found that mediation was less costly and time-consuming, and produced greater disputant satisfaction than arbitration. Although the ultimate objective of mediation is the same as arbitration—to resolve the dispute—the major difference is that mediation seeks to achieve the objective by having the parties themselves develop and endorse the agreement. In fact, mediation has been called a form of “assisted negotiation” (Susskind and Cruikshank, 1987, p. 136), “an extension and elaboration of the negotiation process” (Moore, 1996, p. 8), and “an informal accompanist of negotiation” (Wall and Blum, 1991, p. 284). Mediation can help reduce or remove barriers to settlements, adding value to the negotiation process because it tends to produce or enhance much of what parties desire and value in negotiation itself (Baruch Bush, 1996; Esser and Marriott, 1995a). Mediators may also help resolve the root causes of an ongoing conflict rather than simply solving the dispute (Brown, 1999), an almost impossible outcome for arbitration to achieve. Finally, mediation has the potential to profoundly change relationships. A growing focus on *transformative mediation* has sparked debate about the extent to which mediation should focus on the issues at hand versus focusing on two transformative dimensions: *empowering* the negotiators to express themselves, and increasing the capacity of negotiators to *recognize* the other's perspective (Baruch Bush and Folger, 1994, 2005; Folger and Baruch Bush, 1996; Kuttner, 2006). Ten hallmarks of transformative mediation are presented in Box 19.3.

As with arbitration, mediation's modern roots are in the field of labor relations, sometimes as a preliminary step to arbitration in grievance and contractual negotiations. Mediation has also been described, however, as “the second oldest profession,” having been around as

long as conflict itself (Kolb, 1983a), and it has become a very popular alternative to the courts—particularly when the parties want low-cost solutions that they can largely shape themselves (see Lovenheim, 1989). Singer (1994) has noted the many different contexts in which mediation and alternative dispute resolution (ADR—see the Alternative Dispute Resolution Systems section later in this chapter) have been used: malpractice suits, tort cases, liability claims, pretrial diversions of alcohol and drug cases to treatment centers rather than criminal proceedings, business disputes, consumer complaints, and community and government disputes, to name a few. Mediation has become an extremely popular alternative in divorce proceedings because the parties must be willing to abide by the terms of the settlement and therefore have the most influence in shaping its terms (Donohue, 1991; Kressel, 1985). Mediation has also become a more common form of resolution for civil and community disputes (D'Alo, 2003; Duffy, Grosch, and Olczak, 1991; Kessler, 1978). Community mediation centers, staffed by trained volunteers, have opened across the United States (Duffy et al., 1991; Lovenheim, 1989; Singer, 1994). Mediation is also used increasingly to avoid costly litigation in business settings (Coulson, 1987) and to resolve business–government disputes, particularly in the area of environmental regulation.⁸ Finally, mediation is being suggested more frequently as a mechanism for the resolution of international disputes (Bebchick, 2002; Butler, 2007; Chayes, 2007). Rubin (1981) documented Henry Kissinger's success as an extremely skilled international mediator, and Jandt and Pedersen (1996) showed how mediation is used around the world to resolve both local and cross-border disputes.

It is important to note that formal or contractual mediation is based on established and accepted rules and procedures. When examining informal interventions later in this chapter, we discuss emergent mediation, which is less well defined (Pruitt and Carnevale, 1993). Mediators have no formal power over outcomes, and they cannot resolve the dispute on their own or impose a solution. Instead, their effectiveness comes from their ability to meet with the parties individually, secure an understanding of the issues in dispute, identify areas of potential compromise in the positions of each side, and encourage the parties to make concessions toward agreement.

Mediators come in all shapes and sizes and use several different skills and tactics (Mareschal, 2005). Stephen Goldberg, Margaret Shaw, and Jeanne Brett (2009) found that successful mediators have different strengths and that no two are identical. It appears, however, that the most critical skill for successful mediators is their ability to develop rapport with the disputants (Goldberg, 2005; Goldberg and Shaw, 2007). Goldberg defines rapport as developing “an empathic, trusting relationship with the parties,” and this appears to be more important to successful mediation than particular mediation tactics (2005, p. 372).

Peter Coleman, Katharina Kugler, Kyong Mazzaro, Christianna Gozzi, Nor Zokm, and Kenneth Kressel (2015) did an extensive review of the mediation literature to develop a comprehensive model of the type of conflict characteristics that mediators can mediate. This model identified four key conflict dimensions that disputants should consider if they engage a mediator: (1) the quality of the conflict (level of intensity and destructiveness); (2) the quality of the relationship among disputants; (3) the quality of the context (constrained versus flexible); and (4) the quality of the process and issues (overt versus covert). Mediators could be chosen to fit different constellations of conflict along these dimensions, and mediators themselves could also use the model to calibrate their mediation tactics. The

details of precisely how the four conflict dimensions and mediator characteristics and tactics interact are topics for further research.

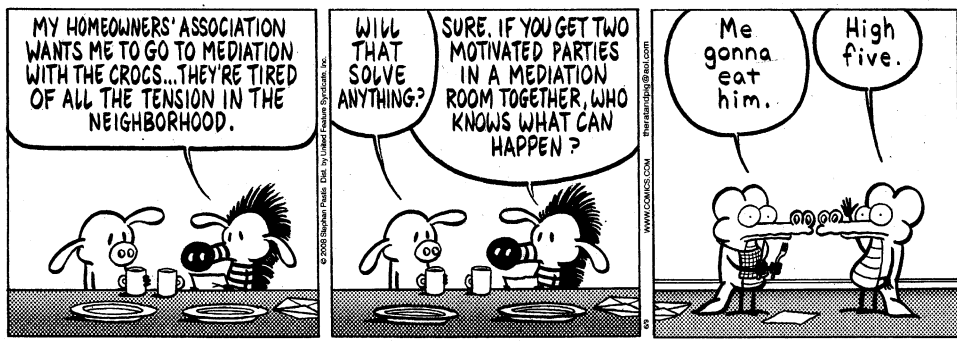
It is important to recognize that mediators are not powerless. Mediators with access to resources that negotiators want, such as preferred trade status with the mediator's home country in an international dispute or preferred work assignments in a workplace disagreement, can have considerable power in the mediation process (Bobekova, 2015). In addition, mediators can give disputants "face," a very powerful force in a dispute (van Ginkel, 2004).

When to Use Mediation Two elements of the mediation process—timing and mediator acceptability—are integral to its success. Mediation is far more successful if it occurs when the parties are open to receiving help; this phenomenon is known as *ripeness*.⁹ *Ripeness* refers to a negotiation where an intractable situation is just on the verge of being addressable (Coleman, 1997). There has been considerable research on ripeness, and it appears that the odds of the successful resolution of an intractable negotiation are best if there has been enough pain to inspire motivation to settle but not too much pain to cause lasting animosity.¹⁰

Mediation is frequently a voluntary process—the parties are not forced to enter into mediation—and it cannot be effective if the parties choose not to cooperate. If they believe that they have more to gain by delaying or protracting the dispute, then mediation cannot work. Many parties in disputes do not seek mediation because they don't really understand the process. They may also get caught up in the momentum of conflict, becoming involved in a *metadispute* (a dispute about the dispute), or they may fear a loss of leverage or advantage at the hands of a third party (McEwen and Milburn, 1993). Mediators who identify that negotiators are not ready for their intervention frequently say, "Call me when you're ready," and leave until the parties have achieved a greater willingness to participate in the process. Formal mediation in some settings (e.g., divorce, international hostilities, or certain types of organized labor strikes) may be imposed if doing so might prevent a situation from escalating or deteriorating beyond any hope of reclamation. This imposition is usually a judgment call by an experienced mediator who is empowered by an external agency or authority to intervene (Bercovitch, 1989; Donohue, 1991). Research suggests that even when parties are pressured or required to enter mediation, they generally come away finding

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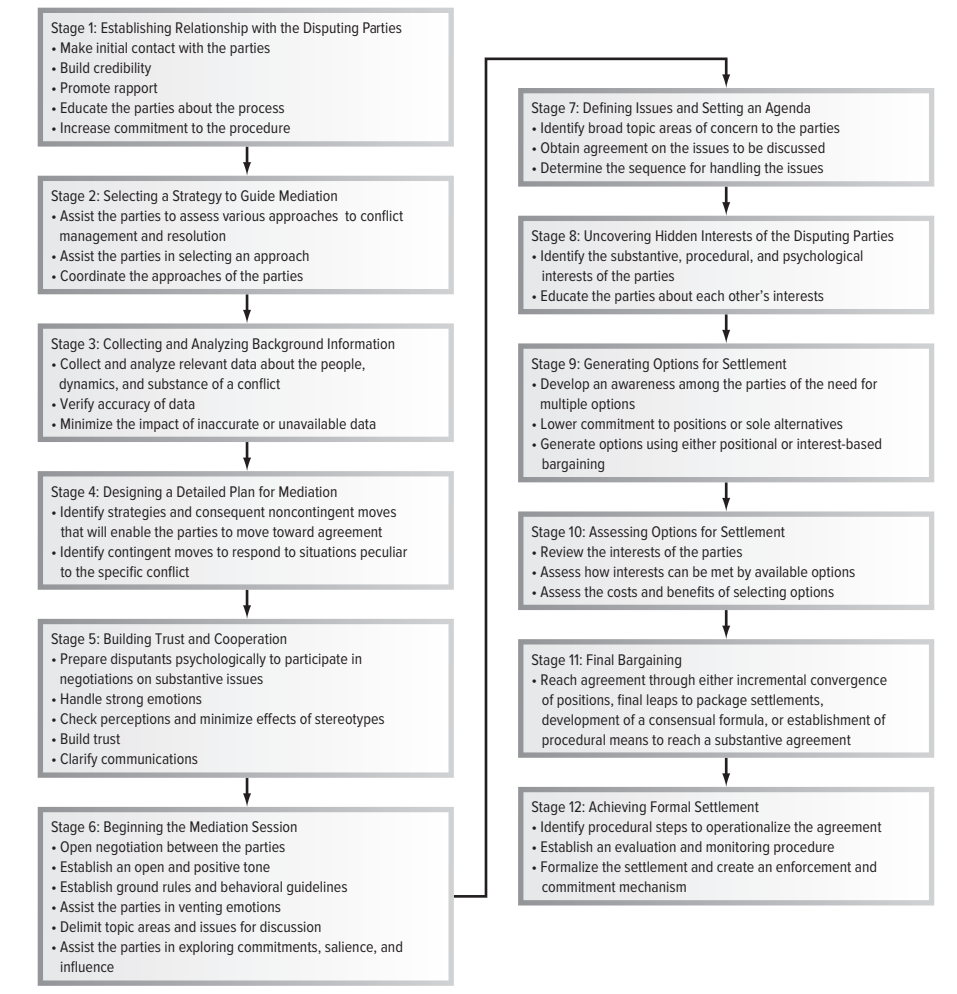
Mastery	The extent to which the mediator is familiar with the mediation process and the case in dispute
Explanation	Effective explanation of the mediation process
Warmth and consideration	The extent to which mediators make the parties feel comfortable with the process and respect the parties
Chemistry	Instinctive trust of the mediator through his or her personal characteristics
Impartiality	Maintenance of impartiality and allowing both sides to speak equally

Source: Poitras, Jean, "What Makes Parties Trust Mediators?," *Negotiation Journal*, vol. 25, no. 3, July 2009, 307–25.

it to be a fair and satisfactory process (Brett, Barsness, and Goldberg, 1996; McEwen and Milburn, 1993).

