

Negotiation can be defined as the joint decision making between interdependent individuals with divergent interests. Whenever two or more people gather to exchange information with the intent of changing their relationship in some way, we can say, they are negotiating. Failure to negotiate constructively can have tremendous consequences for a variety of social and economic outcomes. The opening part of the thesis traces conflict theory, short history of the psychological study of negotiation and definitions of negotiation short overview. The further part reviews emerging research areas, each of which provides useful insight in to how negotiators subjectively understand the negotiation: mental models in negotiation; how concerns of ethics, fairness and values define the rules of the game being played; how the selection of a communication medium impacts the way the game is played; how negotiators organize and simplify their understandings; re-orientation of social factors in the psychological study, including social relationships, egocentrism, motivated illusions and emotion. How culture affects negotiation processes and outcomes and how psychology can contribute to diplomacy is closing theoretical part. Critical in the development and outcomes of negotiations is the social value orientation - the preference for certain outcome distributions between the self and the interdependent other. Our research on social value orientations in negotiation influenced by interpersonal needs takes place in practical part.