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Analyzing Human Behavior in Negotiation: 17 Psychological and Strategic Factors

In business negotiations—particularly in oil trading, investment, and major partnerships—the fundamental mistake is to focus only on what the other party says. A professional negotiator must assess three things simultaneously:

- What does the other party say?
- What actually motivates them?
- What do their actions and behavior prove about their intentions, capabilities, and limitations?

An important distinction: these 17 factors form a practical analytical framework for negotiation, not a standardized psychological test. No single behavior proves that someone is honest, dishonest, capable, or incapable. We must distinguish between observation, interpretation, and evidence.

For each factor, ask four questions: What should we examine? What signs should we observe? How can we test our assessment? What action should we take?

Part I — Understanding the Other Party's Interests and Motivations

1. Sense of Interests — Interest

Key question: What does this person expect to gain from the transaction?

Every negotiator seeks some form of benefit: profit, income, credibility, market access, ownership, influence, or commercial security.

What to examine:

- Do they focus more on their own profit or on mutual benefits?
- Are they willing to link their rewards to actual results?
- Is their expected benefit proportionate to their contribution and responsibilities?



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How to test it: Ask, “If this project succeeds, exactly what benefit will you receive, and what will you contribute in return?”

Professional interpretation: Seeking benefits is not a weakness. A sustainable transaction requires mutual value. The risk arises when someone seeks the benefits while transferring the responsibilities and risks to others.

2. Sense of Intent — Intent

Key question: Does this person genuinely intend to execute the transaction?

Intent cannot be observed directly. What we can evaluate is the consistency between a person’s statements, behavior, and actions over time.

Positive indicators:

- They provide verifiable information.
- They answer specific questions.
- They cooperate with reasonable verification procedures.
- They fulfill commitments within agreed timeframes.

Warning signs:

- Grand promises without corresponding action.
- Repeated changes to previously agreed terms.
- Pressure for payment before the product, authority, or transaction structure is verified.
- Refusal to permit independent verification.

How to test it: Instead of asking, “Are you serious about this deal?”, request a small, specific, verifiable action.

Professional interpretation: Good intentions without sufficient capability are not enough. Friendly behavior is not proof of genuine intent.

3. Sense of Capability — Capability

Key question: Can this person actually deliver what they promise?



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In oil trading, someone may be an excellent salesperson without being the product owner, an authorized seller, or a party with genuine supply capacity.

Assess five dimensions:

- Technical and professional competence.
- Financial capacity.
- Legal and commercial authority.
- Actual access to resources, products, or markets.
- Proven experience executing comparable transactions.

How to test it: Ask the person to clarify their role, signing authority, relevant documentation, and independently verifiable examples of previous performance.

Professional interpretation: Claimed capability is different from demonstrated capability. A person may be honest but still lack the ability to execute the transaction.

4. Sense of Logic — Logic

Key question: Are the person's claims and proposals commercially and practically consistent?

A logical negotiator can explain the relationship between price, quality, cost, risk, timing, responsibility, and profit.

Indicators to examine:

- Their figures and calculations are consistent.
- They acknowledge practical limitations.
- They provide reasons for their claims.
- They revise their conclusions when presented with credible new evidence.

How to test it: Present a realistic scenario and ask them to explain the costs, risks, and financial outcome step by step.

Professional interpretation: An illogical answer does not automatically prove fraud. However, unresolved contradictions should prevent you from making financial commitments based on that person's claims.



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5. Sense of Competition — Competition

Key question: Is this person trying to build a deal or defeat the other party?

Some negotiators define success as reaching a mutually beneficial agreement. Others want to prove that they hold the stronger position, even when the outcome damages the transaction.

Indicators:

- Do they fight over every minor concession?
- Do they withhold information to maintain an advantage?
- Do they view the other party's success as a threat?
- Can they accept a fair commercial arrangement?

How to test it: Present a proposal with clearly defined mutual benefits. Observe whether they discuss a workable structure or focus exclusively on extracting additional concessions.

Professional interpretation: Competition can strengthen negotiation. Personal rivalry, humiliation, and power struggles can destroy an otherwise profitable opportunity.

6. Sense of Motivation — Motivation

Key question: What drives this person to act now?

Motivation differs from interest. An interest is something a person wants to obtain; motivation is what drives them to pursue it.

Possible motivations include income, timing, company growth, reputation, professional pressure, or a specific strategic objective.

How to test it: Ask, "Why is this transaction important to you at this particular time? What would change in your plans if it were not completed within the next three months?"

Professional interpretation: Clear motivation can accelerate cooperation. However, urgency should not automatically be interpreted as a good opportunity. Sometimes, time pressure is used to force a premature decision.

Part II — Understanding Working Methods, Behavior, and Decision Structures



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7. Sense of Structure — Structure

Key question: How does this person organize responsibilities, authority, and execution?

Some negotiators work through clear procedures and defined stages. Others rely on personal relationships, verbal assurances, and loosely defined agreements.

What to examine:

- Who makes the final decision?
- Who has authority to sign the contract?
- What are the approval, payment, and execution stages?
- How is each party's responsibility defined?
- What happens if a dispute arises?

