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## MULTIPLE-CHOICE QUESTIONS

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1. Negotiation is best described as:
  - A. a contest of wills between opposing parties
  - B. an interpersonal decision-making process necessary whenever people cannot achieve their objectives single-handedly (p. 2)**
  - C. a third party mediation
  - D. the process of compromise so as to instigate conflict with one side coming out the victor
2. When it is said that economic forces are a key reason for the importance and relevance of negotiation skills, what is meant by that?
  - A. During economic periods of high supply, low demand, negotiators cannot expect to gain much during a negotiation
  - B. Skilled negotiators don't need to take economic forces into account when negotiating
  - C. Economic pressures and forces mean that negotiators need to know how to operate in uncertain and ambiguous environments (p.4)**
  - D. The dynamic, changing nature of business means that people must renegotiate their existence in organizations throughout their careers
3. When negotiators are described as being interdependent, that means people need to know how to:
  - A. integrate their interests and work together (p. 3)**
  - B. have similar incentive structures
  - C. be self-sufficient and self-focused
  - D. develop different norms of communication
4. Regarding some of the major shortcomings that negotiators struggle to overcome, "lose-lose" negotiation occurs when negotiators:
  - A. settle for too little by making concessions that are too small
  - B. leave money on the table because they fail to recognize and exploit opportunities for mutual gain (p. 5)**
  - C. accept all terms offered by the counterparty
  - D. do not sign a binding contract
5. When a negotiator rejects a proposal that is demonstrably better than any other option available, this is called:
  - A. the agreement bias
  - B. the winner's curse
  - C. walking away from the table or hubris (p. 6)**
  - D. settling for too little
6. Nobel Laureate Herb Simon distinguished optimizing from satisficing. Satisficing is best defined as:
  - A. helping other people
  - B. negotiating a slice of the pie that is much larger than your original aspirations
  - C. settling for something less than you otherwise could have had (p. 7)**
  - D. setting high aspirations

7. Which of the following is a myth that negotiators often hold about negotiation?
  - A. Whatever is good for one party must be good for the counterparty
  - B. A good negotiator should always approach a counterparty as if they were of equal status
  - C. Good negotiators play it safe and do not take risks
  - D. Good negotiators rely on intuition (p. 8 9-10)**
  
8. Negotiation is a mixed-motive enterprise, which refers to the fact that parties:
  - A. manage both economic and psychological dimensions
  - B. have incentives to cooperate as well as compete (p. 8)**
  - C. use both deliberate thought and intuition
  - D. balance rewards and costs
  
9. Being a successful negotiator depends on:
  - A. “outsmarting” the counterparty
  - B. the counterparty’s lack of preparation
  - C. experiential learning, feedback, and learning new skills (p. 10)**
  - D. always letting the other party tip their hand first
  
10. A key reason why business people need negotiation skills is due to the increased specialization of skills. This skill specialization increases the need for negotiators to understand the motivations behind another’s behavior because:
  - A. people are less dependent on each other for project success
  - B. people are becoming less competitive with one another in the workplace
  - C. people are more dependent on each other in the workplace (p. 3)**
  - D. managers must customize incentive and punishment structures for all employees
  
11. Information technology provides special opportunities and challenges for negotiators. One of the main challenges for negotiators is:
  - A. disposing of old equipment
  - B. training employees in new software
  - C. troubleshooting system security issues
  - D. working in a culture of 24/7 availability (p. 4)**
  
12. Besides language and currency issues, one of the main challenges that globalization presents for negotiators is:
  - A. the tendency of people to see what they want to see when appraising their own performance
  - B. learning and adjusting to different norms of communication between parties (p. 4)**
  - C. finding housing for employees
  - D. controlling the economic forces within the country
  
13. Negotiators who have developed a bargaining style that works only within a narrow subset of the business world will suffer unless they can:
  - A. act more competitively
  - B. act more cooperatively
  - C. take risks

