Introduction to Negotiation and Dispute Resolution

11.201 GATEWAY: Planning Action

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Game analysis adapted from James Sebenius (1995)
Today’s learning objectives

- Examine assumptions about being effective in a world of cooperators, competitors, complex issues, and diverse interests.
- Explore strategies and tactics for forging and sustaining trust and cooperation—the keys to coalition building. Most important public purposes, and many private ones, are accomplished only by coalitions.
- Re-analyze some issues at stake in our past cases (Public housing, Narmada, Anacostia)
- Begin to reflect on your own style and skills ("repertoire") as a negotiator.
Problem: Impasse (inability to reach agreement in important public disputes)

Where: Issues complex, interests diverse, spillovers common, impasse costly.

Prescription: negotiated agreement, multi-stakeholder process (look for “joint gain”)
Fisher et al. *Getting to yes*

- **Focus on your interests, not positions.** OK, but agreements eventually include specific positions (terms). Emotions of conflict (pride, anxiety, confusion) tend to make us positional.

- **Separate the people from the problem.** Crucial but hard to do—negotiation includes interpersonal exchange, and doing homework on their style and reputation is often key.

- **Invent options for mutual gain** (“deal design”). The creative element—when there’s room, when the scope (issues and options) isn’t fixed.
But ...

- Is negotiated agreement always best? No, but being able to negotiate effectively is essential.
- Is a cooperative style “most likely to succeed”? Not necessarily, depends on counterparts and structure of the negotiation (situation).
- So: need tools for assessing situations, broad repertoire of analytic and interpersonal skills, adaptable style. Strength “above and below the neck” (analytic smarts + self-management)
- Biggest mistake made by inexperienced negotiators? ____________
“Win as much as you can”: Structure?

What is a negotiation’s structure?

- Parties (stakeholders: number and type)
- Issues
- Interests
- Options
- Rules and incentives

Examples: 2-party 1-issue, 2-party multi-issue, multi-party 1 or multi-issue
Win as much: Structural logic

| If they play... | And I Play | I score | So I should play ...
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Iron logic? Whatever they play, I should play ___. What does this assume about the information I have?
Strategy across rounds

- In final round (10), no future, so ...
  “iron logic” applies, play X
- If they will play X in round 10, I should play what in 9? ___
- And so on, backward to round 1.
Case closed? Make the competitive move always?
Beyond the “iron logic” favoring competition over cooperation

- The structure shapes incentives in crucial ways, helps explain lack of cooperation where parties could benefit. But interactive problem-solving is a human process.

- **Trust**: How do I know I can trust them? How do I make myself seem trustworthy?

- **Communication**: The message intended may not be the one received. Signals matter.

- **History and relationships**: Reputation can promote or undermine trust, relationships built on trust can overcome powerful structural barriers.

- **Framing** matters: What if we call it “the community game”? The “Wall Street game”? 
Advantageously shaping their choices

<table>
<thead>
<tr>
<th>Their beliefs</th>
<th>Your strategy to shape</th>
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<tr>
<td>They see the <em>benefits</em> of sustained cooperation.</td>
<td>Analyze game and explain clearly.</td>
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<td>They see the interaction as <em>cooperative</em>.</td>
<td>Act cooperatively, avoid needless provocation.</td>
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<td>They trust you to play Y’s.</td>
<td>Make yourself seem trustworthy.</td>
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<td>They believe others will play Y’s.</td>
<td>Build and sustain a <em>cooperative coalition</em>.</td>
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<td>They agree to play Y.</td>
<td>Offer and seek <em>explicit</em> agreement.</td>
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<td>Agreement is <em>clear</em>.</td>
<td>Avoid <em>ambiguity</em>, beware “crossed wires” (confusion).</td>
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<td>Compliance mechanisms are in place, alternative (play X) is unattractive.</td>
<td>Secure the deal with compliance mechanisms, commit to “principled retaliation.”</td>
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Lessons and review

- Expectations of shared decisionmaking are on the rise, but *impasses* are common and costly.
- Basic principles help one rethink negotiation, but *pitfalls* are common, and most negotiators under-prepare.
- Analyze a situation’s *structure* realistically, then consider people or *process* factors.
- Forge *cooperation*: work to win and sustain *trust*, send clear *signals*, negotiate with *deeds* (visible commitments), bolster trust with *compliance* mechanisms. “Tit-for-tat.”