How to test it: Ask the person to map the transaction from the initial contact to final delivery.

Professional interpretation: In complex transactions, an unclear structure can cause losses even without fraudulent intent. Structural transparency is a primary risk-management tool.

8. Sense of Behavioral Awareness — Behavioral Awareness

Key question: Can this person understand other people's behavior, reactions, and interests?

This factor examines a person's ability to read a situation, listen to concerns, recognize tension, and adapt their negotiation approach.

Positive indicators:

- They listen without constantly interrupting.
- They distinguish genuine concerns from superficial objections.
- They adjust their position when given relevant new information.
- They manage disagreement without turning it into a personal insult.

How to test it: Present a genuine, evidence-based disagreement. Observe whether they first try to understand the issue or immediately resort to defensiveness, aggression, or pressure.



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Professional interpretation: Calm behavior does not prove honesty. A dishonest person can also be highly composed and persuasive. Evaluate this factor alongside evidence and actual performance.

9. Sense of Personality — Personality

Key question: How does this person behave under normal conditions and, especially, under pressure?

Rather than labeling someone's personality, assess observable behavioral patterns.

For example:

- Accountability: Do they acknowledge their mistakes?
- Consistency: Do their positions change without a reasonable explanation?
- Tolerance of disagreement: Can they hear “no” without becoming insulting?
- Self-control: Do they make impulsive decisions under pressure?
- Fairness: Do they follow the same rules they demand from others?

How to test it: Do not rely on one encounter. Observe the person across different situations, particularly when interests conflict.

Professional interpretation: Personality cannot be reliably established in a single meeting. A documented behavioral history is more informative than a first impression.

10. Sense of Past Performance — Track Record

Key question: What does this person's actual history reveal about their performance?

Past performance can help assess risk, although it does not guarantee future results.

What to examine:

- Were previous transactions actually executed, or merely discussed?
- Is the person's exact role in those transactions established?
- Can previous clients, suppliers, or partners independently confirm the history?
- Is there a documented record of disputes, non-performance, or changing terms?
- Is the previous experience comparable to the scale of the current transaction?



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How to test it: Independently verify at least one relevant transaction rather than relying solely on references supplied by the person.

Professional interpretation: An impressive but unverified track record is only a claim. Equally, limited experience does not automatically make someone unreliable; it means the risk must be assessed in proportion to the available evidence.

11. Sense of Communication — Communication

Key question: Can you exchange accurate, transparent, and actionable information with this person?

Communication is not simply the ability to speak persuasively. Someone may be an excellent speaker while remaining vague about important details.

Positive indicators:

- They provide clear and direct answers.
- They distinguish facts from assumptions and promises.
- They confirm important points in writing.
- They acknowledge when they do not know an answer.

How to test it: After the meeting, prepare a written summary of the price, quantity, roles, conditions, and next steps. Ask the other party to confirm it.

Professional interpretation: Good communication reduces misunderstandings, but it does not replace valid documentation, legal authority, or contractual safeguards.

Part III — Understanding Concessions, Position, and Underlying Needs

12. Sense of a Small Win — Small Win

Key question: Can a small, genuine achievement create confidence and momentum?

In lengthy negotiations, some people need tangible signs of progress before committing to the next stage.

Examples:



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- Agreement on a technical requirement.
- Completion of preliminary document checks.
- Agreement on the allocation of responsibilities.
- Signing an appropriate confidentiality agreement.
- Confirmation of the next stage of the process.

How to use it: Divide a large transaction into smaller, clear, measurable stages.

Professional interpretation: A small win must be genuine and low-risk. Agreement to attend a meeting or sign a document does not prove that a product exists or that financing is available. Each achievement must be evaluated according to what it actually demonstrates.

13. Sense of Concession Value — The Value of a Concession

Key question: Does a concession have greater value to the other party than the cost it creates for you?

This is one of the most important principles of negotiation.

Suppose changing a meeting time costs you very little but matters greatly to the other party. By contrast, a price reduction may be expensive for you while having little influence on their final decision.

How to apply it:

- Identify what the other party values most.
- Identify concessions that cost you little but matter greatly to them.
- Exchange concessions for specific commitments.
- Avoid surrendering important concessions without receiving something in return.

Oil-trading example: You may be flexible about delivery scheduling or inspection arrangements, but you should not abandon essential controls over payment, product quality, or title in exchange for a verbal promise.

Professional interpretation: Intelligent concession-making increases the value of an agreement; it is not simply about giving in.

14. Sense of Position and Status — Position & Status



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Key question: What position or role does this person want to occupy in the transaction?

Some people seek more than financial returns. They may value their title, ownership, decision-making authority, professional reputation, or recognition as a principal partner.

Indicators:

- They emphasize their title in contracts or public introductions.
- They consider ownership more important than short-term compensation.
- They are sensitive about participation in decision-making meetings.
- They resist being classified merely as an intermediary or executor.

How to test it: Discuss role, authority, equity, responsibilities, and decision-making rights separately.

