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ABSTRACT
                  The literature on psychological factors affecting the
process of negotiation offers implications for conducting effective
international negotiations. Recent advances in cognitive psychology
provide useful insights into the "belief systems" of the negotiators,
who need special skill in evaluating the strengths and weaknesses of
other cultures. Mental model theory can also be applied to
international technology transfer negotiations and to understanding
how they affect individual and group decision making. Mental models
can affect the overall framework of the negotiation process and
individual decisions of policymakers and negotiators. A psychological
challenge facing any negotiator is to overcome cognitive biases,
preconceptions, and mental "sets." Psychologists have developed
strategies that can be consciously used to help avoid these mental
pitfalls. Negotiating teams are groups of individuals each with his
or her mental model for working within that group or institution.
Additionally, these groups often adopt shared mental models. Shared
beliefs often become institutionalized. The problem with
institutionalized belief systems is that they often serve as a
defense against contrary views. Effective international negotiators
and business people share certain traits. Analyzing the differences
in intercultural communication and the negotiating and
decision-making styles of individual negotiators is also necessary to
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TRAINING AMERICAN BUSINESSMEN TO MEET THE PSYCHOLOGICAL CHALLENGES OF INTERNATIONAL NEGOTIATION

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ABSTRACT

Businessmen and women who negotiate international agreements face many psychological challenges. These challenges often deal with the very process of negotiating. While it is the substance of negotiations which generally receives the most attention, effective negotiators also need to have an understanding of the negotiation process. Yet, we have failed to adequately train and educate the business community in how to effectively plan and conduct international negotiations. Due to the lack of attention given to the process itself, no comprehensive theory of negotiation has been developed from which one could draw prescriptive advice.

The focus of this paper is upon psychological factors underlying the negotiation process. Advances in psychology, particularly in the areas of cognitive and social psychology, offer implications for conducting effective international negotiations. Applications include, for example, applying decision-making theory to understand reasons for biases inherent in the negotiating positions of the parties, predicting likely tactics and negotiating strategies on the basis of group/institution dynamics, and improving the opportunity to control the outcome of the negotiations through an understanding of the analytical styles of opposing negotiators. This paper reviews the most generic models of decision-making, problem-solving, attribution, and interpersonal behavior which have implications for the negotiation process. Some prescriptive guidelines are provided for conducting international negotiations, with particular attention given to the negotiation of cross-cultural technology transfer agreements.

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The focus of this paper is upon psychological factors affecting the process of negotiation. Advances in psychology, particularly in the areas of cognitive and social psychology, offer implications for conducting effective international negotiations. Applications include, for example, applying decision-making theory to understand biases or perceptual "sets" inherent in the negotiating positions of the parties, predicting likely tactics and negotiating strategies on the basis of group/institution dynamics, and improving the opportunity to control the outcome of the negotiations through an understanding of the analytical styles of opposing negotiators.

This paper reviews the most generic models of decision-making, problem-solving, attribution, and interpersonal behavior which have implications for the negotiation process. The paper also discusses characteristics typical of effective intercultural negotiators. Some prescriptive guidelines are provided for conducting international negotiations, with particular attention to the negotiation of cross-cultural technology transfer agreements. The reader should bear in mind, however, that the research described herein has been conducted primarily in Western cultures. This provides insight into the psychological aspects of Western - style negotiations, but it may or may not be as directly applicable to other cultures.

BELIEF SYSTEMS OF ThE NEGOTIATORS

It is often useful to evaluate the belief systems of negotiator(s). Newson (1984) emphasizes that since international negotiations occur in the context of differing sociopolitical systems, negotiators need special skill in evaluating the strengths and weaknesses of other cultures. The negotiating relationship is one of two parties working reciprocally within a larger political and psychological context. Recent advances in cognitive psychology provide useful insights into this larger psychological context, or "belief systems" of the negotiators. First, we need to examine some basic principles of cognitive psychology.

"Cognitive" psychology is concerned with the intellectual operations and processes which guide human behavior, such as memory, decision-making, problem-solving styles, prior expectations, and so forth. Central to this approach is the concept of the "mental model" or "schema" (see Gentner and Stevens, 1983 and Johnson - Laird, 1983, for reviews). A mental model is a functional abstraction stored in memory about a knowledge domain or task, which provides a deductive framework guiding a person's problem solving in particular situations. Mental models, then, are the frameworks for belief systems and represent a general conceptualization of a area.

