Introduction: Definitions, functions, and scope of business negotiations

1.1 Negotiation defined

- activity: task/doing orientation
- with two or more players,
- with a sense of being interdependent,
- effectively looking for an arrangement,
- and possibly a relation between them.
- examples and illustrations
negotiation

An activity,
generally face to face,
with two or more players who,
facing interest divergence
and feeling that they are interdependent,
choose to actually look for an arrangement,
in order to put an end to this divergence
and thus create,
maintain or develop
a relationship between them
Players Divergence

Interests, Rights, Power Goals and objectives Interpretation of facts methods roles and statutes values

Actually looking for an arrangement

Domain of negotiation distributive/ integrative

Problem solving

Conflict Cooperation

(Adapted from Dupont)
• 1.2 Alternative Definitions of negotiation
  • Ressource allocation activity (bargaining)
  • Search for solutions (problem-solving)
  • collective decision method when there are no rules and/or hierarchy

• 1.3 Functions of a negotiation
  • Trade and economic exchange (trading/dealing)
  • Interactiv decision making (joint project)
  • Conflict resolution (an alternative to « war »)
  • Drafting joint rules (institutionalization)
Discussion des aspects économiques de l’échange : Marchandage

- Decline of traditional bargaining activities
- Relates to compulsory display of price tags imposed by regulation
- Rituals and exploration of exchange price
- Still exists nowadays for equipment goods and for some large ticket items in consumer durables
- Bargaining is a good hands-on training for business negotiations: people from countries where bargaining is legally forbidden may be at a disadvantage because of lack of hands-on experience
1.4 Conditions for entering a negotiation
- perception by parties of their actual interdependence
- expected utility increase > expected negotiation cost
- "reasonable" power differential between the parties

1.5 Scope of negotiation
- sales, business, marketing
- industrial relations (compensation, work conditions, etc.)
- taxation,
- lobbying, negotiations business regulations with authorities
- company takeovers, M&A, joint-ventures, etc.
- the scope of negotiation increases as and when rules and hierarchy play a diminishing role
negotiation: object, context, stakes and players

2.1 The object(s) of a negotiation
- What is actually negotiable?
- dissymetry in perceived negotiation objects?
- degree of formalization in defining the object(s) of a negotiation

• 2.2 Negotiation context
- history of the relationship between the parties
- macro-environment of a negotiation
- relevant circumstances: place, date, climate
Negotiation: stakes and players

• 2.3 Stakes and power relationships
  - initial dotation, payoffs,
  - calculative aspects of a negotiation
  - sources of power
  - power asymmetries and rapport de force

• 2.4 The negotiation system
  - relational dynamics
  - negotiation processes and negotiation outcomes
Integrative and distributive orientations

3.1 Debriefing of Kelley’s buyer-seller negotiation simulation

- A great diversity in joint outcomes across dyads
- negotiation as an exploration task: the actual problem to be solved (Horizontal vs. Diagonal)
- those who win... and the others!
- average outcomes per role: buyers vs sellers
- process (who starts, offers and counteroffers, …)
- initial offers: to what extent do they anchor a negotiation?
- The tricky issue of concessions: what and when?
3.2 Approaches to negotiation

- integrative or cooperative approach
- distributive approach (territorial confrontation)
- underlying determinants of an integrative orientation:
  * the problem solving approach
  * doing orientation (vs. being orientation)

Task orientation curbs and moderates conflicts, and induces parties to jointly address actual negotiation issues
  * pragmatic orientation (issue after issue)
  * future orientation
  * non territorial, outgroupist orientation,

A sense of one’s right over the control of a « territory » and its exclusive appropriation (e.g. the border conflicts) leads naturally to a more distributive approach
Integrative orientation: increase joint utility

