

Negotiations
OPIM 291 / LGST 206 / MGMT 291
The Wharton School

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COURSE DESCRIPTION

Negotiation is the art and science of creating agreements between two or more parties. This course has two purposes. First, we will develop theories to guide our negotiations (the science). Second, students will develop and sharpen their negotiating skills by negotiating with other students in cases (the art).

Since negotiations occur in all kinds of settings, we will discuss a wide variety of examples. Most of these examples are cases students will actually negotiate. The cases are the heart of the course. When case materials are distributed in advance, please read the cases carefully and think about them before actually negotiating. Preparation will generally get you a better deal (though not always, of course). Also, when you are negotiating in a large group, failing to prepare can hurt the entire group.

Most of the cases will be graded. Here's how: typically a student will play one of two or more roles in a case, say buyer or seller. The numerical performance of a student in one role, say buyer, will be compared with the performances of others in the same role, such as other buyers. Let x denote the numerical measure of an individual's surplus in a negotiation. The score for x is mapped onto a 0 to 1 scale by the following formula:

$$\text{Score}(x) = \frac{x - \text{Lowest Score for the Role}}{\text{Highest Score for the Role} - \text{Lowest Score for the Role}}$$

Adding all of your scores across the graded cases will determine your aggregate case grade.

It is absolutely crucial that you participate in the negotiation cases. Missing a case costs you an opportunity to learn, and disrupts the careful balance and pre-assignment of negotiation partners. If you miss a case (job interviews are not among the few valid excuses), you will earn a score of -0.5. Thus, participating and doing poorly is always better than not participating at all. Of the cases you actually participate in (cases where you earn a score of 0 or more), I will drop your lowest score.

Attendance on class days with no cases (i.e., lectures; quiz days) is also mandatory.

There are three additional rules about the cases:

(1) The written background material you will receive for each case is meant to represent the preference and knowledge of real people. You should not show anyone else your written material because in natural settings you would not show your counterparts this information.

(2) Many of the cases involve multiple issues. The number of points a participant receives for each issue will depend on his or her role in the case. You should never reveal your point structure to the other participants in the negotiation. This rule will be made clearer when we get to the relevant cases in the course.

(3) You may not discuss the cases with students in other negotiation sections. Other sections of the Negotiations courses use the same cases, but at different times throughout the semester. For that reason it is crucial that you do not divulge any information to other students regarding cases in this course. This principle will be upheld as part of the Wharton Honor Code.

Course Objectives

This course is designed to improve your negotiation skills. Specifically, this class should develop your ability to identify opportunities to negotiate, improve your ability to prepare for negotiations, build your confidence in negotiations, and enhance your ability to analyze and manage the negotiation process. Ultimately, this course should enable you to improve your negotiation outcomes not only by enhancing your bargaining skills, but also by facilitating your ability to recognize opportunities for joint gains and manage interdependent relationships.

Additional Exercises

There will be three individual exercises that you will do outside of class.

- (1) A paper on a negotiation-related topic
- (2) A short write-up of an actual negotiation (You will be required to negotiate for something outside of class)
- (3) A second short write-up of an actual negotiation.

Quizzes

There will be two quizzes during the semester. Each quiz will cover material from the assigned readings, lectures, class discussion, and, if applicable, guest lectures. The quizzes will consist of a number of short answer questions.

Readings

Richard Shell, *Bargaining for Advantage* (Penguin, 2000)
Supplemental readings available electronically on Web Cafe

Guest Lectures

We plan to have two guest lectures this semester (dates and times to be announced). These lectures will provide an important outside perspective on negotiations. These lectures are common to all sections of the course, and attending these lectures is mandatory. If the guest lecture is at the same time as another one of your classes, and you cannot miss the class, you will likely be able to watch the video later on Spike. But the videos are pretty low-quality, so try to avoid going this route. We also want to be polite to the speakers who are generously donating their time; one way to do this is by attending their talk. Details about the lectures will be made

available as the dates approach. To keep the number of classes at the university prescribed level, two normal class days have been cancelled; however, they are not necessarily the same days the speakers are scheduled.