A mental model organizes new incoming knowledge by assimilating it with prior knowledge already held in the model. It applies this knowledge when necessary, and monitors its usage. Because models are organized around prototypes (typical instances), new information which deviates widely from the prototypes already stored in memory will not be readily assimilated, if at all.

Mental models are both data-driven, i.e., activated by environmental events, and conceptually-driven, i.e., activated by the goals and expectations of the individual.

The types of mental models used by individuals, the way people form their models, and differences in model development across cultures, have important and direct relationships to how individuals approach a negotiation. This theory of how people organize information has great practical utility for understanding the negotiation process itself and why particular negotiators behave as they do. According to Holsti (1977) it is especially fruitful to evaluate mental models of the opposition in the following cases:

(1)   Unusual or ambiguous situations.
(2)   With regard to policies made at the highest levels of government.
(3)   Unanticipated events, in which the initial reactions of leaders will reflect cognitive "sets".
(4)   With regard to long-range policy, in which there will be differences among policy makers.

The utility of this approach (i.e., evaluating belief systems) is supported by empirical evidence. In an extensive analysis and modeling of actual decisions made by world leaders, Art (1973) found that their decisions were better explained by the mental models of the individual leaders, than by institutional explanations such as bureaucratic politics or even institutional constraints. The following sections describe applications of mental model theory to international technology transfer negotiations and to understanding how they affect individual and group decisionmaking.

NEGOTIATION AS PROCESS

Researchers have found that the majority of errors in problem-solving occur prior to actually attempting a solution and can be traced to faulty mental models (Rumelhart and Norman, 1981). Similarly, the author contends that the majority of problems within the negotiating relationship are due to faulty mental models (and the preconceptions and expectations which are derived from such models) of the involved parties, or a mismatch between the two.

Consider, for example, the case of international technology transfer to a developing nation. The client and consultant may often have faulty or conflicting expectations and perceptions regarding the nature of the problem, the institutions, the end-product, or perhaps even the nature of the mission itself. The consultant may characterize the problem area (or even the entire field or mission) in one manner while the client may view it in a disparate way. For example, the consultant may view a situation as a labor problem whereas the client may view a problem as resulting from a disrespect of labor's religious beliefs and customs. Development of appropriate mental models for the task and situation, particularly on the part of the consultant, needs to take place early-on in the consulting process.

Typically, the client is the novice seeking expertise from the consultant, who is presumably (but not always!) the expert. Mental models have been found to generally differ between novices, experts, and persons who possess intermediate levels of expertise. They are organized differently, with different concepts delegated to different levels of importance (Bransford, Sherwood, Vye, and Reiser 1986; Ryder, Redding, and Beckschi, 1987).

These discrepancies can often be a source for conflict and misunderstanding as the client and consultant may have different mental models and perceptions about the problem at hand and how to solve it. Transferring nuclear technology to nations with little experience or understanding of such technology is problematic since the lack of experience often leads to faulty preconceptions by the client. Similarly, the consultant's expectations about capabilities of the client and his or her environment can lead to frustration when such expectations fall short of reality. Table 1 compares two models of consultation/negotiation. Model A represents the typical approach, while Model B is based upon establishing a common conceptual framework for the negotiation (a "consulting model").

Table 1: COMPARISON OF CONSULTING MODELS

Technical Assistance Model (A)	Consulting Model (B)
I) Identify need	Establishment of the relationship
II) Examine feasibility	Diagnosis and prognosis Development of appropriate mental models
III) Design of services	Design of services Consensus on terms of reference
IV) Administration and implementation	Commitment and and implementation
V) Termination	Termination/renewal

(A) Based upon model provided by Lethem and Cooper (1983)
(B) From Beckschi & Redding (1988).

Model B suggests that mental models appropriate to the relationship need to be established as early and comprehensively as possible in the consulting or negotiating process. With regard to international technology transfer, for example, the consultant needs to consider the overall environment and context in which he performs the consulting mission and how this affects his/her relationship with the client. What are the missions of the institutions? What is the client's overall conceptualization of the task and problem, and how might this change over time as technology and expertise is transferred to the client? All of these factors need to be considered simultaneously. This approach addresses the role of the consultant in relationship to the needs of the client, emphasizes the establishment of the relationship, development of appropriate mental models, consensus on the contractual terms of reference, and the renewal of short term contracts (again, see Table 1).