- Parties generally have different levels of utility for the same « goods » (e.g. goods composing a shared heritage that heirs have to divide between them)
- They should explore the utilities assigned by each party to a particular « good » and accept tradeoffs that result in increasing the joint utility of all players
- Negotiators should reveal as little as possible from their own subjective utilities for particular goods
- It may be that a strong focus on dividing the pie (distributive) undermines the search for an optimal solution
Integrative or Distributive Orientations (Problem Solving Approach):

A & B Distributive

A/50

B/50

A/40

B/60

the total « pie » does not get larger and B wins in the distribution while A loses 10 (absolute loss)

A Integrative / B distributive

A/50

B/50

A/50

B/150

total « Pie » of 200, but distributive B has taken up the whole of the utility increase due to A’s integrative orientation
Integrative Orientation: Advantages and drawbacks
(good will is no guarantee against exploitation)

Integrative 1

total pie is 150, equally distributed, however smaller than in situation 2

Integrative 2

total pie is 200; however B has a much larger relative gain (140% for B against 60% for A)
3.3 Key factors facilitating the adoption of a cooperative approach likely to increase joint gains

- a concern for the other party’s: the *dual concern model*
- level of aspirations of the parties
- a large enough *perceived common ground*
- the ability to successfully identify and solve problems
- a commitment not to get stuck in the middle by « territory conflicts »
- multiple issues at stake (in contrast to single issue negotiation)
- different level of utility for particular goods
- the perspective of repeated interactions

Exercise 2 : « Michoud and Lavanchy » negotiation (instructions)
Concern for the other party’s outcomes

Concern for one’s own outcomes

«dual concern model» (Pruitt, 1981)

- high yielding
- low inaction
- low contending
- high solving
negotiation, reservation price and withdrawal threshold

**BATNA** (Fisher et Ury)
Best Alternative To a Negotiated Agreement

The reservation price concept
THE GEOMETRY OF DISTRIBUTIVE BARGAINING

NOTE: If \( b < s \), there is no zone of agreement

<table>
<thead>
<tr>
<th>Seller’s surplus</th>
<th>Zone of agreement</th>
<th>Buyer’s surplus</th>
</tr>
</thead>
</table>
| Seller’s reservation price  
(seller wants \( s \) or more) | Final contract | Buyer’s reservation price  
(buyer wants \( b \) or less) |
| \( s \) | \( x^* \) | \( b \) |

Buyer wants to move \( x^* \)  
 to the left  

Seller wants to move \( x^* \)  
 to the right

![Diagram showing the zone of agreement between seller's surplus and buyer's surplus.](image)

Source: Raiffa (1982)
reservation price = PR ; announced price = PA ; B buyer , S seller
The exploration of « reservation prices » and the problem of information asymmetry

**Situation 1**: Each party knows the reservation price of the other party

**Situation 2**: Only one party knows the reservation price of the other party

**Situation 3**: (the most frequent in practice): each party has probabilistic information on the reservation price of the other party

Reservation price revelation is an important (but quite ambiguous) aspect of the negotiation task; it is all the more difficult that the reservation price is complex (multi-issue)
(4) Utility and efficiency in negotiation

- 4.1 Game Theory and negotiation
- 4.2 The prisoner’s dilemma
- 4.3 bargaining and Nash equilibrium
- 4.4 The theory of cooperative behavior (Axelrod, conditional trust)
- Les limites de la notion d’utilité et des approches en termes de théorie des jeux
4.1 Game theory and negotiation

\[(U_\text{1}-U_\text{0}).(U'_\text{1} - U'_\text{0}) = k\]

- \(U_\text{et } U'\) = utilities of both negotiators; \(U_\text{0} = \) utility at rupture point (R); \(H \text{ and } G\), highest possible gains for both players; triangle ARB is the negotiation domain; the point of Nash is the unique tangency point between the negotiation domaine lie HG and the equilateral hyperbole \((U_\text{1}-U_\text{0}).(U'_\text{1} - U'_\text{0}) = k\).
4.2 - the prisoner’s dilemma