Class Feedback

At the end of the semester you will rate each classmate along two dimensions:

- (1) To what extent did this person help develop a positive and productive relationship during the in-class negotiations?
- (2) To what extent did this person make valuable contributions during class discussion?

These evaluations will be used in the grading process, as described below.

Breakdown of Grades

Cases	25%
Real-World Negotiation Write-Ups	15%
Quizzes	30%
Paper (topic, actual paper)	20%
Class Feedback	10%

Paper

The paper provides you with an opportunity (and the motivation) to explore a negotiation-related topic in some detail. For example, you might want to analyze the influence of a particular situational factor (e.g., time pressure; method of communication) or personality factor (e.g., emotional intelligence; Machiavellianism) on negotiation outcomes. Particularly interesting papers would raise a novel research question not addressed in the existing negotiation or applied psychology literature and propose a way to empirically answer it (e.g., an experimental design).

Alternatively, you may want to analyze a particular real-life negotiation (e.g., peace negotiations in the Middle East), or a particular negotiator (e.g., Kissinger). But these topics are generally more dangerous, as the papers often require a lot of detail and offer less of a chance to display insight.

There are, of course, many other possibilities.

Early on in the semester, you will be asked to turn in a paper topic. This is your chance to get feedback from me as to whether your topic seems promising and, if not, how to rescue it. If you do not turn in a paper topic on time, your paper grade will be reduced a full letter grade.

The paper topic should include three things: (1) A proposed title for the paper, (2) A short (3 to 5 sentence) description of your paper topic, and (3) A list of at least five sources. The exact format of the references you provide is not very important, as long as they are complete references and you use the same format for each reference. If you are unsure of what format to use, here's a style guide you can consult (see pp. 5-7):

<http://jcr.wisc.edu/newstylesheet.pdf>

The sources should be academic (from peer-reviewed journals or books written by academics). Some popular accounts of scientific research (e.g., Gladwell's *Outliers*) may be acceptable in small doses. There are a variety of academic databases that could be helpful in finding papers (e.g., PsycInfo), but nowadays Google Scholar is probably the easiest and most efficient way to find academic papers.

You can use course material for your write-up, but your list of five (or more) academic sources should not include texts assigned for this course. You want to show that your paper has been informed by the ideas and concepts discussed in class (papers originally written for other courses and customized slightly for this course are painfully easy to spot), but you also want to show that you've gone out and learned something new on your own.

Good academic journals that publish negotiation-related research include: *Journal of Applied Psychology*, *Journal of Personality and Social Psychology*, *Organizational Behavior and Human Decision Processes*, *Journal of Experimental Psychology*, *Academy of Management Journal*

The paper should include a reference section, be 5 pages long at most (including references), use 12-point font, use 1-inch margins on top, bottom, right, and left, and be 1.5 spaced.

Actual Negotiation Write-Ups

During this course you are required to go out and actually negotiate for something—twice. You can negotiate for anything—dry cleaning services, a taxi ride, a restaurant meal, a couch, etc.

My preference is for you to negotiate in a setting where negotiations are uncommon (e.g., not in a flea market). It should also be a setting where you personally do not have experience negotiating. You can be the buyer or the seller, and although you do not need to complete a transaction to complete the exercise, the good or service that you negotiate for should be something that you would actually buy or sell. (Note: the first negotiation should take place after the course starts. The second negotiation should take place after you turn in the first one.)

In your write-up I will be looking for (and grading based on) the following:

- (1) An interesting negotiation setting. Any setting will work, but I would prefer to see you initiate a negotiation in a setting where negotiations are not the norm.
- (2) Preparation. You can write about spontaneous negotiations (e.g., after receiving bad service), but I am interested to see you document how you prepared for the negotiation.
- (3) Integration of class material. To what extent can you integrate theory and class lessons in analyzing this experience?
- (4) Identifying key lessons. What did you learn about yourself and/or others from this exercise?

The write-up should be 1 to 2 pages long (double spaced, 12-point font).