As emphasized in Model B and as Fisher (1984) points out, negotiation should be viewed not as "us versus them", but rather, as a process which "reconciles the legitimate interests of both parties". However, this is not always easy, as some research suggests that people would usually rather compete than cooperate to attain a goal, even if this results in the individual attaining less (e.g., Deutsch & Krauss, 1960; Minas, Scodel, Marlow, & Rawson, 1960).

HOW MENTAL MODELS AFFECT DECISIONS:
BIASES AND MISPERCEPTIONS

We have just seen how, generally, mental models can affect the overall framework for the negotiation process. Mental models also influence the individual decisions of key policy makers and negotiators. Axelrod (1977) examined this experimentally with reference to problems of international trade. He presented political science students with mental models which incorporated actual data about international trade relationships. He then asked them to rate the reliability of each piece of additional information given, and to rate the likelihood of certain predictions. Results showed that subjects gave low ratings to those predictions and data which, although actually true, conflicted with the general assumptions inherent in the given model. This demonstrates how mental models organize new information, and thus affect decision making. It is also an example of how adopting certain fixed mental models too early in the negotiating process might bias, in a counterproductive way, one's negotiating positions.

Psychologists have catalogued many biases in human thought and problem solving. Perhaps the most pervasive bias is simply the rigidity which often develops from the preconceptions derived from a longstanding mental model. "Once a person has conceived of a problem in a given way, it is very hard for him to break out of his pattern of thought. New information, rather than calling the established sub-goal into question, will be interpreted in the old framework. New answers will be sought to the old questions, but the questions themselves will be taken as given.

Thus a person who has not worked on the problem before, or has been away from it for a while, will often be able to see that the old sub-goal no longer needs to be attained (Jervis, 1977, p. 158-159)."

Research has also shown that people tend to overestimate the importance of information which is most recent or salient, place undue weight on extreme or exceptional cases, and overestimate probabilities of events which have occurred previously. So, people tend to overgeneralize from a single case, become distracted by extreme cases, and disregard underlying frequencies of occurence. There is also the tendency for a confirmatory bias -- ignoring evidence which conflicts with prior mental models while favorably evaluating supportive evidence. There are other biases as well (see Kahneman, Slovic, and Tversky, 1982; Reason, 1987).

One of the psychological challenges facing any negotiator is to overcome such biases, preconceptions, and mental "sets". This is not easily done, as "the mind is a belief-seeker rather than a fact-seeking apparatus (Holsti, 1977)". Psychologists, however, have developed strategies which can be consciously used to help avoid these mental pitfalls. For instance, one way to guard against the tendency for a confirmatory bias is to a priori determine what evidence might constitute a disconfirmation of one's mental model, and to realize that evidence which concurs with your view or model may also be consistent with other views as well (deRivera, 1968; Elstein, Shexelman, & Sprafka, 1978). Brainstorming with opposing negotiators can also help to generate novel approaches. Also, to avoid placing undue weight on previous or exceptional events, be willing to revise your model and/or predictions as new information is received.

Table 2 presents a representative listing of frequent errors in human decisionmaking that are discussed in the literature. Onw way to improve planning and decisionmaking in negotiation might be to explicitly provide training in how to avoid these errors.

TABLE 2. COMMON ERRORS IN PLANNING AND DECISIONMAKING

THE DECISIONMAKER:

1. Will overemphasize importance of situational changes, while that which is unchanged about the situation will be given less attention in decisionmaking.

2. Will give greater emphasis than is warranted to expectations based upon prior experience, in planning for future events.

3. Will fill in missing bits of information based on prior expectancies and old mental models, and thus may later forget that the information was actually missing and/or may confuse their expectations with actual data.

4. Will affirmatively seek confirmatory evidence and fail to assimilate new evidence that conflicts with the plan. This error occurs particularly with more complex, long-term plans.

5. Will be overconfident in assessing the situation, thus failing to consider data that conflict with that assessment.

6. Will underestimate the likelihood of unexpected events, thus planning for fewer contingencies than is desirable.

7. Will overestimate the likelihood of an event occurring if it has occurred that way in the past.

8. Will fail to revise proba ity estimates frequently enough, typically resulting in overestimation of low probabilities and overestimation of high probabilities of the occurrence of events.

