

Martin Schilling
Negotiations with Incomplete Information under Time Pressure
Normative Models and Experimental Evidence

Introduction

The history of negotiations is as old as mankind itself. At least since biblical times conflicting inter-personal preferences have been documented: bargaining between Satan and God about how Job would be tested, King Solomon's wise arbitration of two women claiming the motherhood of a child and Cain's negotiation with God about his punishment are examples, older than 3000 years.

Since these days, conflicts between persons, groups, organizations or states grew rapidly. Negotiations have become more important than ever. However, throughout the centuries two important determinants of negotiation outcomes have remained equally important: time and information. The less impatient one party is, the more powerful its bargaining position. Moreover, the less information is available for one Party, the more disadvantageous its negotiation situation. This influence of time and information on negotiation outcomes is highly relevant to real-world negotiators as most negotiations involve scarce time and incomplete information.

Since the 1950's game-theorists, economists and mathematicians have begun to examine theoretically the effects of time pressure and information on negotiation outcomes. Do people negotiate according to these normative predictions? This question will be answered for negotiations under time pressure and complete information (Chapter 2) and for the more real-world relevant negotiations under time pressure and incomplete information (Chapter 3). The following chapter provides a brief history of the research area "Negotiation Analysis" and introduces the basic terminology.