A ⇒ not confess  confess
B ↓
not confess  (1 year, 1 year)  (20 years, 0)
confess  (0, 20 years)  (10 years, 10 years)
How the prisoner’s dilemma (PD) sketch applies to negotiation in practice

• Many acts within the negotiation process may be considered as PDs (C=cooperate; D=defect)
• Information exchange: deliver information (C) or keep silent (D); tell the truth (C) or lie (D)
• Use of threats: express no emotions (C) vs. feign anger in order to influence the other party (D)
• Using a problem solving approach and being integrative (C) vs. having a distributive orientation (D)
### Prisoner's Dilemma

**Player A**

<table>
<thead>
<tr>
<th></th>
<th>Cooperate</th>
<th>Defect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooperate</td>
<td>R=3, R=3 Reward for mutual cooperation</td>
<td>S=0, T=5 Sucker’s payoff, and temptation to defect</td>
</tr>
<tr>
<td>Defect</td>
<td>T=5, S=0 Temptation to defect and sucker’s payoff</td>
<td>P=1, P=1 Punishment for mutual defection</td>
</tr>
</tbody>
</table>

**NOTE:** the gains for the row player are indicated first

Source: Axelrod (1996)
Prisoner’s Dilemma

A two-player game where each player may either cooperate or defect

- **T** (temptation to defect in order to gain when the other player cooperates)
- **R** (reward resulting from sharing the benefits of mutual cooperation)
- **P** (punishment when both defect)
- **S** (The sucker’s payoff for the player who cooperates when the other player defects)

\[ T > R > P > S \]

\[ R > (T + S)/2 \]

Repeated prisoner’s Dilemma (Axelrod) : 200 shots and more.
Some ideal-types of cooperative strategies (decision rule in an iterated prisoner’s dilemma - Axelrod, 1984, 1996)

All $D$ (Toujours seul): policy of always defecting.

Tit for Tat (Donnant-Donnant): policy of cooperating on the first move and then doing whatever the other player did on the previous move.

Random (Aléatoire): the strategy adopted is drawn randomly.

Tit for Two Tats (Un oeil pour deux yeux): defects only if the other player defected on the two previous moves; otherwise cooperates.

Friedman: is never the first to defect but, as soon as the other player defects, Friedman defects from then on, that is, never cooperates.

Tester (Mouche du Coche):
The rule is that the player defects on the very first move in order to test the other player’s response. If the other player ever defects, it apologizes by cooperating and by playing tit-for-tat for the rest of the game. Otherwise, it cooperates on the second and third moves but defects every other move after that.
Basic characteristics of a strategy
(= decision rules in a repeated PD game)

**Nice (Benevolence)**
Play cooperative in the first round (in the absence of any "relational history") => never the first to defect

**Forgiveness/Indulgence**
Propensity to continue cooperation after the other player’s defection

**Retaliatory**
Capacity to promptly react to a provocation of the other player
(i.e. a sudden and unjustified defection)

**Clarity / legibility**
If a strategy is too complex, it becomes illegible/unreadable by the other party; unpredictable behavior is bound to decrease cooperation

**Echo effect**
A strategy, when faced with another one, may cause systematic repetition of particular positions
(5) Complex negotiations

• The notion of complex negotiation
• Sawyer et Guetzkow’s negotiation model
• Key factors influencing negotiations
• Fundamental factors
• Goal variables
• Organization and information variables
• Variables relating to the negotiation process
• Outcome variables
Sawyer et Guetzkow’s model

2 goal variables

1 Fundamental Factors

4 Process variables

3 - organization and information variables

5 Outcome variables

time
Some questions for assessing the degree of complexity of a negotiation (Raiffa, 1982; Raiffa et al., 2003)

- Are there more than two parties?
- Are parties really "monolithic"? (that is, fully coherent within a particular negotiation group)

- Is the negotiation game likely to be played again? Will the parties negotiate again in the future? At what time horizon? How often?