The second element that influences the success of mediation is the mediator's acceptability to all the parties to the dispute. It is important to note that while mediators may use common language to describe disputes and their interventions, style and behavior vary widely across mediators (Picard, 2002). The mediator is traditionally viewed as a neutral individual whom the parties recognize as impartial, experienced, and potentially helpful. Research by Jean Poitras (2009) revealed five core determinants of negotiator trust in mediators (see Box 19.4). Impartiality may be the hardest to achieve, and some would argue that a completely neutral mediator is virtually impossible to find because any active intervention by a mediator may influence the process and outcome of a negotiation in a way that unintentionally favors one of the parties (see Gibson, Thompson, and Bazerman, 1996). Mediators may be certified by an organization of third parties (such as the Federal Mediation and Conciliation Service of the U.S. Department of Labor) or a local mediation service or dispute settlement center, adding to their credibility. In addition, a variety of qualities such as skill, trustworthiness, integrity, impartiality, and experience in comparable disputes may be required for both sides to view a potential mediator as acceptable. At times, however, the most appropriate or only mediator available is not without some bias. Although mediator bias has usually been thought to be incompatible with mediation effectiveness (Young, 1972), recent research has produced a more complex view of this issue.¹¹ Carnevale and Conlon (1990) suggest that mediator bias two forms: (1) general alignment or affiliation with parties prior to mediation and (2) greater support of one side during mediation. Negotiators may overlook affiliation bias if they are convinced that the mediator mediates evenhandedly and treats both sides fairly during the mediation (Conlon and Ross, 1993; Wall and Stark, 1996).

Mediator Models, Choices, and Behaviors The idea of a neutral individual mediating a dispute between two parties seems simple enough, but the process actually involves a large number of facets.¹² Mediators may choose any of a variety of levels and approaches to accomplish what they think needs to be done. Esser and Marriott (1995b) tested three types of mediator interventions: *content mediation* (helping the parties manage trade-offs), *issue identification* (enabling the parties to prioritize the issues), and *positive framing of the issues* (focusing on desired, positively stated outcomes). While content mediation proved to be the most effective intervention in the study, all three approaches were found to be more satisfying to disputants than no mediation at all. As Rubin (1980) noted, mediators primarily

FIGURE 19.3 | Twelve Stages of Mediator Moves

Source: Moore, Christopher W., *The Mediation Process: Practical Strategies for Resolving Conflict*. San Francisco, CA: Jossey-Bass, March 19, 1986.

“facilitate concession-making without loss of face by the parties, and thereby promote more rapid and effective conflict resolution than would otherwise occur” (p. 380).

A powerful way to conceptualize the mediation process is to understand the key stages of a mediation. Several stage models of mediation have been proposed, most often as important tools for training mediators.¹³ Figure 19.3 presents a model described by Moore (1996). Stages in the mediation process can be roughly grouped into four categories: premediation preparation (Stages 1–5); beginning stages of the mediation (Stages 6 and 7); middle stages of the mediation (Stages 8, 9, and 10); and ending stages of the mediation (Stages 11 and 12). In the premediation stages, the mediator attempts to get to know the parties, help them

understand the process that will be followed, and gain their confidence. The mediator is most concerned with understanding the nature of the dispute and with securing acceptance by the parties. Mediator strategies may include separating the parties, questioning them about the issues, and actively listening to each side. The mediator must be able to separate rhetoric from true interest in order to identify each side's priorities, and often they keep the negotiators separate during the prenegotiation stage.

Inspiring parties at impasse to begin to speak to each other and to engage in discussions is an important activity of mediators early in the process. Poitras, Bowen, and Byrne (2003) propose a two-stage strategy to motivate parties to negotiate.¹⁴ The first stage works to improve the relationship between the parties and concentrates on building trust through conflict analysis workshops. The second stage concentrates on understanding the benefits of entering discussions and works to bridge those benefits with the relationship between the parties.

Once the parties have moved beyond the prenegotiation stage, the mediator may then begin managing the exchange of proposals and counterproposals, testing each side for areas where concessions may be possible. As mediation progresses, mediators often become increasingly active and aggressive. They may bring the parties together for face-to-face deliberations, or they may continue to keep them separate. They may press one or both sides to make concessions that the mediator judges to be essential. At this stage, mediators use many of the tactics we described in Chapter 17—in essence, doing them for the disputants. They may invent proposals and solutions they think will be acceptable, testing them with each side or even announcing them publicly (see Hoffman, 2011). Mediators may also use electronic decision support systems to organize the needs and positions of the disputing parties (Ehtamo, Kettunen, and Hamalainen, 2001; Mumpower and Rohrbaugh, 1996). The mediator will try to get the parties to agree in private before announcing anything to the public so that the parties may consult with their constituencies if necessary. If the mediation effort has been successful, the mediator will ultimately bring the parties together to endorse a final agreement or to announce their settlement publicly. Cobb (1993) suggests that effective mediators empower bargainers by balancing power, controlling the process, and being neutral—and that their ability to repackage otherwise thorny exchanges into less confrontational verbiage helps create “descriptions of responsibility without blame” (p. 256).

The appropriate sequence of issues to be discussed in the negotiation is another strategic choice that mediators need to consider. Weiss (2003) suggests that there are three general sequences: (1) *gradualism*, where the mediator starts by addressing simpler issues and moves to more complex issues as the discussion progresses; (2) *boulder-in-the-road*, where the mediator begins with the most complex issues in order to identify if the conflict is ripe for resolution; and (3) the *committee strategy*, where parties are divided into subgroups to deal with different issues. Weiss examined intractable communal conflicts and found that mediators used all three sequences successfully, although gradualism was used most frequently.

The influence of *mediator style* has been studied extensively (e.g., Bowling and Hoffman, 2001). In the field of divorce and child custody mediation, Kressel and his associates identified two distinct mediator orientations: a *settlement orientation*, marked by strict neutrality and a narrow focus on arriving at a specific resolution, and a *problem-solving orientation*, marked by attempts to deal with underlying problems and including departures from strict neutrality. Participants found the problem-solving orientation to be

a more structured, active approach to resolving conflict, and one that leads to more frequent and desirable outcomes. It also seemed to produce more positive attitudes toward mediation (Kressel, Frontera, Forlenza, Butler, and Fish, 1994; also see Alberts, Heisterkamp, and McPhee, 2005). As mediators involve the parties in more joint problem solving, disputant hostility—especially with regard to intangible issues such as fairness, face-saving, and pride—seems to decrease (Zubek, Pruitt, Pierce, McGillicuddy, and Syna, 1992).

Kolb's (1983a) study of mediator styles identified two main types of mediators: *deal makers*, whose style was marked by a high degree of issue management, issue packaging, and coordination of exchanges between the parties, and *orchestrators*, whose style was less issue-specific but more oriented toward sequencing conversations between the parties. Research that tested and extended Kolb's model suggests that the two mediator styles vary as a function of the degree of third-party control exercised over (1) the process, (2) the outcome, or (3) the motivation of the parties to continue deliberations. Field studies revealed four types of mediator approaches: parties who controlled all three, those who controlled only outcome and motivation, those who controlled only process and outcome, and—interestingly enough—those who controlled none of these (Baker and Ross, 1992). Research on mediator style reveals that mediators vary tremendously in terms of the degree of process and outcome control, with all types and variations depending on the individual and the context in which he or she is mediating (Kolb, 1994). Botes and Mitchell (1995) suggest that mediator flexibility is a prerequisite for effective mediators, just as it is for negotiators. In this case, mediator flexibility is defined as decreased constraints, increased freedom of action, increased autonomy, and increased ability to entertain imaginative ideas (see Botes and Mitchell, 1995; Druckman and Mitchell, 1995; also see Balachandra, Barrett, Bellman, Fisher, and Susskind, 2005).

Recognizing that mediators deal with a variety of situations and choose their behaviors based on what a given situation warrants, Carnevale (1986) developed a *strategic choice model* of mediator behavior. Carnevale proposes that the mixture of high or low levels of two variables—concern for the disputing parties' aspirations and perception of parties' common ground (i.e., areas of agreement)—will produce four basic mediation strategies: problem solving, compensation, pressure, or inaction (see Figure 19.4). *Problem solving* (high concern for parties' aspirations, high perception of common ground) takes the form of assisting the parties to engage in integrative negotiation and search for solutions with integrative potential (see Chapter 3). *Compensation* (high concern for aspirations, low perception of common ground) involves mediator application of rewards and inducements to entice the parties into making concessions and agreements. *Pressure* (low concern for aspirations, low perception of common ground) involves trying to force the parties to reduce their levels of aspiration in the absence of perceived potential for an integrative (win-win) resolution. Finally, *inaction* (low concern for aspirations, high perception of common ground) involves standing back from the dispute, leaving the parties to work things out on their own. Subsequent research has provided support and additional evidence for the model.¹⁵ Carnevale's (1986) model may not be complete, however, because it does not take into account power imbalances between parties or the mediator's aspirations (Carnevale, 1992; van de Vliert, 1992). Possible effects of mediator aspirations and preferences on negotiators' perceptions and behaviors raise interesting questions about the nature of mediator bias and flexibility (see Botes and Mitchell, 1995). The results of one study suggested that disputants distrusted

FIGURE 19.4 | Carnevale’s Strategic Choice Model of Mediator Behavior

		Mediator’s Perception of “Common Ground”	
		Low	High
Mediator’s Concern for Parties’ Aspirations	High	Compensation	Problem solving
	Low	Pressure	Inaction

Source: Adapted from Carnevale, Peter J., “Strategic Choice in Mediation,” *Negotiation Journal*, vol. 2, no. 1, January 1986, 41–56.

even favorable recommendations from mediators whom they saw as biased, while a perceived favorable bias was sufficient to offset unfavorable recommendations (Wittmer, Carnevale, and Walker, 1991). On the other hand, mediators who have high levels of insight are perceived as more credible, and perceptions of mediator credibility were related to more positive perceptions of the mediator (Arnold, 2000).

Mediator-applied pressure seems to interact with the type of situation being mediated. Parties who are in disputes marked by high intensity (e.g., major conflicts involving many issues and disagreement over major priorities) and high levels of interparty hostility tend to respond well to forceful, proactive mediation behaviors. In contrast, disputants in low-hostility situations tend to respond better to a less active, more facilitative mediator approach.¹⁶ When high hostility was accompanied by high levels of problem-solving behavior by the negotiators, mediators assisted best by posing problems, challenging negotiators to solve them, and suggesting new ideas and soliciting negotiator responses to them (Zubek et al., 1992). This suggests that mediators may get in the way when negotiators are capable of solving their own

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problems; although a mediator's forceful intervention and a proactive style may be appropriate when hostility is high, these same qualities may be counterproductive when hostility is low, or even when high hostility is accompanied by high negotiator problem-solving skill (see Hiltrop and Rubin, 1982). In such situations, process consultation (which we discuss later in the section titled Process Consultation) may be a better intervention choice.

