Decision Making at the Bargaining Table

By understanding how people make decisions, you can be more persuasive at the bargaining table

Psychology of Persuasion

Daniel Kahneman's description between 2 modes of thought that helps to explain why humans struggle to think logically and rationally

System 1	System 2
Animal brain	Evolved brain
Fast	Slow
Instinctive	Deliberative
Emotional	Logical

System 1 dominates our decision making because it is easier to access and also influences our perceptions when thinking more critically

Because System 1 works fast it relies on mental shortcuts (heuristics) to make decisions

Understanding these mental shortcuts is the key to persuasion in bargaining

Predictive Heuristics

Our brains rely on certain shortcuts to make predictions about the future when attempting to evaluate different options

Availability Heuristic: People tend to overestimate the likelihood of more vivid events and and underestimate the likelihood of less vivid events

Support Theory: People will estimate a higher probability for an event to occur when it is described in greater detail

Self-Serving Bias: People overestimate the likelihood of better than average outcomes when they have control and experience in a situation-- "I will likely win my language because I'm a strong negotiator"

Reference Point Heuristics

Determining the precise value of a proposal is hard so most people determine value through references to already known things

Commitment and Consistency: Appeal to past behaviors and prior commitments to persuade because people want to be consistent and honor past commitments...

So appeal to past actions and emphasize simple and direct comparisons

Prospect Theory: People have an aversion to loss and measure value relative to the status quo...

So look to frame proposals as gains relative to the current situation

Social Signals

Humans value the preferences and views of others, which we use as a proxy for our own preferences

Social Proof: If a large group of people expresses interest in something, it becomes more valuable to you

Expert Recommendations: The endorsement of an expert can create value, but it depends on the their expertise

Reactance Theory: If you frame a proposal or outcome as "unattainable" it tends to make people want it more

Reactive Devaluation: An otherwise attractive proposal may lose value simply because it is proposed by an opponent, so consider how to present ideas to avoid this problem

Affect Heuristics

A decision-making process that evaluates the merits of particular agreements based on the way the proposition feels -- its "goodness" or "badness"

Self-Image Congruence: An idea or proposal is more attractive when it matches our sense of self (actual or idealized)

Fear: Fear based appeals associated with hitting an impasse can increase the desire to reach an agreement

Liking: A desire to say "yes" to a person we like, created from familiarity, cooperation, attraction, shared values and shared thoughts