9. Will overestimate the frequency of unusual or recent events or bits of information (due to their salience), thus underestimating the frequency of common, underlying events or information (i.e., "base-rates").

TABLE 2. COMMON ERRORS IN PLA.ᵢNING AND DECISIONMAKING
(Continued)

THE DECISIONMAKER:

10.   Will weigh information in accordance with its vividness and salience, rather than its objective value.

11.   Will give greater weight in decisionmaking to information that is most frequen v used, most recently used, most readily available, and/or most similar to the present context.

12.   Will associate certain action routines or rules of thumb with certain contexts, and may use them automatically in those contexts even when inappropriate.

13.   Will be biased toward using those plans and strategies that have been successful in the past, rather than using some more appropriate for the current situation.

14.   Will categorize and evaluate events or attributes along a single dimension, failing to recognize the independent way in which they vary along a number of dimensions.

15.   Will match items, concepts, or events in a one-to-one fashion, even if this matching is invalid.

16.   Will judge causality based on perceived surface similarity between cause and effect.

In international affairs, obstacles have arisen when opposing negotiating teams have simply assumed that certain general beliefs were commonly shared by both parties. Perhaps one of the best examples of this is the negotiations between the U.S. State Department and the Soviet Foreign Ministry just after World War II, which were unsuccessful due largely to conflicting negotiating styles, perspectives, and tactics (deRivera, 1968).

Cognitive biases can affect negotiation strategies and positions. DeRivera (1968) points out that often "a state takes as evidence of another's hostility actions that, if it had carried them out itself, it would have believed were consistent with its own peacefulness (p 181)." This is an illustration of the "actor-observer" bias. A large and convincing body of research has demonstrated that people seem to attribute their own successes and good deeds to positive internal traits, whereas they attribute their own failures to situational factors beyond their control (i.e., Jones & Nisbett, 1971; Taylor & Koivumaki, 1976). The opposite is the case when people observe the actions of others. Thus, when negotiations are in danger of collapse, perspective - taking may be in order in which negotiators try to view themselves as an observer (i.e., as the other negotiating party views them) rather than as actor. Recent research has shown that this can be facilitated by viewing actual or mock negotiations on videotape. As Fisher (1984) emphasizes, the goal of the negotiator should be to "look legitimate to the other side by their standards".

NEGOTIATING TEAMS: MENTAL MODELS AMONG GROUPS

Negotiating teams as well as government institutions are groups of individuals each with their mental model for working within that group or institution. Additionally, these groups often adopt shared mental models(s). The importance of shared mental models for effective communication among team members has been demonstrated in other domains. Shared beliefs often become institutionalized over time, such that becoming a new group member is predicated upon adopting the group model(s). Such shared beliefs often become linked to the very identity of the organization. Differing views about the goals of arms control between negotiators in the U.S. Departments of State and Defense, for example, have in the past become associated with the very departments themselves.

The problem with institutionalized belief systems is that they often serve as a defense against contrary views. Any group has certain psychological needs which must be met if it is to remain cohesive; these include the need for loyalty from its members, security, and prestige. Like individuals (see Maslow, 1968), groups cannot "self-actualize" unless these needs are met. However, in attempts to artificially satisfy such needs, groups sometimes develop "groupthink". Janis & Mann (1977) examined the decision-making quality of policy-making groups, and found that poor decision-making often had certain characteristic qualities which they termed "groupthink". Groupthink includes shared feelings of indespensibility, unanimity and inherent morality. Such groups typically have unfavorable stereotypes of dissenters, act to censor "group-deviants", and exert strong pressure on members to conform. Often, several group members are implicitly charged with enforcing the coda.

Poor decisions are frequently the result of groupthink, and for obvious reasons. Groupthink leads to an incomplete examination of all the options and to cognitive biases in decision-making, as well as exclusion of potentially valuable input and participation from dissenting members.

DeRivera (1968) suggests intentionally including individuals with conflicting opinions within any negotiating team, although he points out that the basic philosophical assumptions may be so widely shared within any society or institution, as to even make this approach inadequate for fostering true creativity in negotiation. More problematic is the fact that political and business considerations may make this approach unworkable.