When Is Mediation Effective? Kressel and Pruitt (1989) report that mediation was effective in about 60 percent of the cases studied, ranging from 20 to 80 percent across a variety of settings. Wall, Stark, and Standifer (2001) found similar support for mediation effectiveness, and they reported numerous benefits to disputant satisfaction and improved relationships between negotiators. Carnevale and Pruitt (1992) suggest that mediation effectiveness can be viewed from a variety of perspectives, including the mediator-parties relationship, the relationship between the parties, the issues, and the parties themselves (see Table 19.2). Mediation appears to be more effective in situations marked by moderate levels of conflict (see Glasl, 1982; Hiltrop and Rubin, 1982). By *moderate conflict*, we mean situations in which tension is apparent and tempers are beginning to fray but negotiations have not deteriorated to the point of physical violence or irrevocably damaging threats and actions. Disputes beyond the moderate stage are often characterized by drastic actions and reactions, through which the parties harm the relationship beyond repair. Research by Jehn, Rupert, Nauta, and van den Bossche (2010) suggests that negotiators are more satisfied with mediation when they perceive the conflict to be of equal intensity and that parties who have different views of the level of conflict are more likely to perceive the mediator as biased.

TABLE 19.2 | Aspects of Effective Mediation

<p>Mediator-parties relationship</p> <ul style="list-style-type: none"> Improve acceptance of mediation by the parties. Increase parties' trust in the mediator.
<p>Relationship between the parties</p> <ul style="list-style-type: none"> Control communication between the parties. Have separate meetings with the parties to influence them.
<p>The issues</p> <ul style="list-style-type: none"> Uncover the underlying interests and concerns. Set agendas. Package, sequence, and prioritize agenda items. Interpret and shape proposals. Make suggestions for possible settlements.
<p>The parties</p> <ul style="list-style-type: none"> Help parties save face when making concessions. Help parties resolve internal disagreements. Help parties deal with constituents. Apply positive incentives for agreement or concession making.

Source: Adapted from Carnevale, Peter J., and Pruitt, Dean G., "Negotiation and Mediation," in Rosenzweig, Mark R., and Porter, Lyman W., eds., *Annual Review of Psychology*. Palo Alto, CA: Annual Reviews, Inc., 1992.

Research also suggests that mediation is more effective when negotiators experience a *hurting stalemate* (Touval and Zartman, 1985; Zartman, 2015), a situation in which the relationship is negative enough to be painful but not negative enough to be irreparable. Several other studies have shown that mediation is effective only in certain kinds of disputes (see Carnevale and Pruitt, 1992; Posthuma, Dworkin, and Swift, 2002). Kochan and Jick (1978), for example, in their review of mediation in the public sector, reported that mediation was most successful in conflicts that involved a breakdown in negotiations due to bargainers' inexperience or overcommitment to their positions. In contrast, mediation was less effective when one or both of the negotiating parties had internal conflict—for example, when major differences existed between the demands of a union's rank-and-file and their chief negotiator's belief about what was attainable at the negotiating table. Mediation was also less effective as a strategy when the parties differed on important economic issues or had major differences in their expectations for a settlement.

When the resistance points of the two sides don't overlap, mediators may have to exert greater direct and indirect pressure on the negotiators to create a positive bargaining zone (see Chapter 2). Direct pressure occurs when the mediator uses tactics to encourage the parties to soften their positions; indirect pressure typically comes through wearing the parties down over time and increasing the cost of holding out. David Hoffman (2011) suggests that mediators can influence the zone of potential agreement in two ways: (1) by asking each party what he or she thinks the *other* party would accept and (2) by asking each party to suggest a range of outcomes he or she would accept. Some mediators achieve results by being aggressive and applying pressure on the negotiators to settle or to consider options (Johnson, 1993; Kolb, 1983a, 1983b). It appears that mediation is not always effective in highly intense conflicts, such as those in which many issues are at stake or the parties disagree on major priorities (Rubin, 1980). Under such conditions, mediation tactics may not be sufficient to move the parties toward mutual agreement.

Zubek and colleagues (1992) examined the process and outcome of 73 hearings at two community dispute resolution centers. They found that some mediator behaviors were perceived as positively related to mediation success, some as negatively related, and others as unrelated. For instance, mediator behaviors positively related to successful mediation included demonstrating empathy; structuring discussions by creating and controlling the agenda; helping the parties establish priorities; and maintaining calm, friendly, but firm control over the mediation process. On the other hand, mediator behaviors negatively related to mediation success included displaying expertise, criticizing, and asking embarrassing questions. Finally, mediator behaviors unrelated to mediation success included providing reassurance, order keeping, and mediator experience.

Gibson, Thompson, and Bazerman (1996) took a different approach to examining mediator effectiveness by analyzing common cognitive errors made by mediators (also see Philbin, 2010). The results of their analysis led them to advise mediators to

- Push for agreement only when a positive bargaining zone exists (see Chapter 2).
- Search for “fully efficient” agreements (i.e., “there exists no other outcome or set of outcomes that at least one party prefers and toward which the other party would at least be indifferent,” p. 74).
- Help the parties think through the issue(s) of fairness.

- Avoid reaching an agreement for “agreement’s sake” (the agreement-is-good bias).
- Avoid accepting the first agreement discovered (the first acceptable agreement may not be the best agreement).
- Avoid the 50–50 split if it doesn’t treat both parties equally.

More recently, researchers have surveyed mediators in order to understand their perspectives of successful mediation (Goldberg, 2005; Goldberg and Shaw, 2007; Mareschal, 2005). This research shows that mediators believe that their skill base, ability to create rapport, and a collaborative orientation are critical aspects of mediating successfully; mediator tactics were not related to mediation success.

Section Summary A great deal of theory and research has examined mediation in the past 25 years and provided considerable evidence for its effectiveness in resolving disputes. Mediation has its disadvantages as well, however, in that it can take a large investment of time and resources, and it is not always effective. In a sense, the advantages and disadvantages of mediation and arbitration are complementary, so it is not surprising that they have also been linked together as hybrid procedures. In the next section, we examine the third major type of third-party intervention, process consultation, and then in the following section we examine mediation-arbitration hybrid procedures.

Process Consultation

The third formal approach to the resolution of disputes is *process consultation* (Walton, 1987), which has been defined as “a set of activities on the part of the consultant that helps the client to perceive, understand, and act upon the process events which occur in the client’s environment” (Schein, 1987, p. 34). The objective of process consultation is to defuse the emotional aspect of conflict and improve communication between the parties, leaving them a renewed or enhanced ability to manage future disputes.

The difference between mediation and process consultation is that mediators are at least somewhat concerned with addressing the substantive issues in the dispute, whereas process consultants focus only on improving communication and conflict management procedures (see Cross and Rosenthal, 1999). Process consultants work under the assumption that teaching the parties how to manage conflict more productively and effectively will lead them to produce better outcomes. The purpose of third-party interventions is to create the foundation for productive dialogue over substantive issues and to teach the parties how to prevent conflicts from escalating destructively in the future.

Process Consultation Behaviors Process consultants employ a variety of tactics. Their first step is usually to separate the parties and interview them to determine each side’s view of the other party, positions, and history of the relationship. The consultant uses the information gathered in this diagnostic phase to structure a series of dialogues or confrontations between the parties (Walton, 1987). These meetings are designed to address the causes of past conflicts and each side’s perceptions of the other. Meetings are held in a neutral area, and the issues to be discussed and who is attending the meetings are planned ahead of time.

The purpose of the third party is to encourage the negotiators to confront their differences and the reasons for them. The process consultant is the referee, timekeeper, and gatekeeper of the process, working to keep the parties on track while ensuring that the conflict does not escalate. The process consultant also directs all sides toward problem solving and integration, assuming that by confronting and airing their differences, the parties can create a method for working on their substantive differences in the future and can pursue this approach without unproductive escalation recurring. The process consultant works to change the climate for conflict management, promote constructive dialogue around differences of opinion, and create the capacity for people in the relationship to act as their own third parties.

Process consultants should possess many of the same attributes that we have outlined for other third parties. First, they should be perceived as experts in the technique—knowledgeable about conflict and its dynamics, able to be emotionally supportive while confronting the parties, and skilled in diagnosing the dispute. Second, they should be perceived as clearly neutral, without bias toward one side. Third, they should be authoritative—that is, able to establish power over the process that the conflicting parties are pursuing so they may intervene in and control it. Although they do not attempt to impose a particular solution or outcome, process consultants must be able to shape how the parties interact, separating them or bringing them together, and to control the agenda that they follow when interaction occurs (the shadow negotiation; see Chapter 18). Without such control, the parties will resort to their earlier pattern of destructive hostility.

The primary focus of process consultation is to teach the parties how to resolve substantive differences themselves, not to resolve their differences for them. Process consultation puts the issues under dispute into the hands of the disputing parties. To make process consultation work, however, the parties must be able to manage their own potentially destructive conflict processes in order to be able to work through their substantive differences—something that is frequently very hard for them to do.

Process consultation has been most frequently used to improve longstanding relationships that the parties want to continue. Marital and family therapy are forms of process consultation, as are organizational development and team building among work groups. Process consultation has also been tried in labor–management relationships and in international conflict among ethnic, political, and cultural groups such as Protestants and Catholics in Northern Ireland and Palestinians and Israelis in the Middle East (Kelman, 1996). Many of the early efforts at process consultation in these environments were not completely successful.¹⁷ Research studies have contributed to a better understanding of process consultation in the following ways:

1. *Process consultation is less likely to work as an intervention when the parties are deeply locked in a dispute over one or more major unresolved issue(s).* Because process consultation seeks to change the nature of the working relationship between the parties, it may only work before the parties are in open conflict or between major outbreaks of hostility (Walton, 1987).
2. *Process consultation may be an ineffective technique when dealing with short-term relationships.* There is little need to teach parties to resolve disputes effectively when they will not be working together in the future.

3. *Process consultation may be ineffective when the substantive issues in the dispute are distributive, or zero sum.* The objectives of process consultation are to improve both the relationship and the skills for integrative negotiation. If the nature of the dispute or constituency pressures on the negotiators do not encourage and support the integrative process, then process consultation is not likely to be effective. Divisive issues or constituency pressures to maintain a hard-line stance will undermine efforts at process consultation.
4. *Process consultation may be ineffective when the level of conflict is so high that the parties are more intent on revenge or retribution than reconciliation.* Process consultation may only work when sustained conflict has worn the parties out, making them want resolution more than continued fighting, or when the parties sincerely want to coexist but do not know how to act. If the parties do not have sufficient incentive to work together, they will undermine efforts at process consultation. One side will exploit trust, cooperation, and honesty, and the dispute will quickly escalate.

Several leading practitioners have detailed procedures for using facilitation to structure dialogue between parties, move them toward problem solving, and to transform their relationship. Kelman (1996) conducted a large number of interactive problem-solving workshops between Israelis and Palestinians and describes how these experiences not only improved the relationship between the parties but also improved the basis for larger negotiations between the two groups. Mitchell and Banks (1996) provide a useful road map for how the workshop model can be used and offer several exercises and activities that can bring very adversarial groups together. Finally, Bunker and Alban (1997) reviewed different large-group interventions, in which the objective is to bring together many diverse groups, stakeholders, or constituencies in order to coordinate and facilitate systemwide planning and change. Bunker and Alban show how facilitation and process consultation can be applied to organizational development to enhance the ability of large groups and systems to coordinate change efforts in a single planning initiative.

