

Negotiations
LGST 806/OPIM 691
The Wharton School

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COURSE DESCRIPTION

Negotiations 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. (That's the science.) Second, students will develop and sharpen their negotiating skills by negotiating with other students in cases. (That's the art.)

Since negotiations occur in all kinds of organizations, and in many functional areas within an organization, 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. Many cases will be negotiated in class. Others will be conducted outside of class. For these, you will be randomly assigned with a partner and are responsible for arranging times outside of class to negotiate.

Please read the cases in advance and think about them before actually negotiating. Preparation will generally get you a better deal (though not always, of course). Furthermore, when you are negotiating in a large group, failing to prepare can hurt the entire group. You should also keep up with the assigned readings.

I will grade a subset of the cases. I have not identified in advance which of the cases I will grade. Prepare for each case as if it is graded. I will compare performance within a role. (Your performance within a role will be compared with the performance of other students in the same role.) You will earn a score between 5 and 10 based upon your relative performance. For example, if there are 10 buyers, the buyer with the most surplus will earn a 10, the buyer with the second highest surplus will earn a 9.5. The buyer with the lowest surplus will earn a 5.

Students who miss a case for any reason will earn a score of 0. I will drop the lowest case score at the end of the term.

Though you can reveal information during the course of negotiations, do not share confidential information with other students outside of your negotiation experience. I consider a violation of this rule to be a violation of the Wharton honor code. (2) Do not reveal your point structure.

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 individual exercises that you will do outside of class.

- (1) A questionnaire (P/F grade)
- (2) Three different 1 page write-ups of an actual negotiation (You will be required to negotiate for items outside of class.)

Write-ups are due at the start of class on the day they are due.

Quizzes

I will distribute short quizzes at the start of some class sessions. There will be no make-up quizzes for absences or late arrivals, but I will drop the lowest quiz score at the end of the semester.

There will also be a cumulative quiz that will cover material from the assigned readings, lectures, guest speakers, and class discussion at the end of the semester.

Paper

You will be required to write a paper on a negotiation related topic. You may work alone or in a group of two people. The paper should be short, about 5-7 pages, and cite at least 5 (five) academic sources (e.g. books, journal articles). The paper should be well written and informative. You may describe and analyze a particular negotiation (e.g. the Law of the Seas) or any topic of particular interest to you (e.g. Japanese-American negotiation styles, non-verbal communication, gender differences).

Readings

Richard Shell *Bargaining for Advantage* (Penguin, 2006)

I will also post additional readings on Canvas.

Class Participation

Participation in this class is very important. I would encourage you to focus on the quality of your comments rather than the quantity.

Missing class, arriving late, going in and out of class, or arriving unprepared harms the learning environment in the class and will harm your grade. Each class period is 80 minutes long. I encourage you to use the restroom before class. Do not take this class if you will miss class sessions (e.g., have a busy recruiting schedule), have difficulty arriving on time, or have difficulty staying inside a classroom for 80 minutes.

Though I know that some of you are accustomed to taking notes on your laptops or iPads, the use of electronic media during lectures and class discussion is not allowed. Other electronic devices including iPhones, Tablets, Smartphones, Blackberries, etc. are also not permitted during lectures and class discussions. Using electronic devices during class lecture and discussions will lower your grade.

Peer Evaluation

At the end of the semester you will rate your classmates along two dimensions: (1) To what extent did this person help develop your relationship during the negotiation process? (2) To what extent did this person help create value in class discussion? These evaluations will be used in the grading process.

Breakdown of Grades

- (1) Instructor's class participation assessment: 20%
- (2) Peer evaluation: 15%
- (3) Paper: 10%
- (4) Short Start of Class Quizzes: 15%
- (5) Quiz at the end of term: 15%
- (6) Performance on Negotiation Cases: 15%
- (7) Write-ups: 10%

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Paper

The paper provides you with an opportunity (and the motivation) to explore a negotiation-related topic in some detail. Past examples of paper topics include: The anger expressions in negotiation, the role of time pressure in negotiations, Nonverbal communication, the influence of agents in negotiations, Deception in negotiations, Gender differences, Chinese-American negotiations.