PERSONALITY TRAITS OF GROUP MEMBERS

Group members who do not share the common beliefs of the group may be seen as so-called "group deviants". Just as those who fit well within a group often benefit from "halo" effects, quite competent and valuable group members who do not fit well may similarly assume a "pariah" type status. Those of the latter are typically members who challenge the group's commonly held beliefs. Good group leaders, however, cast the "deviant" in a positive light, making constructive use of the resident "devils-advocate". The deviants themselves can also act to mitigate the effects of "groupthink". As deRivera (1968) states: "If a person's acts are contrary to the desires of the group, the person must either: persuade the group he is correct, or compensate for his actions by sacrificing for the group in some other area (p. 163). Additionally, it should be emphasized that, in certain circumstances, advocating unpopular or dissenting positions can serve to increase one's credibility and perceived honesty (Mills and Jellison, 1967).

CHARACTERISTICS OF EFFECTIVE INTERCULTURAL
NEGOTIATORS AND ADMINISTRATORS

<u>Skills and Personality Traits</u>. Effective international negotiators and businessmen appear to share certain traits in common. The Swedish Ministry of Foreign Affairs reportedly has identified personality traits desirable of staff sent abroad (Lethem and Cooper, 1983). Included among the characteristics are social judgment , adaptability, initiative, patience, perseverance, and talents for administration and teaching. The study also included data from a Canadian survey which implied that personal qualities contributing to job success in industrialized nations may not be the most useful ones for working in developing nations. Similarly, a series of landmark studies by Cleveland, et al. (1957; 1970) which examined "intercultural competence" among administrators and executives stationed overseas found general technical skill, a goal oriented attitude ("belief in mission"), cultural empathy, political acumen, and organizational ability to be the factors most important for successful work in other cultures. The relative importance of these factors, however, varied as a function of the particular job or mission.

What characteristics do persons gifted in cross-cultural communication and interpersonal relations tend to share in common? Several researchers have investigated this question. Among other things, Gardner (1962) argued that good "universal communicators" tend to be extroverted, emotionally stable, intuitive, socially sophisticated, and to have a very accepting attitude towards all individuals. Similarly, Kleinjans (1972) observed such persons as being people-oriented, very emotionally stable, honest and forthright, and having a breadth of cultural understanding and intuition. Gudykunst, Hanamer, and Wiseman (1977) emphasize the importance of open-mindedness, empathy, and a noncritical, nonjudgmental attitude.

Negotiating Styles. In a series of behavior - analytic studies, successful negotiators were found to share these characteristics: They considered many options, focused on long-term goals and consequences, were less constrained by sequential planning, and focused on mutual principles and concerns (Huthwaite Research Group, 1976). "Successful" negotiators, in this study, were defined as being those who had a demonstrated record of success, a low rate of implementation failure, and who were consistently rated high in effectiveness by both negotiating parties.

Substance vs. Process. Roger Fisher, (1984), of the Harvard Negotiation Project, is constructing a theory of negotiation which does yield prescriptive advice. This has resulted in the development of 162 "rules of thumb". Primarily, Fisher recommends separating relationship issues from those of substance, as well as distinguishing between positions versus interests. The following five principles are cental to this approach:

(1)   Address relationship and substance issues separately.

(2)   Never attempt to attain concessions on substantive issues by threatening the relationship.

(3)   Never attempt to improve a poor relationship vis-a-vis substantive issues.

(4)   Focus upon mutual interests, not ideological positions.

(5)   Focus upon what should be accomplished rather than what is likely to occur.

INTERCULTURAL COMMUNICATION

There is great potential for conflict when individuals from different cultural backgrounds assume roles within an organization or project based primarily upon their own prior cultural experience. Cross-cultural organizational differences are numerous, and include differences in language, dress, degree of time consciousness, reward and recognition systems, values and norms, organizational processes and learning routines, decision-making hierarchies, and so forth (Harris & Moran, 1979).