Combining Formal Intervention Methods

It is clear that mediation and arbitration have their advantages and disadvantages. Some work has been done to try to ameliorate the disadvantages of each. The disadvantages of arbitration include

- Negative consequences for negotiators when they anticipate a third-party intervention (e.g., chilling and narcotic effects).
- Removal of outcome control from negotiators.
- Possible lack of commitment to implementing the imposed outcome.

The disadvantages of mediation include

- Lack of impetus or initiative to adhere to any particular settlement or to settle at all.
- Possible perpetuation of the dispute, perhaps indefinitely.
- Possible escalation of the dispute into more damaging, more costly forms.

Several researchers have proposed that combining mediation and arbitration into a two-stage dispute resolution model may minimize the disadvantages of each.¹⁸

Mediation-Arbitration (Med-Arb) Starke and Notz (1981) proposed that mediation as a preliminary step to arbitration, known as *mediation-arbitration* or *med-arb* for short, should have a complementary and facilitating effect on dispute resolution, but only for final-offer arbitration. This is because in conventional arbitration the parties expect a compromise ruling by the arbitrator; because mediation also promises a compromise, the parties may choose to wait for the arbitration ruling rather than make concessions during mediation. In contrast, when expecting final-offer arbitration, mediation provides the parties with an incentive to evaluate the reasonableness of their current positions. As a result, they may be more willing to modify their positions prior to arbitration in order to improve their chances that the arbitrator will rule in favor of their side. In a laboratory study of arbitration and negotiation, Grigsby and Bigoness (1982; also see Grigsby, 1981) found that anticipated mediation reduced the chilling effect in negotiators expecting final-offer-by-issue arbitration, but negotiators expecting conventional arbitration, final-offer-by-package arbitration, or no arbitration were more subject to the chilling effect when they were anticipating mediation as an intervening step.

Arbitration-Mediation (Arb-Med) Another hybrid approach is *arbitration-mediation* (*arb-med*), and it has three stages. First, the arbitrator holds a hearing and reaches a decision, “which is placed in a sealed envelope and is not revealed to the parties” (Conlon, Moon and Ng, 2002, p. 979). Mediation occurs at Stage 2. If an agreement is not reached, in Stage 3 the arbitration ruling is revealed and is binding on both parties. In a simulation study examining the effectiveness of arb-med, Conlon et al. (2002) found that arb-med led to a higher resolution rate and higher joint outcomes compared to med-arb (also see Ross and Conlon, 2000).

Informal Intervention Methods

In this chapter, we have reviewed the three major formal approaches third parties use to resolve disputes: arbitration, mediation, and process consultation. Other third-party approaches are possible, and managers, parents, counselors, and others who become involved in other people’s disputes use many of them informally. Sheppard (1984) proposed a generic classification of third-party intervention procedures. Rather than prescribing how managers should intervene in conflicts, Sheppard’s model describes how they actually intervene. The model is an extension of Thibaut and Walker’s (1975) work on procedural justice systems. As noted earlier in this chapter, Thibaut and Walker conceived of dispute resolution as involving two stages: a procedural or process stage, in which evidence and arguments are gathered and presented, and an outcome or decision stage, in which the evidence is evaluated to determine which party it favors. They distinguished among conflict intervention styles based on the amount of process control, decision control, or both used by the third party. These two approaches to control may be thought of as independent dimensions of conflict intervention, and a third party may exert varying amounts of each in handling a dispute (refer back to Figure 19.2). Sheppard (1983) asked practicing managers to describe the last time they intervened in a dispute between their subordinates and then coded their responses according to the amount of process and decision

FIGURE 19.5 | Managerial Third-Party Intervention Styles

		Degree of Managerial Outcome Control	
		High	Low
Degree of Managerial Process Control	High	Inquisitorial intervention	Mediational intervention
	Low	Adversarial intervention	Providing impetus

Source: Adapted from Sheppard, Blair H., "Managers as Inquisitors: Some Lessons from the Law," in Bazerman, Max H., and Lewicki, Roy J., eds., *Negotiating in Organizations*. Thousand Oaks, CA: Sage Publications, 1983, 193–213.

control the third party used. He concluded that managers use one of three dominant styles when they intervene in a subordinate conflict (see Figure 19.5):

1. *Inquisitorial intervention.* This was the most common style. A manager using an inquisitorial intervention exerts high control over both the process and the decision. She tells both sides to present their cases, asks several questions to probe each side's position, and frequently controls who is allowed to speak and what topics they may discuss. She then invents a solution that she thinks will resolve the dispute and imposes that solution on both parties. Inquisitorial intervention is a judicial style of handling conflicts that is found most commonly in European courtrooms.
2. *Adversarial intervention.* Managers who use adversarial intervention exert high control over the decision but not the process. The manager does not ask questions, try to get the whole story, or control the destructive aspects of the conflict between the parties. Instead, she passively listens to what each side chooses to tell her and then tells the parties how to solve the conflict based on their presentations. This style is most similar to arbitration and to the style used by most American courtroom judges.
3. *Providing impetus.* Managers who provide impetus typically do not exert control over the decision, and they exert only a small amount of control over the process. The manager typically tries to make a quick diagnosis of what the conflict is about and then tells the parties that if they don't find a solution, she will impose one on them. In short, the manager first asks, "What's going on here?" When she finds out what's going on, she says, "You'd better solve this problem, or else I'll solve it for you, and neither of you will like the solution!"

Which Approach Is More Effective?

Sheppard's research indicates that managers spontaneously act as inquisitorial judges or arbitrators, or they threaten to settle the dispute for the parties in an undesirable way if they

can't settle it themselves. Note that the remaining cell in Figure 19.5, "mediational intervention," is the same as formal mediation, but it is not a style commonly observed among managers. While subsequent research examining how managers behave has shown that they claim to prefer mediation as a third-party style, it is not clear that managers actually use mediation unless they are specifically trained in the process (Lewicki and Sheppard, 1985). When managing a conflict, managers seem to assume that because the parties cannot resolve the dispute on their own, the manager must primarily deal with deciding the outcome (see Sheppard, Blumenfeld-Jones, Minton, and Hyder, 1994). Managers appear to think they mediate, but when observed in actual situations they typically exert far more control over the outcome than mediators; their actual behavior is more like an inquisitor than a mediator.

Pinkley and colleagues have also examined the key factors that motivate a third party to assume a particular style (Pinkley, Brittain, Neale, and Northcraft, 1995). They found evidence that judgments along five key dimensions could account for a manager's choice of intervention:

1. The amount of attention the manager gives to the parties' statements of the issues in dispute rather than to underlying problems.
2. The degree of voluntary (versus mandated) acceptance of the solution proposed by the third party.
3. Third-party versus disputant control over shaping the outcomes.
4. The third party's personal approach to conflict.
5. Whether the dispute is to be handled publicly or privately.

It is clear that managers and others in authority usually have the right to intervene in disputes. Not only are they interested in workplace disputes and their resolutions, but they usually have the power to involve themselves. Research by Conlon, Carnevale, and Murnighan (1994) found that managers-as-third-parties chose to impose outcomes about two-thirds of the time, and even more often when they perceived the disputants as being uncooperative. This is consistent with other empirical findings related to managerial dispute intervention (Sheppard et al., 1994), and Watkins and Winters (1997) extended the model to illustrate some of the dilemmas associated with each intervention style.

There is good evidence that mediation should be used more often as an informal third-party intervention style. Karambayya and Brett (1989), studying classroom simulations, found that managers assume different roles depending on how they diagnose the situation. They found general support for Sheppard's (1983, 1984) model and reported that mediation, in particular, led to fairer outcomes than other forms of dispute resolution. Mediation was also perceived to be a fairer process by disputants, lending support to Brett and Rognes's (1986) advice that managers should act as mediators when acting as third parties. Karambayya, Brett, and Lytle (1992), again using a classroom simulation, found that managers were most likely to intervene in autocratic or mediational styles but that relative authority and experience had distinct effects. Third parties in authority over the disputants were more likely to be autocratic than those who were not in authority, and peer interveners were no more likely to act as mediators. Autocratic interventions tended

to produce one-sided outcomes and impasses, whereas mediational interventions tended to produce compromises. It is likely that managers' failure to use mediation more extensively is due to beliefs about the managerial role, in that managers have a tendency to frame conflicts as hands-on opportunities, which may cause them to decide not to mediate (Sheppard et al., 1994). Interveners with greater managerial experience, though, were significantly less likely to be autocratic than those with less experience, and third parties with both authority and more experience tended to exhibit the most mediational behavior in the study group.

Finally, research by Conlon and Fasolo (1990) suggests that while mediational interventions may be preferable to autocratic ones, timing appears to be critical. The timing of the mediator's intervention (i.e., earlier versus later in the dispute) was found to influence disputant perceptions of procedural fairness. Quick interventions tended to produce disputant feelings of lack of control and loss of voice—that is, the negotiators felt they had lost their ability to have a say and present their case to their satisfaction. Disputants also expressed lower satisfaction with third-party interventions when they perceived that they were denied access to normal procedural steps and safeguards.

The most extensive treatment of the role that third parties can play in informal dispute resolution and conflict management can be found in William Ury's book *The Third Side* (2000). Ury suggests that third parties can influence conflict at three stages: (1) *prevent conflicts*, where interventions inhibit latent conflict from emerging; (2) *resolve conflict*, where conflicts that have emerged are managed; and (3) *contain conflict*, where ongoing conflicts that have been a challenge to resolve are contained (see Table 19.3). Ury describes 10 roles that third parties can play to help others resolve their disputes.

TABLE 19.3 | Ten Roles Third Parties Play

Why Conflict Escalates	Ways to Transform Conflict
Prevent	
Frustrated needs	The Provider
Poor skills	The Teacher
Weak relationships	The Bridge-Builder
Resolve	
Conflicting interests	The Mediator
Disputed rights	The Arbiter
Unequal power	The Equalizer
Injured relationships	The Healer
Contain	
No attention	The Witness
No limitation	The Referee
No protection	The Peacekeeper

Source: Ury, William, *The Third Side: Why We Fight and How We Can Stop*. New York, NY: Penguin Books, 2000.

Each of these stages and potential third-party roles is discussed in more detail in this section.

Conflict may escalate at the “prevent” stage for three reasons: (1) frustrated needs, (2) poor skills, and (3) weak relationships (see Table 19.3). Humans have several fundamental needs (e.g., security, love, recognition), and the blocking of these needs can lead to conflict. The role of the Provider is to enable others to fulfill their needs. For instance, a good manager should ensure that her staff receives positive recognition for their work with regular merit increments or promotions so that staff members do not become disgruntled and create conflict at work. Conflicts also result from poor conflict management skills and intolerance of differences of opinion. The role of the Teacher is to educate people in the skills of managing differences and conflict. Weak relationships are another source of conflict that third parties may help to prevent from escalating. The role of the Bridge-Builder is to find ways to bring parties together to improve relationships in order to avoid conflict escalation. For instance, a manager may assign members of two office factions to the same project team in order to create ties across the office.