**D. broaden their negotiation skills across businesses, industries, and cultures (p. 5)**

14. One of the major shortcomings in negotiation occurs when negotiators make an offer that is too generous and is immediately accepted by the counterparty. This negotiation trap is called:
- A. egocentrism
  - B. the confirmation bias
  - C. the winner's curse (p. 5)**
  - D. the mixed-motive negotiator
15. The tendency for people to view their decision making and negotiation abilities in a way that is flattering or fulfilling for them is known as:
- A. focal points
  - B. self-reinforcing confidence
  - C. reactive devaluation
  - D. egocentrism (p. 6)**
16. A number of biases affect a negotiator's ability to negotiate effectively. One of these biases, the confirmation bias, is best defined as:
- A. the tendency of people to see what they want to see when evaluating a situation for themselves (p. 6)**
  - B. being aware of one's own incompetence
  - C. setting high aspirations and attempting to achieve as much as possible
  - D. settling for something less than what could have been achieved with better effort
17. Why is the human tendency to satisfice over the long run of a negotiation relationship, detrimental?
- A. Satisficing creates a competitive negotiation which affects the potential for pie-expansion.
  - B. The satisficing party settles for a mediocre option, or something less than they could otherwise have. (p. 7)**
  - C. The satisficing party's aspirations are too high and therefore they push too aggressively during negotiation, creating a feeling of enmity with the other's party.
  - D. The tendency of a person to see what they want when appraising their performance leads people to selectively seek information that confirms what they believe is true.
18. What vicious cycle occurs when negotiators are affected by the self-reinforcing incompetence bias?
- A. People are unaware of their own incompetence and this lack of skill deprives negotiators of both the ability and the expertise to know they are not producing correct responses. (p. 7)**
  - B. The negotiator gets stuck in a cycle of settling for something less than they could have otherwise negotiated and then feeling animosity towards the other negotiating party.
  - C. Negotiators are so self-focused that they are unable to empathize with the other party's interests or goals

- D. A negotiator focuses on the values that are personally important to them but neglects to investigate the values that are **unimportant** to them, thus limiting their decision making abilities.
19. With regard to negotiation style, truly effective negotiators are neither tough or soft, but rather they:
- A. are friendly
  - B. are principled (p. 8)**
  - C. rely on intuition
  - D. are dignified
20. Negotiation experience in the absence of \_\_\_\_\_, is largely ineffective at improving negotiation skills.
- A. optimism
  - B. successful outcomes
  - C. high profile parties
  - D. diagnostic feedback (p. 9)**
21. Effective negotiation involves all except\_ which of the following?
- A. Deliberate planning
  - B. Thoughtful preparation
  - C. Use of a “gut feeling” or intuition (p. 9-10)**
  - D. Systematic reasoning
22. A key to successful preparation is assuming the counterparty is as smart, informed, and motivated as you are. What is the name of such a perspective?
- A. The optimizing model
  - B. The fraternal twin model (p. 10)**
  - C. The satisficing model
  - D. The fixed-pie bias

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## DISCUSSION QUESTIONS

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1. What are the key reasons why effective negotiation skills are increasingly important in the business world?
2. With regard to how people fall short in negotiating, what are the most common “traps” of negotiation?
3. What are some of the primary reasons why many people are ineffective negotiators?
4. What are the most prevalent myths about negotiation, and how do these myths hamper people’s ability to learn effective negotiation skills?
5. What is the fraternal twin model of negotiation, and why does it contribute to more successful outcomes in negotiation?

**Suggested answers:**

1. They are increasingly important because of the following five key reasons: (1) the dynamic nature of business, (2) interdependence, (3) economic forces, (4) information technology, and (5) globalization. (p.3-5)
2. Leaving money on the table (also known as “lose-lose” negotiation); settling for too little (also known as “the winner’s curse”); walking away from the table (sometimes this shortcoming is traceable to hubris or pride; other times, it results from a gross miscalculation); and settling for terms that are worse than the alternative (also known as the “agreement bias”). (p.5-6)
3. Some of the primary reasons are: the tendency for people to view their experiences in a way that is flattering or fulfilling for themselves (egocentrism); the tendency for people to see what they want to see when appraising their own performance (the confirmation bias); the acceptance of mediocrity (satisficing); being unaware of one’s own incompetence, and being reluctant to change one’s behavior and experiment with new courses of action. (p.6-8)
4. The most prevalent myths are: *Myth 1*: Negotiations are fixed-sum in nature; *Myth 2*: Negotiators need to be either tough or soft; *Myth 3*: Negotiation skills are something that people are born with; *Myth 4*: Experience is a great teacher; *Myth 5*: Effective negotiation necessitates taking risks and gambles, or using threats and bluffs; *Myth 6*: Good negotiators rely on intuition or “gut feeling.”  
People’s negotiation abilities are hampered because negotiators tend to be combative, they do not get feedback on their performance, or because their memories tend to be selective, remembering successes and forgetting shortcomings. (p.8-10)
5. The fraternal twin model assumes that the counterparty is every bit as motivated, intelligent, and prepared as you are. Thus, it contributes to more successful outcomes because parties rely on simultaneously expanding and allocating the pie of resources, rather than on “outsmarting” or tricking the other party. (p.10)