Such differences can cause persons from different cultures to view the behaviors of others very differently. For instance, the degree tow hich a person's beliefs and attitudes are reflected through actual behavior differs across cultures (Triandis, 1975). True understanding between individuals can only result when their views (i.e., "attributes") about the causes or motives of the behavior of others coincide. For instance, businessmen from Western cultures typically negotiate business agreements in a very businesslike, technocratic fashion. In contrast, Arabic businessmen typically spend a great deal of time getting to know the parties on a purely social basis, before proceeding with any business negotiation. This stylistic difference can result in conflict. The Westerner may view the Arab businessman as uninterested and not serious, whereas the Arab most likely will be offended by his counterpart's lack of interest in him as a person. Such a misunderstandings need not occur if the differing behaviors are understood in terms of underlying cultural differences in the norms of communication!

The U.S. Department of commerce has developed a series of computer packages called "cultural assimilators", which provide computer-based cross-cultural communication training. These programs present a series of episodes which simulate potential conflict situations, and focus on the key cultural differences and critical problems. These programs are available for each country of interest, for a low fee, from the U.S. Department of Commerce.

INDIVIDUAL DIFFERENCES IN NEOGTIATING STYLES

Individual negotiators will differ in their motives, decision-making and negotiating styles, and emotional responses to situations or conflict. The personal motivations of negotiators will revolve primarily around desires for power, achievement, or affiliation (i.e., approval), (McClelland, 1961). Decision-making styles were discussed previously. Negotiating styles represent the interaction of individual decision-making styles with emotional or personality traits, and are reflected in the manner in which individuals approaches issues.

Casse and Deol (1985) specify four types of negotiating styles: factual, intuitive, analytical, and normative. These different styles emphasize objective facts, creativity, logic, and interpersonal issues, respectively. Casse and Deol recommend that once the negotiator is able to perceive the style of the opposing negotiator(s), he/she adjust his own style accordingly, as follows:

1.) For Factual Style Negotiators: Base your arguments and positions upon reference to precise facts, past events, and documented information. Proceeed from specific facts to general issues.

2.) For Intuitive Style Negotiato.: Base your arguments and positions upon reference to general principles and future concerns and consequences. Be eager to react and consider all options; be creative.

3.) For Analytical Style Negotiators: Base your arguments and positions upon logic, careful analysis of options and interrelationships, and careful reasoning. Demonstrate patience and thoroughness.

4.)   For <u>Normative</u> Style Negotiators: Base your arguments and positions upon interpersonal and relationship issues, values, and individual feelings.   Demonstrate ability to compromise.

Regarding an individual's psycholgical response to decision- making, Festinger's (1957) theory of cognitive-dissonance is particularly relevant.   The term "Cognitive-dissonance" describes the psychological conflict often present when one must choose among conflicting desires, beliefs, or values.   The more attractive the rejected options seem, the greater dissonance the person feels.   Similarly, if the option chosen entails some negative consequences, the greater the dissonance.   Thus, negotiators who must always compromise and select among competing options frequently will feel dissonant, or psychologically uncomfortable about having to choose among the options.   Strategies for reducing dissonance include minimizing losses and maximizing gains, as well as focusing upon long-term goals and consequences (Hardych, 1969).   Interestingly, a concern for long-term goals is also characteristic of succesful negotiators (Huthwaite Research Group, 1976).   This may be due partly to the fact that this is an effective strategy for dissonance reduction.

These individual differences interact with the cross-cultural differences as well.   Political, cultural, and economic differences between people and nations interac with individual decision-making preferences.   In an excellent discussion of these intercultural factors, Salacuse (1988) identifies six factors which guide international negotiations.   These include a nation's internal monetary policy, the role of the government, political or economic instabiliity, political and legal systems, as well as general differences in ideology and customs between nations.

Salacuse (1988) points out that these factors (particularly ones such as the role of government and ideology) can affect the decision-making authority, process, and style of individual negotiators and negotiating teams.

CONCLUSION

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In order to be an effective negotiator, one must understand the dynamics underlying the negotiation process. This entails an understanding of opponent's belief systems, mental models and mental sets, expectations, decision making biases, and negotiating strategies. Analyzing the negotiating and decisionmaking styles of individual negotiators is also necessary to maximize the likelihood of success. If negotiations are conducted between negotiating teams, and understanding of group decision making dynamics is necessary. Through these understandings, a negotiator can analyze the mental models, strategies, biases, and styles of opposing negotiators, and adjust his or her own style and negotiating strategies accordingly. Ways of doing this, discussed in this paper, should be explicity taught to those who must face the psychological challenges of negotiation.

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