Conflict may escalate at the “resolve” stage for four reasons: (1) conflicting interests, (2) disputed rights, (3) unequal power, and (4) injured relationships (see Table 19.3). The role of the Mediator is to help parties reconcile their differences of opinion by opening channels of communication between parties and helping them search for their own solution. The role of the Arbiter is to choose from opposing positions when disputing parties are unable to decide for themselves. For instance, a manager may choose which of two marketing plans the organization will adopt when his subordinates are divided on which to support. The role of the Equalizer is to ensure that the voices of weaker parties are heard when resolving conflicts. For instance, the influence of quiet members of a project team may be minimized unless the Equalizer takes action to ensure that they are heard. The role of the Healer is to ensure that the emotional aftermath of a conflict is managed so that it does not become the source of a future conflict. For instance, after an angry dispute between two co-workers has been settled, the Healer may still need to listen to both parties and help them deal with residual hurt feelings that could lead to further conflict.

Conflict may escalate at the “contain” stage for three reasons: (1) lack of attention, (2) lack of limitation, and (3) lack of protection (see Table 19.3). The role of the Witness is to contain escalating conflict by watching and remembering the events that occur in her presence. The mere presence of a neutral witness can contain conflict because people are often less willing to escalate a conflict when witnesses are present. The role of the Referee is to place limits on the extent to which behaviors are tolerated. For instance, the Referee may endorse harsh, pointed words but not sanction physical violence in an argument. The role of the Peacekeeper is to intervene in a dispute to prevent violence or to stop it once it occurs. The United Nations plays this role between warring states, but it is also a role that people may play between hostile individuals.

Taken as a whole, Ury’s (2000) model is a very creative way of looking at formal and informal third-party interventions in any kind of conflict. This is not a stage model in the sense that third parties should act in a prescribed order when dealing with conflict. Rather, Ury notes that different disputes will require different interventions and that third parties

will find themselves using different interventions in different sequences depending on the challenges they face. Ury does offer one clear piece of advice that is appropriate for all third parties, however: “Contain if necessary, resolve if possible, best of all prevent” (p. 113).

Although research findings suggest that negotiators should increase their use of mediation as an informal third-party intervention, further research is necessary. More attention needs to be focused on determining how managers can better identify mediational opportunities, how they can learn to mediate more effectively, and whether the managerial findings of research are true for third parties in other conflict situations (e.g., among peers or friends). For instance, a study by Shestowsky (2004) found that disputants in civil disputes prefer neutral third parties who facilitate the disputants reaching their own solution over third parties who assume control of the process, outcome, or decision rule. More research is needed to identify which type of informal third parties is preferred and effective in both legal and nonlegal situations and to identify what situational factors drive those outcomes.

Alternative Dispute Resolution Systems

From an organizational standpoint, conflict seems inevitable, and a certain type and level of conflict is healthy and advisable. We strongly believe that conflict resolution is best left to the disputants. This chapter has addressed a variety of situations, though, that call for a departure from that standard—such as when disputants are incapable of self-resolution or when the consequences of ongoing, unresolved conflict become damaging. A similar concern exists with many different organizations, including businesses, courts, and not-for-profits. Conflict costs for organizations include

- Wasted time and money, emotional damage, drained energy, and lost opportunities.
- Low levels of disputant satisfaction.
- Damage to necessary relationships.
- The likelihood of conflict spreading and/or recurring (Brett, Goldberg, and Ury, 1990).

The inspiration for alternative dispute resolution (ADR) systems may be traced to a speech by Frank Sander in 1976 (Moffitt, 2006). Addressing legal professionals at the Pound Conference, Sander noted that litigation was only effective for certain types of disputes and mused about the creation of other mechanisms to manage a wide variety of disputes (Moffitt, 2006).

Beginning in the 1980s, many large American organizations introduced ADR systems, and their popularity has increased consistently (Bingham, 1999). Since then, ADR has spread to other countries (see Jackson and Caligari, 2007) and to online dispute resolution (Miller-Moore and Jennings, 2007). We present an interesting example in Box 19.5. ADR has also been defined by the United States court system as “any process or procedure, other than an adjudication by a presiding judge” (28 U.S.C. 651, 1998) to resolve a dispute. We limit our discussion of ADR systems to the *formal ADR procedures* that organizations adopt to manage their disputes. These procedures have been found to provide several benefits to organizations and individual disputants, including faster and more economical resolution of disputes.¹⁹

A waitress in a Red Lobster restaurant was accused of stealing a guest comment card from the comment card box at the restaurant where she worked. The comment card complained that the prime rib was “rare” and their waitress had been “uncooperative.” Ms. Hatton, a 19-year veteran of the restaurant, said she intended to show the comment card to her boss, not to steal it. But because the boss discovered the card missing when the customers verbally complained as well, she fired Ms. Hatton. In Ms. Hatton’s words, being fired felt like “a knife going through me.”

Normally, workers who feel that they have been unjustly treated will take legal action and sue the restaurant. But Red Lobster is one of a growing number of employers who permit fired or disciplined workers to appeal to a peer review panel of co-workers, who can hear testimony, overturn management decisions, and even award damages. So a general manager, an assistant manager, a server, a hostess, and a bartender, all of whom worked for other Red Lobster restaurants, met to decide Ms. Hatton’s fate. And Ms. Hatton enthusiastically chose the peer review procedure because she said it was a lot cheaper and she felt better being judged by people who knew how things work in a small restaurant. The panel interviewed the

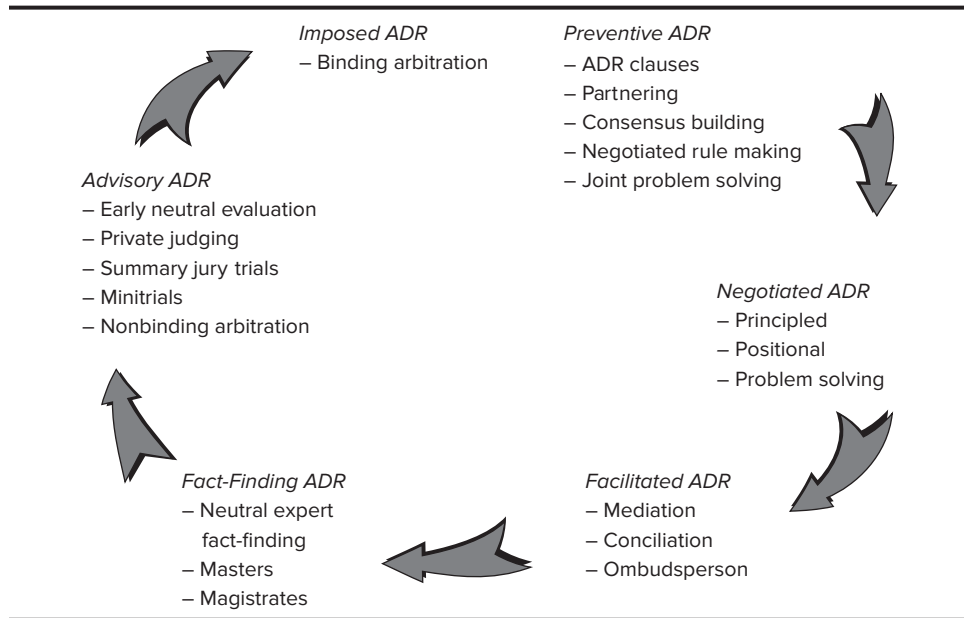
general manager, Ms. Hatton, and the hostess, reconstructing the events that occurred and what the parties had said and done that day. After an hour and a half of deliberation, they unanimously restored Ms. Hatton’s job. They said she had done all she could in trying to placate the unhappy customers and that the unofficial policy against reading the contents of a comment card box had not been enforced at the restaurant. But because the policy had been violated, they decided to punish Ms. Hatton by not granting her the three weeks of lost wages she also sought. The waitress was happy with the decision, the restaurant counsel said that the panel had made the right choice, and the restaurant manager was cooperative and helpful when Ms. Hatton returned to her job.

Darden Industries, the company that owns the Red Lobster chain, adopted peer reviews in 1994. The company estimates that in four years it saved \$1 million in legal fees set aside for handling employee disputes. They said about 100 cases per year went to peer review. The program has also been credited with reducing racial tension between workers and customers.

Source: Adapted from Jacobs, Margaret A., “Red Lobster Tale: Peers Decide The Fate of a Fired Waitress,” *The Wall Street Journal*, January 20, 1998, B1, B6.

Costantino and Merchant (1996) suggest six broad categories of ADR systems (see Figure 19.6):

1. *Preventive ADR systems* are those that companies adopt to prevent disputes. For example, companies can build clauses into contracts so that any dispute automatically goes to ADR; the company can also specify ways for parties to meet and problem solve if disputes occur.
2. *Negotiated ADR systems* are mechanisms that allow the parties to resolve their own disputes without the help of any third party, using the negotiation processes we discussed throughout this book.
3. *Facilitated ADR systems* provide a third-party neutral (an ombudsperson) who assists the parties in negotiating a resolution. An ombudsperson is like a mediator but frequently takes a strong advocacy position on behalf of weaker parties to ensure they are heard (see Rowe, 2015).

FIGURE 19.6 | Dynamics of ADR Techniques

Source: Costantino, Cathy A., and Merchant, Christina Sickles, *Designing Conflict Management Systems*. San Francisco, CA: Jossey-Bass, 1996, 38.

- Fact-finding ADR systems* use the technical expertise of third parties to determine the facts in a specific situation and how the facts should be interpreted. The parties usually agree in advance about whether they are going to abide by the information or conclusion provided by the fact-finder.
- Advisory ADR systems* use the expertise of a third party to determine what the resolution would likely be if the dispute went to arbitration, court, and so on. In this approach, each party can get a realistic idea of how strong the other's case is and what the arbitrator or judge might do, without having to pay the full cost of that process or actually live with the outcome.
- Imposed ADR systems* are those in which the third party makes a binding decision that the parties must live with. Binding arbitration is the most common form of imposed ADR.

The growth of alternative dispute resolution systems has been remarkable. The good news is that many companies have learned to use ADR effectively and that they are reaping the benefits of the process: an immense savings of time and money as well as relationships that are not destroyed and may, in fact, be improved by the process (e.g., see Bourdeaux, O'Leary, and Thorburgh, 2001). What makes ADR effective is the commitment of the company to make it work as an alternative to litigation with employees, customers, suppliers, regulators, and so on. The bad news is that many systems that start out as well-intended efforts to

handle employee conflict are poorly designed and poorly operated, often mutating “into a private judicial system that looks and costs like the litigation it’s supposed to prevent” (Carver and Vondra, 1994, p. 120).

In addition, some professionals have expressed concerns about unequal access to ADR, the lack of diversity of ADR professionals, and the uneven ability of ADR professionals (Hoffman, 2006). It is also clear that there are numerous types of ADR systems, and the design of the overall system is a critical aspect of its effectiveness (Bendersky, 2003, 2007).

Carver and Vondra (1994) identify the following factors that can undermine ADR systems:

- The belief that winning is the only thing that matters, rather than settling disputes (or, conversely, some people use ADR only when they believe that they cannot win in court).
- The perception of ADR as an alternative to litigation, rather than the preferred alternative.
- The perception that ADR is nothing more than litigation in disguise.