- Is this negotiation related and dependant on other negotiations?

- Are there multiples questions and issues at stake?
Some questions for assessing the degree of complexity of a negotiation (2)

- Is a formal agreement a required outcome?
- Is "ratification" (= the agreement of mandators) necessary? Negotiators who are mandatories may need to have their positions confirmed and backed by mandators.
- Can threats be exercised?
- Are there time constraints?
- Are parties bound by contracts?
- Is negotiation taken place publicly or privately?
- What are the norms of negotiation groups?
- Is the intervention of third parties possible?
Third parties to the negotiation table

- Experts (especially technical experts)
- Observers / journalists, media
- Lawyers
- Interpretators/translators (multi-lingual negotiations)
- Conciliators (when parties do not talk to each other)
- Mediators (make offers to both parties and help them exploring win-win alternatives and making bilateral concessions to reach agreement if possible)
- Arbitrators (makes the final decision if parties cannot reach an agreement but agree for the arbitrator to settle in their names),
- To which side is a third-party related (e.g. paid by)?
1 – Fundamental factors

- Cognitive divergences
- Ideological Factors: «values» as opposed to «interests», «rights» or «power»
- motivational orientation variables: integrative, mixed or distributive
- Basic affective attitudes: reaction to stress, face (face saving, loss of face), rituals, etc.

2 – Goal variables: basic interests of the parties; variables related to the conflict of interest, power related goals
3 - Organization and information variables

- Place(s) of negotiation
- Secret or non-secret negotiation
- Private or public (with non intervening observers)
- Number of different parties and number of participants (who? Why? When?)
- Coalitions
- Relationships between mandatories and their mandators
- Relevant external environment / negotiation
- Degree of information of the parties
- Negotiation procedures
- Negotiation agenda
- Negotiation planning
Variables de processus et de resultat

4 - PROCESS
• Strategic orientation
• Readiness to adopt a problem solving approach
• Negotiation tactics
• Putting pressure and exerting influence
• Communication: information exchange and persuasion attempts
• Management of concessions (timing)

5 - OUTCOMES
• Type of agreement
• Time to reach agreement
• Contract and/or relationship
• Characteristics of the agreement compared with alternatives (especially BATNA)
• Satisfaction of negotiators and their mandators concerning the outcomes and the negotiation process
## Negotiation Tactics (process variables)

<table>
<thead>
<tr>
<th>Negotiation Tactics</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promise</td>
<td>A statement in which the source indicated his intention to provide the target with a reinforcing consequence which source anticipates target will evaluate as pleasant, positive, or rewarding.</td>
</tr>
<tr>
<td>Threat</td>
<td>Same as previous, except that the reinforcing consequences are thought to be noxious, unpleasant, or punishing.</td>
</tr>
<tr>
<td>Recommendation</td>
<td>A statement in which the source predicts that a pleasant environmental consequence will occur to the target. Its occurrence is not under source’s control.</td>
</tr>
<tr>
<td>Warning</td>
<td>Same as recommendation, except that the consequences are thought to be unpleasant.</td>
</tr>
<tr>
<td>Reward</td>
<td>A statement by the source that is thought to create pleasant consequences for the target.</td>
</tr>
<tr>
<td>Punishment</td>
<td>Same as reward, except that the consequences are thought to be unpleasant.</td>
</tr>
</tbody>
</table>

*Source: ‘Bargaining Behaviors and Definitions’ (Anglemar and Stern, 1978)*
# Negotiation Tactics (process variables)