The paper should reference at least 5 academic sources (listed with complete references, e.g., how articles are listed at the end of journal publication). For examples:

Smith, R., Parrott, W., Diener, E., Hoyle, R. & Kim, S. (1999). Dispositional envy. *Personality and Social Psychology Bulletin*, 25, 1007-1020.

Tesser, A. (1988). Toward a self-evaluation maintenance model of social behavior. In L. Berkowitz (Ed.), *Advances in Experimental Social Psychology* (pp. 181-227). New York: Academic Press.

The academic sources should be either books or journal articles. For example, using scholar.google or ABI Inform or PsychInfo using the library's electronic database. (Click on Electronic Resources and the Databases from the following link: <http://www.library.upenn.edu/>) You can use course material for your write-up, but your list of 5 (or more) academic sources should not include texts assigned for this course.

Good academic journals that publish negotiation related research include:

Journal of Applied Psychology

Journal of Personality and Social Psychology

Journal of Applied Social Psychology

Organizational Behavior and Human Decision Processes

Journal of Experimental Psychology

Academy of Management Journal

International Journal of Conflict Management

Negotiation Journal

Journal of Conflict Resolution

(The paper should include a reference section, be at least 5 pages long, 12 point font, and 1.5 spaced.)

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Actual Negotiation Write-up

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

My preference is for you to negotiate in a setting where negotiations are uncommon (e.g., not in a flea market). 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 negotiations should take place after the course starts.)

In your write-up I will be looking for (and grading) 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?

Each write-up should be short: 1 page long (1.5 spaced 12 point font).

	Topic	In Class	Assignments Discussed	Readings	Shell	Hand in
29-Aug	Th	Introduction	Case #1	Nondisclosure, Online Surveys		Nondisclosure
3-Sep	Tu	Distributive Negotiations		Paper Assignment	1, 2	
5-Sep	Th	Cancelled for Guest Speaker				
10-Sep	Tu	Distributive Negotiations	Case #2		6	1
12-Sep	Th	Distributive Negotiations		Actual Negotiations		
17-Sep	Tu	Integrative	Case #3			2
18-Sep	W	Guest Speaker: Rodger Krause, Sun Capital Partners, 4:30-6pm				
19-Sep	Th	Gender Differences			11, 12, 13	Online Surveys
24-Sep	Tu	Cancelled for Guest Speaker				
26-Sep	Th	Integrative (Continued)	Case #4			11 Actual Negotiation I
1-Oct	Tu	Deception			3, 4	
3-Oct	Th	Judgment, Personality			9, 10	
8-Oct	Tu	Integrative	Case #5			3
10-Oct	Th	Fall Break				
15-Oct	Tu	Integrative	Case #6			4
17-Oct	Th	Face Threat				5
22-Oct	Tu	Integrative	Case #7			6
24-Oct	Th	Persuasion			7	
29-Oct	Tu	Trust & Cooperation	Case #8			
31-Oct	Th	Trust & Cooperation				7
5-Nov	Tu	Agency	Case #9		5	
7-Nov	Th	Agency				Actual Negotiation II
12-Nov	Tu	Mediation	Case #10		8	
14-Nov	Th	Mediation				8
19-Nov	Tu	Multi-party	Case #11			9
21-Nov	Th	Multi-party				Actual Neg III
26-Nov	Tu	Multi-party (Continued)	Case #12			10

28-Nov	Th	Thanksgiving	
3-Dec	Tu	Multi-party (Continued)	Peer Evaluation (Due Dec 13 5pm)
5-Dec	Th	Multi-party (Continued)	Case #13
10-Dec	Tu	Conclusion	Quiz