There are several key factors that should drive the design of an effective dispute resolution system.²⁰ One is to ensure that the parties understand their choices before they begin using a particular procedure, that disputants understand the chosen procedure well, and that they try low-cost options first (see Shestowsky, 2017). Second, it appears that users may need to be involved in the design of alternative dispute resolution systems in order for them to be effective (Carter, 1999). A third factor in ADR success is to appoint, train, and support people (e.g., ombudspersons) to advise and assist disputants in dispute resolution (Gadlin, 2000; Stieber, 2000). An ombudsperson is typically charged with being “a confidential and informed information resource, communications channel, complaint-handler, and a person who helps an organization work for change” (Rowe, 1995, p. 103). Ombudspersons traditionally are generators of options, working in strict confidentiality to assist disputants by serving as “mediators, counselors, and third-party interveners” (Rowe, 1995, p. 105; also see Rowe, 2015). Finally, McEwen (1999) suggests that the way to improve alternative dispute resolution systems is through systematic research and suggests several directions that this research should take.

Should the organization decide to take a more expansive approach, Brett, Goldberg, and Ury (1990) suggest following key principles in designing and operating such a system:

1. Consult before disputing, and give feedback after (i.e., attempt to air issues and decisions that are potential conflict creators and make sure that the lessons learned in handling the dispute are recorded and reported).
2. Keep the focus on interests, not positions or personalities (per Fisher, Ury, and Patton, 2011).
3. Build in “loop-backs” to disputants (i.e., make sure the disputing process is informed by the lessons learned through system operations).
4. Develop and use cost-efficient mechanisms to protect rights and restore power imbalances.
5. Arrange and pursue remedies in a cost-efficient manner by using and exhausting low-cost remedies before trying higher-cost approaches.

6. Provide disputants with the necessary skills, resources, and motivation to use the system easily and constructively.
7. Work with all concerned parties to make the system design viable and valuable.

Lynch (2001) suggests that ADR systems need to be evaluated differently than conflict managed on a case-by-case basis. According to Lynch, healthy ADR systems share five features across organizations: (1) They are *all-encompassing*, so they are available for use by all people and for all types of problems; (2) there is a *conflict competent culture*, with a positive atmosphere where conflict can be surfaced and managed safely; (3) there are *multiple access points* to the system with knowledgeable people to support it; (4) there are *options and choices* that allow disputants access to coaches and mediators if they choose to involve them; and (5) there are *support structures* such as support from top management and educational programs that institutionalize the ADR system as well as provide safeguards.

Chapter Summary

When negotiators are unable to reach an agreement or resolve a conflict, a third-party intervention may help. In this chapter, we reviewed three formal types of third-party intervention: arbitration, mediation, and process consultation. Each of these types has its strengths and weaknesses as an intervention and approach to dispute resolution. The styles differ in the degree to which the disputants surrender control to the third party over the negotiation process and/or the outcome. Arbitration involves a structured process in which disputing parties have relatively free rein to present their stories, while the arbitrators decide the outcome, often imposing a resolution on the disputants. Mediators exert a great deal of control over how the parties interact, in terms of both their physical presence and their communication; although mediators may point the parties toward possible resolutions through suggestions and guidance, they typically do not choose the resolution for the disputants. Finally, process consultants are less involved in the disputed issues than arbitrators or mediators, but they are heavily involved in helping to establish or enhance communication and dispute resolution skills that the parties can then apply to the immediate dispute and future communication.

Other third-party roles and types, including informal versions of the three formal approaches we addressed, are increasingly being studied systematically to determine their application and impact. Organizational support for alternative dispute resolution procedures promises great dividends for organizations willing to invest the necessary resources in system design and operations. A great deal remains to be done to determine the mastery and propriety of particular informal third-party styles and techniques for various types of conflict and to achieve a better understanding of how third parties—individually and organizationally—can effectively assist in resolving disputes.

Finally, we briefly reviewed some of the emerging work on alternative dispute resolution (ADR). ADR encompasses a variety of techniques that employers adopt to handle workplace disputes and avoid litigation with employees and with others outside the organization. ADR can include not only mediation and arbitration but also several hybrid methods that use neutral third parties to hear employees' concerns. The purpose of ADR is to find dispute resolution processes that reduce costs, minimize lawsuits and court cases, and allow organizations to handle employee conflicts efficiently and effectively.

Endnotes

- ¹ For a broad treatment of these and related issues, see Lewicki, Weiss, and Lewin (1992); Mayer (2000); Singer (1990, 1994); and Ury (2000).
- ² See Bennett (2014); Bingham, Chesmore, Moon, and Napoli (2000); Bobekova (2015); Carnevale and Pruitt (1992); Duursma (2014); Galin (2014); Moore (1996); Nabatchi and Bingham (2001); Sulzner (2003); and Ury, Brett, and Goldberg (1988).
- ³ This does not appear to extend to international mediation, where biased mediators may not be a liability (see Vuković, 2015).
- ⁴ We have described the three most frequent third-party roles, but several authors have suggested numerous other formal roles (for instance, see Diehl, Druckman, and Wall, 1998; and Ury, 2000). Interested readers should consult the references cited throughout this chapter to explore the research and practice on third parties in greater detail.
- ⁵ For instance, see Brett and Goldberg (1983); Devinat and Budd (1997); Kanowitz (1985); and Kochan (1980).
- ⁶ See Grigsby and Bigoness (1982); Kritikos (2006); Long and Feuille (1974); Neale and Bazerman (1983); and Starke and Notz (1981).
- ⁷ See Baruch Bush (1996); Carnevale and Pruitt (1992); Kochan (1980); Kochan and Jick (1978); Lewicki, Weiss, and Lewin (1992); Wall and Lynn (1993); and Wall, Stark, and Standifer (2001).
- ⁸ See Drayton (1981); Reich (1981); and Susskind and Cruikshank (1987).
- ⁹ See Kriesberg (1991); Rubin (1981); and Zartman (1989).
- ¹⁰ Further discussion of ripeness can be found in Coleman (2000a); Eliasson (2002); Greig (2001); Nissen and Waage (2015); and Zartman (2015).
- ¹¹ See Carnevale and Conlon (1990); Conlon and Ross (1993); Kaufman and Duncan (1992); Smith (1985); Touval and Zartman (1985); van de Vliert (1992); Vuković (2015); and Zartman (2008).
- ¹² A complete framework for understanding mediation must take into consideration a very large number of factors, and a complete understanding of the role and impact of these factors is beyond the scope of this book. For more detail, see Barrett (1999); Herrman, Hollett, Gale, and Foster (2001); and Wall and Lynn (1993).
- ¹³ See Folberg and Taylor (1984); Holaday (2002); Kochan (1980); Kressel (1972); Lovenheim (1989); Moore (1996); Poitras and Bowen (2002); Saunders (2003); and Wall (1981).
- ¹⁴ Poitras, Bowen, and Byrne's (2003) model applies to negotiations that have reached impasse or that have yet to start; "prenegotiation" is similar to the early stages of mediation in Moore's model.
- ¹⁵ See Carnevale and Conlon (1988); Chaudrhy and Ross (1989); and Harris and Carnevale (1990).
- ¹⁶ See Donohue (1989); Hiltrop (1989); and Lim and Carnevale (1990).
- ¹⁷ See Benjamin and Levi (1979); Boehringer, Zeruolis, Bayley, and Boehringer (1974); Brown (1977); Cohen, Kelman, Miller, and Smith (1977); Hill (1982); and Lewicki and Alderfer (1973).
- ¹⁸ See Grigsby (1981); Grigsby and Bigoness (1982); Ross and Conlon (2000); and Starke and Notz (1981).
- ¹⁹ For discussion of the benefits of ADR systems, see Bingham (1999); Bingham and Napoli (2001); Loomis (2001); and Lynch (2001). For discussion about ADR design issues, see Bordwin (1999) and Levy (1999).
- ²⁰ For further discussion, see Brett, Goldberg, and Ury (1990); Costantino and Merchant (1996); Lynch (2001); Sheppard, Lewicki, and Minton (1992); and Ury, Brett, and Goldberg (1988).



Best Practices in Negotiations

Objectives

1. To appreciate the extent to which negotiation is both an art and a science.
 2. To explore the 10 best practices that all negotiators can follow to achieve a successful negotiation.
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CHAPTER OUTLINE

1. **Be Prepared**
2. **Diagnose the Fundamental Structure of the Negotiation**
3. **Identify and Work the BATNA**
4. **Be Willing to Walk Away**
5. **Master the Key Paradoxes of Negotiation**
 - Claiming Value versus Creating Value*
 - Sticking by Your Principles versus Being Resilient Enough to Go with the Flow*
 - Sticking with Your Strategy versus Opportunistically Pursuing New Options*
 - Being Too Honest and Open versus Being Too Closed and Opaque*
 - Being Too Trusting versus Being Too Distrusting*
6. **Remember the Intangibles**
7. **Actively Manage Coalitions—Those against You, for You, and Unknown**
8. **Savor and Protect Your Reputation**
9. **Remember That Rationality and Fairness Are Relative**
10. **Continue to Learn from Your Experience**

Negotiation is an integral part of daily life and the opportunities to negotiate surround us. While some people may act as if they were born negotiators, negotiation is fundamentally a skill involving analysis and communication that everyone can learn. The purpose of this book is to provide students of negotiation with an overview of the field, a perspective on the breadth and depth of the subprocesses of negotiation, and an appreciation for the art and science of negotiation. In this final chapter, we reflect on negotiation at a broad level by providing 10 best practices for negotiators who wish to continue to improve their negotiation skills (see Table 20.1).

TABLE 20.1 | Ten Best Practices for Negotiators

1. Be prepared.
2. Diagnose the fundamental structure of the negotiation.
3. Identify and work the BATNA.
4. Be willing to walk away.
5. Master the key paradoxes of negotiation: <ul style="list-style-type: none"> • Claiming value vs. creating value • Sticking by your principles vs. being resilient enough to go with the flow • Sticking with your strategy vs. opportunistically pursuing new options • Being too honest and open vs. being too closed and opaque • Being too trusting vs. being too distrusting
6. Remember the intangibles.
7. Actively manage coalitions—those against you, for you, and unknown.
8. Savor and protect your reputation.
9. Remember that rationality and fairness are relative.
10. Continue to learn from your experience.

1. Be Prepared

We cannot overemphasize the importance of preparation, and we strongly encourage all negotiators to prepare properly for their negotiations (see Chapter 4). Preparation does not have to be an abnormally time-consuming or arduous activity, but it should be right at the top of the “best practices list” of every negotiator. *Negotiators who are better prepared have numerous advantages*, including understanding their own interests and BATNA, analyzing the other party’s offers more effectively and efficiently, understanding the nuances of the concession-making process, and achieving their negotiation goals. Preparation should occur *before* the negotiation begins so that the time spent negotiating is more productive. Good preparation means understanding your own goals and interests as well as possible, and being able to articulate them to the other party skillfully. It also includes being ready to understand the other party’s communication in order to find an agreement that meets the needs of both parties. Few negotiations are going to conclude successfully unless both parties achieve at least some of their goals. Solid work up-front to identify your needs, and to understand the needs of the other party, is critical preparation to increasing the odds of success.