<table>
<thead>
<tr>
<th>Positive normative appeal</th>
<th>A statement in which the source indicates that the target’s past, present, or future behavior was or will be in conformity with social norms.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative normative appeal</td>
<td>Same as positive normative appeal except that the target’s behavior is in violation of social norms.</td>
</tr>
<tr>
<td>Commitment</td>
<td>A statement by the source to the effect that its future bids will not go below or above a certain level.</td>
</tr>
<tr>
<td>Self-disclosure</td>
<td>A statement in which the source reveals information about itself.</td>
</tr>
<tr>
<td>Question</td>
<td>A statement in which the source asks the target to reveal information about itself.</td>
</tr>
<tr>
<td>Command</td>
<td>A statement in which the source suggests that the target performs a certain behavior.</td>
</tr>
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*Source: ‘Bargaining Behaviors and Definitions’ (Anglemar and Stern, 1978)*
(6) The role of time in negotiation

- Different negotiation stages
- The need for informal, non-task preliminaries
- The influence of temporal orientations
- The pace and rhythm of negotiation
- Using the pressure of time to extract last minute concessions
- Difficulties related to the joint planning of negotiation and post-negotiation activities
6 - different stages in the negotiation process (1)

• 1/ Non-task sounding: activities which can be described as targeting the development of an interpersonal rapport and aim to reach better acquaintance of each other as well as learning key characteristics of other negotiators (e.g. age, nationality, education, status, previous experience, etc.)

• 2/ Task-related exchange of information: at this stage, negotiators more precisely indicate what are their interests, needs, and preferences and supply the other side with information (more or less true) on situations, facts, and data which underly their positions.
6 - different stages in the negotiation process (2)

- **3/ Persuasion**: parties try to modify the subjective utilities expected by the other party by using argumentation and different persuasion tactics.
- **4/ Concessions and agreement**: preparing the final, precise draft of the agreement which is often the outcome of a number of reciprocal concessions, of a « small steps » policy, and the end product of a series of sub-agreements.
- **Caution**: This conceptual framework is based on a linear, anglo-saxon time perception – it may not be fully verified in practice.
(10) - conflict and trust in negotiation (1) : interpersonal aspects of the negotiation process

- The role of trusting relationships in limiting opportunistic behaviour
- Trust, an economic asset in business negotiations
- Confidence and Trust
- Key Factors for establishing trust
- Trust in European countries: significant differences of impersonal trust levels across countries
- Building trust assets: a matter of time, patience, indulgence, and susceptibility
Confidence and Trust (linguistic comparison with French and German)

• Confiance - as feeling (sentiment)
• Confidence
• Avoir (un sentiment de) confiance
• Statique / state of mind
• Spontaneous (mix of affective and rational)
• Individual and social representations

• Confiance - as deed (acte)
• Trust
• Faire (acte de) confiance
• Dynamic / iterative process
• Calculated (rational)
• Observation and anticipation
• More Vertrauen than Trauen
Key Factors of trust and trust-based relationships

**Reputation** / information

**Previsibility**

**Similarity:** belongingness, moral links

**History** of relationships/previous interactions

**Contract** (observability, verifiability)

'Ocontrolability'

**Oath** (« my word is my bond »)

**Retaliation** (paid killer; 'hostages')

**Interdependence**

Interest for the other party’s outcomes

Perception that **utility is conjoint**

**Asymmetry of the dependence**
A well-known measure of trust is based on the *World Values Survey* which uses a probabilistic sample of 1,000 respondents for each of the 40 to 50 countries observed.

The 'Trust in people' measure (non personal trust, dichotomous choice: yes/no) is based on the following survey question:

> ‘Generally speaking, would you say that most people can be trusted or that you can't be too careful in dealing with people?’

