The Psychology of Effective Negotiation: Lessons from Neuroscience

Psychology and Neuroscience can tell us a huge amount about what is going on internally for a negotiator in the heat of the moment. Whether it is conscious or unconscious the strategies, assumptions, motivations and emotions that a negotiator produces internally and elicits in the other party play a critical role in the outcome of a negotiation. The purpose of this short article is to share some insights from our research and experience.

Negotiations are rarely clear-cut and straightforward. Instead, negotiators have the difficult task of making sense out of a ‘fuzzy’ and ambiguous situation. This is often caused by a lack of information about the real interests, thoughts and motivations of the opponent (De Dreu et al, 2007). The cliché – ‘maintaining your poker face’, comes to mind in the typical and traditional battleground of the negotiator.

In an ideal world, two opposing parties would work towards ‘integrative agreements’, a solution which has more value for both parties than a simple 50-50 split, using compromising and problem solving strategies (De Dreu et al, 2007). Due to a number of limitations, frequently due to human factors, negotiations tend towards avoidant and contentious strategies – creating an adversarial environment. We address some of these limitations below, taking an explorative Psychological and Neuroscientific perspective...

What is the Psychology of an effective negotiator?

How does our biological hardwiring, mindset, and behaviour impact the success of negotiation?

If negotiation magnifies human interaction, how does the nature of both parties’ internal state impact this dynamic?
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1 Be Focused and Open

When entering a negotiation, does having a definitive outcome which we rigidly pursue lead to unhelpful behaviours? When we hold this fixed outcome in our memory, a surprising amount of attention and mental processing power is utilised. Therefore, according to the Limited Resource Theory (Baumeister, Muraven & Tice, 2000), this type of effortful processing leads to an ‘ego-depletion’ state. Due to this state, our limited processing capacity means we are unable to commit sufficient processing power to then be able to take the perspectives of others and engage in collaborative behaviours (Fennis, 2011). Perhaps relinquishing our attachment to a single idea is the key to success. Taking a non-attachment approach, as advocated in Buddhist philosophy, may help us to actively focus on what the other party is saying and telling us about their underlying interests and motivations.

Engaging in this kind of cognitive self-control has been associated with the more recently developed part of our brain – the Prefrontal Cortex (PFC - the very front of our brain).

2 Coping with Ego-threat

The fact that we seem to have a natural desire to create, maintain and protect a positive self-image of ourselves, is often the reason why we find it difficult to resolve conflict. One of the ways we maintain this self-image is by identifying and becoming the member of a prestigious group. However, when an ‘us versus them’ dynamic is created, anyone who has a similar view to us becomes a member of the ‘in-group’ and anyone who has opposing views becomes a member of the ‘out-group’. Research has found that we have a tendency to reject propositions simply as a reaction to someone being in the ‘out-group’ (Mo’az, Ward, Katz & Ross, 2002). When our status is challenged, research has found that we experience decreased IQ, increased responses in the amygdala (associated with emotionality) and decreased responses in the PFC (as mentioned, crucial for cognitive control). Furthermore, a reduction in status can generate a strong threat response, as the same area of the brain responsible for physical pain is activated when this occurs (Eisenberger, Lieberman, & Williams, 2003).

Don’t allow the instant gratification of your short term win (the carrot which dangles in front of you and takes up all of your attention) distract you from the possibility of a wider, more long term victory.

Responding to challenge

All of this research points in one direction. When we feel that someone is challenging an idea or stance which we identify with, we will take up an ego-defensive position in order to protect our status. This typically leads to competitive behaviour, negative views of the opponent and extreme attitudes (De Dreu and Van Knippenberg, 2005). By increasing our awareness of when we are slipping into these behaviours, we can begin to develop coping strategies. After all, will you allow someone who is being challenging or even rude, stop you from achieving the big picture goal?
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3 Limited empathy