Good preparation also means setting aspirations for negotiation outcomes that are high but achievable. Negotiators who set their sights too low are virtually guaranteed to reach an agreement that is suboptimal, while those who set them too high are more likely to stalemate and end the negotiation in frustration. Negotiators also need to plan their opening statements and positions carefully so they can clearly state them to the other. It is important to avoid trying to completely preplan the negotiation sequence, however, because while negotiations do follow broad stages, they also ebb and flow at irregular rates, and negotiators can surprise one another. Overplanning the tactics for each negotiation stage in advance

of the negotiation is not a good use of preparation time. It is far better that negotiators prepare by understanding their own strengths and weaknesses, their needs and interests, the situation, their BATNA, and the other negotiator as well as possible, so that they can adjust promptly and effectively as the negotiation proceeds.

Finally, it is important to recognize and prepare for the effects of the broader context of the negotiation, such as the nature of existing relationships, the presence of audiences, opportunities for forming coalitions, and negotiation within or between teams (see Chapters 10 through 13), as well as preparing for the effects of cross-cultural differences (see Chapter 16). Negotiators need to consider how these broad contextual factors will influence the negotiation.

2. Diagnose the Fundamental Structure of the Negotiation

Negotiators should consciously assess whether they are facing a fundamentally distributive negotiation, an integrative negotiation, or a blend of the two and choose their strategies and tactics accordingly. Using strategies and tactics that are mismatched will lead to suboptimal negotiation outcomes. For instance, using overly distributive tactics in a fundamentally integrative situation will likely result in reaching agreements that leave integrative potential untapped because negotiators tend not to readily share the information needed to succeed in integrative negotiations when confronted with distributive tactics. In these situations, money and opportunity are often left on the table.

Similarly, using integrative tactics in a distributive situation may not lead to optimal outcomes, either. For instance, one of the authors of this book was recently shopping for a new car and the salesman spent a great deal of time and effort asking questions about the author's family and assuring him that the salesman was working hard to get the highest possible value for his trade-in. Unfortunately, the salesman met the author's requests for clarification about the list price of the car and information about recently advertised manufacturer incentives with silence or by changing the topic of conversation. This was a purely distributive situation for the author, who was not fooled by the salesman's attempt to bargain by manipulating the relationship. The author bought a car from a different dealer who was able to provide the requested information in a straightforward manner—and whose price was \$1,500 lower than the first dealer for the same car!

Negotiators also need to remember that many negotiations will consist of a blend of integrative and distributive elements and that there will be distributive and integrative phases to these negotiations. It is especially important to be careful when transitioning between these phases within the broader negotiation because missteps in these transitions can confuse the other party and lead to impasse. It is also important to remember that because of perception and decision biases (see Chapter 6), most negotiators tend to overestimate the probability that a negotiation will be distributive, and hence need to be even more vigilant about the possibility that approaching the other in an integrative manner might actually lead to a creative, integrative outcome.

Finally, there are times when accommodation, avoidance, and compromise may be appropriate strategies (see Chapter 1). Strong negotiators will identify these situations and adopt appropriate strategies and tactics.

3. Identify and Work the BATNA

Some of the most important elements of planning and sources of power in a negotiation (see Chapters 2, 4, and 8) are the alternatives available for that negotiation if an agreement is not reached. One alternative, the best alternative to a negotiated agreement (BATNA), is especially important because this is the option that likely will be chosen, should an agreement not be reached. Negotiators need to be vigilant about their BATNA. They need to know what their BATNA is relative to a possible agreement and consciously work to improve the BATNA so as to improve their power and the deal. Negotiators without a strong BATNA may find it difficult to achieve a good agreement because the other party may try to push them aggressively, and hence the negotiators may be forced to accept a settlement that is later seen as unsatisfying.

For instance, purchasers who need to buy items from sole suppliers are acutely aware of how the lack of a positive BATNA makes it difficult to achieve positive negotiation outcomes. Even in this situation, however, negotiators can work to improve their BATNA in the long term. For instance, organizations in a sole-supplier relationship have often vertically integrated their production and started to build comparable components inside the company, or they have redesigned their products so they are less vulnerable to price changes or availability issues from the sole supplier. These are clearly long-term options and would not be available in a current negotiation. However, it may be possible to refer to these plans when negotiating with a sole supplier as a reminder that the purchaser will not be dependent forever.

Negotiators also need to be aware of the other's BATNA and to identify how it compares to what they are offering. Negotiators have more power in a negotiation when their potential terms of agreement are significantly better than what the other can obtain with his or her BATNA. On the other hand, when the difference between one negotiator's terms and the other's BATNA is small, negotiators have less room to maneuver. There are three things you, as a negotiator, should do with respect to another negotiator's BATNA: (1) Monitor it carefully in order to understand and retain your competitive advantage over the other's alternatives; (2) remind the other of the advantages your offer has relative to his or her BATNA; and (3) in a subtle way, suggest that the other's BATNA may not be as strong as he or she thinks it is (this can be done in a positive way by stressing your strengths or in a negative way by highlighting the other's weaknesses).

4. Be Willing to Walk Away

The goal of most negotiations is to achieve a valued outcome, not just reaching an "agreement." Strong negotiators remember this and are willing to walk away from a negotiation when no agreement is better than a poor agreement or when the process is so offensive that the deal isn't worth the work or they don't trust the other party to follow through. While this advice sounds simple in principle, in practice, negotiators can become so focused on reaching an agreement that they lose sight of the real goal, which is to reach a good outcome (and not just any agreement). Negotiators can ensure that they don't take their eyes off the goal by making regular comparisons with the targets they set during the planning stage and by comparing their progress during their negotiation against their walkaway point and BATNA.

While negotiators are often optimistic about goal achievement at the outset, they may need to reevaluate these goals during the negotiation. It is important to continue to compare progress in the current negotiation with the target, walkaway, and BATNA and to be willing to walk away from the current negotiation if their walkaway or BATNA becomes the truly better choice.

Even in the absence of a good BATNA, negotiators should have a clear walkaway point in mind where they will halt negotiations. Sometimes it is helpful if the walkaway is written down or communicated to others so that negotiators can be reminded about it during difficult negotiations. When in team negotiations, it is important to have a team member monitor the walkaway point and be responsible for stopping the negotiation if it appears that a proposed final settlement is beyond this point.

5. Master the Key Paradoxes of Negotiation

Excellent negotiators understand that negotiation embodies a set of paradoxes—seemingly contradictory elements that occur together. This section discusses five paradoxes that negotiators commonly face. There is a natural tension in choosing one of the alternatives in a paradox, but the best way to manage a paradox is to attempt to strike a *balance* between the opposing forces. Strong negotiators know how to read and manage these opposing forces and manage the complex tradeoffs.

Claiming Value versus Creating Value

All negotiations have a *value-claiming* stage, where parties decide who gets how much of what, but many negotiations also have a *value-creation* stage, where parties work together to expand the resources under negotiation. The skills and strategies appropriate to each stage are quite different; in general terms, distributive skills are called for in the value-claiming stage, and integrative skills are useful in value creation. Typically, the value-creation stage will *precede* the value-claiming stage, and a challenge for negotiators is to balance the emphasis on the two stages and the transition from creating to claiming value. There is no signpost to mark this transition, however, and negotiators need to manage it tactfully so as to avoid undermining the open brainstorming and option-inventing relationship that has developed during value creation. One approach to managing this transition is to publicly label it. For instance, negotiators could say something like “It looks like we have a good foundation of ideas and alternatives to work from. How can we move on to decide what is a fair distribution of the expected outcomes?” In addition, research shows that most negotiators are overly biased toward thinking that a negotiation is more about claiming value than about creating value (see Chapter 6), so managing this paradox will likely require an over-emphasis on discussing the value-creation dynamics early in the process.

Sticking by Your Principles versus Being Resilient Enough to Go with the Flow

The pace and flow of negotiations can move from an intense haggles over financial issues to an equally intense debate over deeply held principles about what is right, fair, or appropriate. These transitions often create a second paradox for negotiators. On the one hand, effective

negotiation requires flexible thinking and an understanding that an assessment of a situation may need to be adjusted as new information comes to light; achieving any deal will probably require both parties to make concessions. On the other hand, core principles are not something to back away from easily in the service of doing a deal. Effective negotiators are thoughtful about the distinction between issues of personal values and principles, where firmness is essential, and other issues where compromise or accommodation is the best route to a mutually acceptable outcome. A complex negotiation may well involve both kinds of issues in the same encounter. And it is not enough for the negotiator to know in his or her own mind that an unwavering commitment on issue X is grounded in a deep personal value or principle; good negotiators know that it is critical to convey that principle accurately to the other party so that he or she will not misread firmness based on principle as hostility or intransigence.

Sticking with Your Strategy versus Opportunistically Pursuing New Options

New information will frequently come to light during a negotiation, and negotiators need to manage the paradox between sticking with their prepared strategy and pursuing a new opportunity that arises during the process. This is a challenging paradox for negotiators to manage because new “opportunities” may, in fact, be “Trojan horses” (tricks to lure the negotiator into a trap), but harboring unpleasant surprises if the trick is not recognized. Negotiators also must reconsider all the advanced planning they have been doing, and be willing to modify that planning on the basis of new information or circumstances. On the other hand, circumstances do change, and legitimate one-time, seize-the-moment deals do occur. The challenge for negotiators is to distinguish phantom opportunities from real ones; developing the capacity to recognize the distinction is another hallmark of the experienced negotiator.

Strong preparation is critical to being able to manage the “stay-with-the-current-strategy versus opportunism” paradox. Negotiators who have prepared well for the negotiation and who understand the circumstances are well positioned to make this judgment. We also suggest that negotiators pay close attention to their intuition. If a deal doesn’t feel right, if it seems too good to be true or the risk of accepting the opportunity is too high, then it probably *is* too good to be true and is not a viable opportunity. If negotiators feel uneasy about the direction the negotiation is taking, then it is best to take a break and consult with others about the circumstances. Often, explaining the “opportunity” to a colleague, friend, or constituent will help distinguish real opportunities from “Trojan horses.”

We are not suggesting that negotiators become overly cautious, however. Frequently, genuinely good opportunities occur during negotiations, legitimately caused by changes in business strategy, market opportunities, excess inventory, a short-term cash flow challenge, or even dumb luck. Negotiators who have prepared well will be able to consider and take full advantage of real new opportunities when they arise.

Being Too Honest and Open versus Being Too Closed and Opaque

As we noted in Chapter 1, negotiators face two dilemmas. The first is the *dilemma of honesty*: How open and honest should I be with the other party? Negotiators who are completely open and tell the other party everything expose themselves to the risk that the other

party will take advantage of them. In fact, research suggests that too much knowledge about the other party's needs can lead to suboptimal negotiation outcomes. On the other hand, being completely closed will not only have a negative effect on your reputation (discussed later) but also is an ineffective negotiation strategy because you don't disclose enough information to create the groundwork for agreement. The challenge of this paradox is deciding how much information to reveal and how much to conceal—both for pragmatic and ethical reasons.