Trust is measured by the percentage of respondents from each country who answered that most people can be trusted when asked.
Trust levels in Western Europe

Nuage de Points (trusteurope.STA 16v*15c)

\[ y = 0.599 - 0.003x + \epsilon \]

Trust levels in Western Europe

%age of trusting people

HIERPERC (percentage of hierarchical religion)
(11) – Trust and conflict (2):

- The tough issue of opportunistic behavior

- The example of selling (and buying …)

- Ways to curb opportunistic behavior

- Relationship and deal: contractual/economic agreement vs. long-term cooperation

- Litigation: basic ingredient of negotiation or final proof of its failure?
Two key sets of elements in a negotiated transaction: Deal and Relationship

**Deal**: all material and financial elements of the negotiated transaction (involves a precise definition of contractual obligations on both sides)

**Relationship**: all soft and hard elements which contribute to the development and the maintenance of a human and social relation between business partners:
- humans / interpersonal bonds
- social linkage / common networks / joint belongingness
- cultural cues, ethnic bonds, shared identity
- affective and emotional bonds based on personality, affinity, and shared life experience

Deal and Relationship combine in a complex manner especially when the negotiation horizon is a multi-transaction one
Oral vs. written agreements?
'A Word is My Bond' Versus 'Get it in Writing'

- potential dissymmetry of any negotiated agreement (mainly due to misunderstandings and divergent interpretation of obligations on both sides)

- Sometimes negotiators agree, however on different bases and they may not see the divergence. The agreement may be perceived differently in terms:
  . stability of the exchange relationship,
  . accuracy and expliciteness of exchange provisions

- In written agreements there is always a sophisticated dialectic interplay between trust and mistrust
WRITTEN AGREEMENTS
basic underlying logic

- Mistrust is the starting assumption (although never explicitly stated, because it is unpleasant and rude)

- The challenge of trust is then to progressively undermine the reasons for distrust and thus increase bases for trust

- Trust is built step by step by isolating potential sources of opportunistic behavior and distrust and making them concrete situations and issues that may be discussed openly; Highest trusting point is reached when signing

- Questioning written and signed clauses (worse: not respecting them) is considered as a breach of law by one party which justifies entering into litigation for the other
ORAL AGREEMENTS
(People-based trust)

- Cultures which put more emphasis on oral agreements do not start from the assumption that trust will be built during the negotiation process; trust (sometimes more simulated than real) appears on the contrary as a pre-requisite to negotiation.

- Trust finds its main source in people (not in texts).

- Direct confrontation on a single clause is avoided as much as; negotiators tend to globalize negotiations (*package deal*).

- The formal signature of an agreement is not the actual timeline (end) of the negotiation, but rather an important step.
Functions of formal litigation

Differences in the interpretation of legalism in negotiations

- Litigation (in *code law* or *common law countries*) is hardly separable from written agreements (as a final recourse when a party does not fulfill its obligations)

- Litigation is threatening for oral-agreement cultures in as much as it directly questions the implicit trust assumption, undermines the relationship, and implies a possible loss of face for the party which loses the trial

- For oral-agreement cultures, questioning or not respecting a signed clause, may be a way to open or re-open a negotiation processus that is perceived as continuous between parties whose trust remains words and people-based
Potential litigation is part of the negotiation process

• If damage money granted by a court to a party may result from the process and/or the outcomes of the negotiation (especially when implementing the signed agreement) => they have to be considered when negotiating, even when keeping silent and assigning a probability distribution to a trial and its outcomes in terms of damages being awarded

• Example of negotiations for know-how licenses

• Type of damages (*punitive damages* as in the U.S. vs. damages related to actual and/or subjective losses inflicted)

• Often the threat of litigation is a way to negotiate (e.g. the divorce of Barbara and Boris Becker) => settle?

• Importance of how *Lawyers* are compensated by plaintiffs
(13) International negotiations
culturals and institutional aspects

• An important dimension of international marketing and international business

• Sales negotiation, agency and delaership contracts, e licensing agreements, joint-ventures, M&A, takeovers, etc.