The key to reaching ‘integrative agreements’ is looking beyond the other parties’ position and understanding their interests and motivations. Where we are limited is our faulty assumption that others see the world exactly as we do, and therefore want the same things as us. This assumption manifests via the ‘fixed-pie’ assumption (Thompson & Hastie, 1990), which leads us to assume that there are limited resources. We therefore engage in a zero-sum mindset – placing us in a directly opposed position to those we are negotiating with. A great anecdote comes to mind here... Two sisters, aged 5 and 7 are arguing over the last orange left in the house and it’s clear that neither will give it up, and so they find themselves at an impasse. The mother intervenes and asks, what do you each want the orange for? The 5 year old says she wants to make fresh orange juice, while the 7 year old says she wants to add orange zest to the cake she is baking. The mother gives the orange peel to her elder daughter and gives the rest of the orange to her younger daughter. By understanding the motives behind the position, both parties come away happy. There hasn’t been a 50:50 split but an equally valuable resolution because the interests of both have been understood and satisfied. Crucially, research has shown that treating someone as a competitor reduces our ability to empathise with them (Singer et al, 2006). This has clear implications for negotiations and our ability to understand the perspective of the other party. Advances in Neuroscience and Neurobiology have shown that the hormone Oxytocin is produced naturally in the brain and higher levels are associated with greater collaborative behaviour (Zak, Kurzban, Matzner, 2005). Neuro-economist Paul Zak has been nicknamed the Dr of love, because his research shows that boosting Oxytocin levels by various means such as shaking hands, swapping names, discussing common interests and most impactful of all; hugging, can lead to greater affiliation with others.

4 Cognitive shortcuts

In order to efficiently process our world, humans have developed an incredible ability to make decisions very quickly based on our past experiences. This means that we free up our limited processing capacity to ponder on the more pressing issues in life. However, frequently, this can lead us to misinformed decisions, as we base these decisions on ‘heuristics’ or general rules of thumb (Kahneman & Tversky, 1973). While there a number of these heuristics that we use; ‘Anchoring’, the tendency to rely on an arbitrarily chosen point of reference, has particularly powerful consequences in negotiation. For example, negotiators often anchor onto their counterpart’s opening offer and make counter-offers based on this, allowing this reference point to dictate the entire negotiation. Another rule of thumb is the ‘Availability Heuristic’, the tendency to rely on information which is most easily accessible to us through our memory. The good news in relation to all of these heuristics is that they help us navigate the complexities of life fairly efficiently. However, the bad news is that when ‘fuzzy’ situations such as negotiations occur, we must possess the motivation to go beyond the immediately available information, to make more informed decisions. The reality is that this uses up a lot of our limited cognitive capacity, because it involves effortful processing and as Kahneman says, we are governed by a cognitive system which is ‘lazy’ (p44, Kahneman, 2011).
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5 Dangerous fairness

Research has shown that we are hardwired to emphasise and seek fairness. Classic Neuroeconomic games have shown us that when an individual divides a set amount of money unequally between themselves and a partner i.e. dividing £10 by giving ourselves £9 and a partner £1 - this creates a negative emotional reaction for both parties (Gospic et al, 2011). In contrast, receiving and making fair offers leads to activity in the reward regions of the brain (Tabibnia Satpute, & Lieberman, 2008; Weiland, Hewig, Hecht, Mussel, & Miltner, 2012). So it would seem that we have evolved to seek out fairness in social exchanges. However, the way in which we judge fairness differs between different parties - adding an additional level of complexity. For example, equality refers to both parties getting the same amount whereas equity refers to each party gaining a share, in proportion to their input.

This has crucial implications for settling agreements, as fairness can focus attention on the equal sharing of resources, as opposed to the creation of value (De Dreu, et al, 2007). What others value drives their positions and stances. And so, much like the example of the mother and her two daughters, it is critical to understand the motivations underlying a position.

So, a well intentioned negotiator may actually be proposing a completely unfair offer, if they don't fully understand their opponent. This has been shown to lead to a strong threat response, activating areas in the brain which are involved in emotions such as disgust (Tabibnia & Lieberman, 2007). This, of course is the foundation of an adversarial negotiation environment, as opposed to a collaborative one which is focussed on collective problem solving.

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