A tentative schedule, subject to change as the semester progresses:

Date (Day)	Topic	In Class	Handout	Read Before Class	Hand in
1/14 (W)	Introduction	Overview, <i>Buying a House</i> (not graded)	Syllabus, <i>Buying a House</i>		
1/19 (M)	No Class	MLK Day			
1/21 (W)	Distributive Negotiations	Debrief / Discussion		B1,2; S1	
1/26 (M)		<i>BioPharm-Seltek</i>	<i>BioPharm-Seltek</i>		
1/28 (W)	Integrative Negotiations	Debrief / Discussion		B3,4; S2	
2/2 (M)		<i>Union-City</i>	<i>Union-City</i>		
2/4 (W)	Deception	Debrief / Discussion		B11; S3,4	
2/9 (M)		<i>The Player</i>	<i>The Player</i>		
2/11 (W)	Perspective Taking	Debrief / Discussion		B5,6; S5	
2/16 (M)		<i>Towers Market</i>	<i>Towers Market</i>		Paper Topic
2/18 (W)	Judgment/Decision Making	Debrief / Discussion	<i>Moms.com</i>	S6,7	
2/23 (M)		<i>Moms.com</i>			Actual Negotiation 1
2/25 (W)	Emotion	Debrief / Discussion		S8,9	
3/2 (M)	Exam 1				
3/4 (W)	Personality / Gender	Discussion		S10,11	
3/9 (M)	No Class	Spring Break			
3/11 (W)	No Class	Spring Break			
3/16 (M)		<i>Student Project</i>	<i>Student Project</i>		
3/18 (W)	Agency / Mediation	Debrief / Discussion	<i>Agency-House</i>	B7; S12	
3/23 (M)		<i>Agency-House</i>			
3/25 (W)	Non-Verbal Communication	Debrief / Discussion	<i>El Tek</i>	S13,14	
3/30 (M)		<i>El Tek</i>			
4/1 (W)	Cross-Cultural Negotiation	Debrief / Discussion	<i>Cartoon</i>	B8; S15	Actual Negotiation 2
4/6 (M)	No Class	Class Cancelled for Guest Speaker			
4/8 (W)	No Class	Class Cancelled for Guest Speaker			
4/13 (M)		<i>Cartoon</i>			
4/15 (W)	Persuasion	Debrief / Discussion	<i>Harborco</i>	B9,10; S16	
4/20 (M)		<i>Harborco</i>			Paper
4/22 (W)	Alcohol (in Negotiations)	Debrief / Discussion		S17,18	
4/27 (M)	Exam 2				Feedback Ratings

Key: B = Bargaining For Advantage (Chapter numbers); S = Supplemental Reading (See course page on Web Café)

Supplemental Reading List

- S1. Maurice Schweitzer, “Aim High, Improve Negotiation Results”
- S2. Maurice Schweitzer, “Is Your Counterpart Satisfied?”
- S3. Maurice Schweitzer, “Negotiators Lie”
- S4. Maurice Schweitzer, “Call Their Bluff! Detecting Deception in Negotiation”
- S5. Adam Galinsky, William Maddux, and Gillian Ku, “The View from the Other Side of the Table”
- S6. Max Bazerman and Margaret Neale, “Anchoring and Adjustment”
- S7. John Hammond, Ralph Keeney, and Howard Raiffa, “The Hidden Traps in Decision Making”
- S8. Jennifer Lerner, “Negotiating Under the Influence”
- S9. Margaret Neale, “Emotional Strategy”
- S10. Linda Babcock, Sara Laschever, Michele Gelfand, and Deborah Small, “Nice Girls Don’t Ask”
- S11. Deborah Tannen, “The Power of Talk: Who Gets Heard and Why”
- S12. Jeffrey Rubin and Frank Sander, “When Should We Use Agents? Direct vs. Representative Negotiation”
- S13. Shell, Richard, “Electronic Bargaining: The Perils of E-Mail and the Promis of Computer-Assisted Negotiations”
- S14. Roderick Swaab and Adam Galinsky, “Hot to Negotiate When You’re (Literally) Far Apart”
- S15. Michael Morris, “When Culture Counts—and When It Doesn’t”
- S16. Robert Cialdini, “Harnessing the Science of Persuasion”
- S17. Maurice Schweitzer and Jeffrey Kerr, “Bargaining Under the Influence: The Role of Alcohol in Negotiations”
- S18. Adam Galinsky and Maurice Schweitzer, “Negotiators: Think Before You Drink”