• Culture (mainly national culture) is not the only key factor:
  - Hard micro-economic facts, basic interests, interdependence,
  - managerial aspects are important
  - "objective interests" may dominate over culture clash

• All things equal, culture influences the negotiation process (via communication) and negotiation strategies, and through them final outcomes

• Negotiation styles differ across cultures, not negotiation basics
inter- versus intra-cultural negotiations

- Inter-last generally longer, but they are no less fruitful; similarity hypothesis (Evans, 1963) => it is easier to negotiate within the ingroup

- Much negotiation research is based on simulated negotiation (Kelley’s game, 1966 = the first negotiation exercise in this course)

- Cross-cultural comparisons show how particular cultures behave in negotiation, but behavior may change (vis-à-vis intracultural settings) when negotiating in an inter-cultural situation (Graham & Adler, 1989) where each negotiators more or less adapt to the other.

- Meaningful cultural differences for international negotiations:
  - communication styles
  - representations of who is a credible partner (and who is not)
  - time orientations
  - existence of a common rationality (mindsets)
  - Base of trusting relationships: oral versus written
The importance of communication in negotiation and the risk to be caught in communication misunderstandings

*representative communication* (fair exchange of true information) versus

*Instrumental communication* (manipulation of the other party by delivering information which is not false *per se*, but mostly aim to influence)

*Strategic misrepresentation*:
Knowingly delivering «non true» and manipulative information: one party may for example convey false information on the value they assign to a particular «good» in the negotiation

Cultures do not put the same value on communication attitudes such as frankness, speech openness: lying or dissimulating information may be perfectly acceptable in some cultures
Sixteen Ways the Japanese Avoid Saying No

1. Vague « no »
2. Vague and ambiguous « yes » or « no »
3. Silence
4. Counter question
5. Tangential responses
6. Exiting (leaving)
7. Lying (equivocation or making an excuse - sickness, previous obligation, etc.)
8. Criticising the question itself
9. Refusing the question
10. Conditional « no »
11. « Yes, but… »
12. Delaying answers (e.g., « We will write you a letter. »)
13. Internally « yes », externally « no »
15. Apology
16. The equivalent of the English « no » - primarily used in filling out forms, *not* in conversation

The final word may be given to Adam Smith who describes some key aspects of the ‘character of virtue’ in the following terms (1759, 1984, p. 214):

“The prudent man is always sincere, and feels horror at the very thought of exposing himself to the disgrace which attends upon the detection of falsehood. But though always sincere, he is not always frank and open; and though he never tells any thing but the truth, he does not always think himself bound, when not properly called upon, to tell the whole truth. As he is cautious in his actions, so he is reserved in his speech; and never rashly or unnecessarily obtrudes his opinion concerning either things or persons.”

Fair division of joint outcomes

*Divide and choose procedures:* "I cut, you choose" ou "you cut, I choose" (there is strong incentive for the one who cuts to do it fairly).

*Naïve procedure*: allocate each object to the one who assigns it the highest utility, and collect its value for the pool of money to be shared, then compensate for package differences (sensitive to strategic misrepresentation).

*Auction Procedure*: conduct an open ascending auction for each item, collect the payments, and share the proceeds equally.

*Randomization Procedure*: toss a die to determine who gets item A, repeat for item B, and so on… (quick and fair, but not efficient division); randomization may be used either as a definitive solution or as a starting solution followed by negotiation.
Recommendations (1)

• Do not confuse the atmosphere during the negotiation with the hard facts behind it

• Progressive discovery of the *Perceived Common Ground* is a key exploration task

• Basic interests should be drafted before negotiation in a precise and operative manner (reservation price, alternatives, BATNA, leeway, roles, etc.)

• Be reflective and self-critical about how your own personality traits affect your attitudes and positions during the negotiation (in particular affective dependence)
Recommendations (2)

• Be a diplomat: cordial, patient, courteous, but realistic ...

• Be prospective (imagine different possible futures)
• Be precise, explicit, ask for clarification
• Communicate by listening rather than by talking
• Carefully prepare and organise meetings
• Takes notes as the negotiation proceeds so as to have a good record of past moves
• Be concerned with your own interests but also with the interests of the opposing party
• Read, read and read again!