Strong negotiators have considered this paradox and understand their comfort zone, which will likely vary depending on the other party. Negotiators should remember that negotiation is an ongoing process. As the negotiators make positive progress, they should be building trust and feeling more comfortable about being open and revealing more information to the other party. That said, there is some information that should probably not be revealed (e.g., the bottom line in a distributive negotiation) regardless of how well the negotiation is progressing.

Being Too Trusting versus Being Too Distrusting

As a mirror image of the dilemma of honesty, negotiators also face the *dilemma of trust*: how much to trust what the other party tells them (see Chapter 1). Negotiators who believe everything the other party tells them make themselves vulnerable to being taken advantage of by the other party. On the other hand, negotiators who do not believe anything the other party tells them will have a very difficult time reaching an agreement. As with the dilemma of honesty, we suggest that negotiators remember that trust is a process that evolves over time. First, as we noted, trust can be built by being honest and sharing information with the other side, which hopefully will lead to reciprocal trust and credible disclosure by the other side. Moreover, there will be individual differences in trust. Some negotiators will start off by being more trusting but become less trusting if information comes to light showing that the other party is not trustworthy. Other negotiators will be more comfortable having the other party earn their trust and will be more skeptical early in negotiations (see our discussion of trust and distrust in Chapter 10). There is no right or wrong approach to managing this dilemma. Strong negotiators are aware of it, however, and consciously monitor how they are managing this challenge.

6. Remember the Intangibles

It is important that negotiators remember the intangible factors while negotiating and remain aware of their potential effects. Intangibles frequently affect negotiation in a negative way, and they often operate outside the negotiator's awareness. As noted in Chapter 1, intangibles are deep, motivating psychological factors—winning, avoiding loss, looking tough or strong to others, not looking weak, being fair, standing by principles, and so on. For instance, if the other party is vying with his archrival at the next desk for a promotion, he may be especially difficult when negotiating with you in front of his boss in order to look tough and impress his boss. It is unlikely that the other negotiator will tell you this is what he is doing and, in fact, may not even be aware of it himself. The best way to identify the existence of intangible factors is to try to see what is not transparently there. In other words, if your careful preparation and analysis of the

situation reveals no tangible (outcome-related) explanation for the other negotiator's behavior—such as adamant advocacy of a certain point, refusal to yield another one, or behavior that just doesn't make sense—then it is time to start looking for the intangibles driving his or her behavior.

For example, several years ago one of the authors of this book was helping a friend buy a new car, and the price offered from the dealer was \$2,000 less than any other dealer in town. The only catch was that the car had to be sold that day. On the surface, this looked like a trick (see earlier “Sticking with Your Strategy. . .” on p. 597), but there was no obvious tangible factor that explained this special price. The friend had never purchased from the dealer before, the car was new and fully covered by a good warranty, and the friend had price shopped at several dealers and knew this price was substantially lower. As they continued to discuss the potential deal, the salesman became more and more agitated. Sweat was literally falling from his brow. The friend decided to purchase the car, and as soon as he signed, the salesman was simultaneously relieved and excited. He asked for a moment to telephone his wife to share with her some good news. It turned out that the salesman had just won a complicated incentive package offered by the dealer that included a two-week, all-expenses-paid Caribbean vacation for his family of four. The incentive package required that a total of 10 vehicles, 1 from each category of vehicle at the dealership, be sold in that month. The salesman, who specialized in selling trucks, felt immense pressure when the friend hesitated because he had given the friend a huge discount on his car just to close the deal.

The intangible factor of trying to win the vacation package explained the salesman's agitated behavior in the preceding example. The buyer learned of this only when the salesman could no longer contain his excitement and shared the good news with his family. Often, negotiators do not learn what intangible factors are influencing the other unless the other chooses to disclose them. Negotiators can see evidence of their existence, however, by looking for changes in the other's behavior from one negotiation to another, sticking points the other constantly comes back to, and information gathered about the other party before negotiation begins. For instance, if you find out that the other party has a new boss that she doesn't like and she is subsequently more difficult to deal with in the negotiation, the intangible of the new boss may be to blame.

There are at least two more ways to discover intangibles that might be affecting the other. One way is to ask open questions (see Chapter 7). These questions should try to get the other party to reveal why he or she is sticking so strongly to a given point. Strong emotions and/or values are the root of many intangibles, so surfacing intangibles may result in the discussion of various fears and anxieties. The question-asking process should also be gentle and informal; if the questioning is aggressive, it may only make the other defensive, adding another intangible to the mix and stifling effective negotiations! A second way is to take an observer or a listener with you to the negotiation. Listeners may be able to read the other's emotional tone or nonverbal behavior, focus on roadblock issues, or take the other's perspective (role reversal). A caucus with this listener may then help refocus the discussion so as to surface the intangibles and develop a new line of questions or offers.

Negotiators also need to remember that intangible factors influence their own behavior (and that it is not uncommon for them to not recognize what is making them angry, defensive,

or zealously committed to some idea). Are you being particularly difficult with the other party because he or she does not respect you? Are you trying to teach a subordinate a lesson? Do you want to win this negotiation to gain the approval of your spouse? Without passing judgment on the legitimacy of these goals, we strongly urge negotiators to be aware of the effect of intangible factors on their own aspirations and behavior. Often, talking to another person—a sympathetic listener—can help the negotiator figure these out. Strong negotiators are aware of how both tangible and intangible factors influence negotiation, and they weigh both factors when evaluating a negotiation outcome.

7. Actively Manage Coalitions—Those against You, for You, and Unknown

Coalitions can have very significant effects on the negotiation process and outcome. Negotiators should recognize three types of coalitions and their potential effects: (1) coalitions against them; (2) coalitions that support them; and (3) loose, undefined coalitions that may materialize either for or against them. Strong negotiators assess the presence and strength of coalitions and work to capture a strong, supportive coalition for their benefit. If this is not possible, negotiators need to work to prevent the other party from capturing a loose coalition for their purposes. When negotiators are part of a coalition, communicating with the coalition is critical to ensuring that the power of the coalition is aligned with their goals. Similarly, negotiators who are agents or representatives of a coalition must take special care to manage the agency relationship (see Chapter 11).

Successfully concluding negotiations when a coalition is aligned against you is an extremely challenging task (see Chapter 12). It is important to recognize when coalitions are aligned against you and to work consciously to counter their influence. Frequently, this will involve a divide-and-conquer strategy, in which you try to increase dissent within the opposing coalition by searching for ways to breed instability. In contrast, recognizing when a coalition is for you may be equally important, as you may be able to leverage its support in order to win over your opponent.

Coalitions occur in many formal negotiations, such as environmental assessments and reaching policy decisions in an industry association. Coalitions may also have a strong influence in less formal settings, such as work teams and families, where different subgroups of people may not have the same interests. Managing coalitions is especially important when negotiators need to rely on other people to implement an agreement. It may be possible for negotiators to forge an agreement when the majority of people influenced are not in favor, but implementing the outcomes of that agreement will be very challenging. Strong negotiators need to monitor and manage coalitions proactively, and while this may take considerable time throughout the negotiation process, it will likely lead to large payoffs at the implementation stage.

8. Savor and Protect Your Reputation

Reputations are like some eggs—take a long time to hatch and are fragile, easy to break, and very hard to rebuild once broken. Reputations travel fast, and people often know more about you than you think they do (see Chapter 10). Starting negotiations with a positive

reputation gives you a significant competitive advantage before you have asked for anything, and you should be vigilant in protecting your reputation. Negotiators who have a reputation for breaking their word and not negotiating honestly will have a much more difficult time negotiating in the future than those who have a reputation for being honest and fair. Consider the following contrasting reputations: “tough but fair” versus “tough and devious.” Negotiators prepare differently for others with these contrasting reputations. Negotiating with a tough but fair negotiator means preparing for potentially difficult negotiations while being aware that the other party will push hard for her perspective but will also be rational and fair in her behavior. Negotiating with a tough and devious other party means that negotiators need to verify what the other says, be vigilant for dirty tricks, and be more guarded about sharing information (see Chapters 5 and 18).

How are you perceived as a negotiator? What is your reputation with others at this point? What reputation would you like to have? Think about the negotiators you respect the most and their reputation. What is it about their behavior that you admire? Also think about the negotiators who have a bad reputation. What would it take for them to change your image of them?

Rather than leaving reputation to chance, you can work to shape and enhance your reputation by acting in a consistent and fair manner. Consistency provides the other party with a clear set of predictable expectations about how you will behave, which leads to a stable reputation. Fairness sends the message that you are principled and reasonable. Strong negotiators also periodically seek feedback from others about the way they are perceived and use that information to strengthen their credibility and trustworthiness in the marketplace.

9. Remember That Rationality and Fairness Are Relative

Research on negotiator perception and cognition is quite clear (see Chapter 6): People tend to view the world in a self-serving manner and define the rational thing to do or a fair outcome or process in a way that benefits themselves. First, negotiators need to be aware of this tendency in both themselves and the other party. Negotiators can do three things to manage these perceptions proactively. First, they can question their own perceptions of fairness and ground them in clear principles. Second, they can find external benchmarks and examples that suggest fair outcomes. Finally, they can illuminate definitions of fairness held by the other party and engage in a dialogue to reach consensus on which standards of fairness apply in a given situation.

Moreover, negotiators are often in the position to collectively define what is right or fair as a part of the negotiation process (see our discussion of justice in Chapter 10). In most situations, neither side holds the keys to what is absolutely right, rational, or fair. Reasonable people can disagree, and often the most important outcome that negotiators can achieve is a common, agreed-upon perspective, definition of the facts, agreement on the right way to see a problem, or standard for determining what is a fair outcome or process. Be prepared to negotiate these principles as strongly as you prepare for a discussion of the issues.

10. Continue to Learn from Your Experience

Negotiation epitomizes lifelong learning. The best negotiators continue to learn from the experience—they know there are so many different variables and nuances when negotiating that no two negotiations are identical. These differences mean that for negotiators to remain sharp, they need to continue to practice the art and science of negotiation regularly. In addition, the best negotiators take a moment to analyze each negotiation after it has concluded, to review what happened and what they learned. We recommend a four-step process:

- Plan a personal reflection time after each negotiation.
- Periodically “take a lesson” from a negotiation trainer or coach (i.e., go to a negotiation skills seminar or workshop, read a new book, or ask an experienced negotiator to observe or debrief you or let you observe him or her).
- Keep a personal diary on strengths and weaknesses, and develop a plan to work on weaknesses.
- If you are negotiating with the same person or group on a regular basis, keep a record of how the negotiation evolved, notes about the other negotiator, and so on.

This analysis does not have to be extensive or time consuming. It should happen after every important negotiation, however, and it should focus on the *what*, *why*, and *how* questions: What happened during this negotiation? Why did it occur? How can I learn from this experience? Negotiators who take the time to pause and reflect on their negotiations will find that they continue to refine their skills and that they remain sharp and focused for their future negotiations. Moreover, even the best athletes—in almost any sport—have one or more coaches on their staff and stop to take a lesson, when necessary. Negotiators have access to seminars to enhance their skills, books to read, and coaches who can help refine their skills.

This book should be seen as one step along the way to sharpening and refining your negotiation skills, and we encourage you to continue to learn about the art and science of negotiation. We wish you the best of luck in all of your future negotiations!

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