Professional interpretation: If position matters to the other party, a properly designed role can help secure agreement. However, a formal title should not be granted without considering actual authority, responsibilities, and proportional contribution.

15. Sense of Underlying Needs — Underlying Needs

Key question: What fundamental need lies behind the other party's stated demand?

This differs from a stated interest. The interest may be "30% equity"; the underlying need might be investment security, control, credibility, stable income, or assurance about one's role.

How to test it: Use open-ended questions:

- "Which part of this agreement matters most to you?"
- "What would need to be guaranteed for you to proceed confidently?"
- "If this condition changed, what would be your main concern?"

Professional interpretation: Once the underlying need becomes clear, an alternative solution may satisfy the other party without increasing your cost.

Caution: Do not treat your interpretation of someone's underlying needs as a fact. Test it through direct answers and observable behavior.



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16. Sense of True Cost — True Cost

Key question: What is the actual cost of this decision for each party?

The stated price is only one component of the cost. You must also consider direct expenses, time, capital tied up, risk exposure, opportunity cost, legal obligations, and the cost of failure.

How to assess it:

- Identify the cash and non-cash costs for each party.
- Estimate the cost of delays and non-performance.
- Establish who bears the principal risks.
- Assess the cost of exiting the agreement or replacing a partner.

Example: If an intermediary demands a high commission but assumes no meaningful execution responsibility or measurable risk, examine whether the value of their services justifies the compensation.

Professional interpretation: The correct question is not simply “Who receives the greater profit?” It is also “What value, cost, risk, and responsibility does each party contribute in return for their share?”

17. Sense of Decision-Making — Decision Process

Key question: How does this person make the final decision, and what conditions must be satisfied?

Someone may express agreement in a meeting without having final decision-making authority. The decision may depend on a director, partner, bank, investment committee, or regulatory body.

What to examine:

- Who is the final decision-maker?
- What documents are required for approval?
- Has the budget or financial authority been approved?
- What obstacles remain?
- What is the decision timeline?
- What circumstances could cause the transaction to be rejected?



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How to test it: Ask, “What steps and approvals remain between our current position and the final decision?”

Professional interpretation: Verbal agreement is not a final decision. Until authority, approvals, and execution conditions are clear, do not treat the transaction as secured.

How to Apply These 17 Factors in a Real Negotiation

Turn the framework into three practical stages.

Stage 1 — Understand

Examine Factors 1–6 and 15: interests, observable evidence of intent, capability, logic, competition, motivation, and underlying needs.

Expected outcome: Understand why the other party is negotiating and what they want to achieve.

Stage 2 — Verify

Examine Factors 7–11 and 17: structure, behavior, personality patterns, track record, communication, and decision-making process.

Expected outcome: Establish what can actually be verified, who has authority, and how the transaction will be executed.

Stage 3 — Structure the Agreement

Apply Factors 12–14 and 16: small wins, concession value, position, and true cost.

Expected outcome: Build an agreement that addresses both parties’ interests, defines responsibilities, and avoids unnecessary risk.

Practical Assessment Tool for a Negotiating Counterparty

Use the following assessment to evaluate an individual or company. Scores should be based on evidence, not first impressions.

Counterparty or company name



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Current negotiation stage

Initial screening and assessment

Document and capability verification

Negotiation of terms and price

Contract preparation and execution

Level of available evidence

Mostly verbal claims

Some documents have been reviewed

Independent, verifiable evidence is available

Score the 17 factors

Assign a score from 1 to 5. Leave a factor unscored if you do not have enough information.

1. Interests

Expected benefit and proportionality to contribution

1 — Weak

2. Intent

Consistency between statements and observable actions

1 — Weak

3. Capability

Evidence of authority, resources, and execution capacity



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1 — Weak

4. Logic

Consistency of claims and calculations

1 — Weak

5. Competition

How they handle conflicting interests and concessions

1 — Weak

6. Motivation

Reason for acting and genuine urgency

1 — Weak

7. Structure

Clarity of roles, responsibilities, and stages

1 — Weak

8. Behavioral awareness

Ability to listen and manage disagreement

1 — Weak

9. Personality

Patterns of accountability and behavioral consistency

1 — Weak

10. Track record



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Independent, verifiable performance history

1 — Weak

11. Communication

Clarity of answers and written confirmation

1 — Weak

12. Small win

Genuine, measurable incremental progress

1 — Weak

13. Concession value

Value of a concession relative to its cost

1 — Weak

14. Position and status

Alignment of title, authority, and responsibility

1 — Weak

15. Underlying needs

Understanding needs behind stated demands

1 — Weak

16. True cost

Actual cost, risk, and responsibility for each party

1 — Weak



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17. Decision process

Final authority and required approvals

1 — Weak

A serious warning sign exists, such as suspicious documentation, an unjustified advance-payment demand, or a major unresolved contradiction.

Copy Assessment Report

An average score alone is not a basis for acceptance or rejection. Insufficient evidence or a serious warning sign must not be overridden by high scores elsewhere.

My Final Recommendations for Oil Trading and Investment

Always maintain these three principles:

- Assess people through their behavior, claims through evidence, and capabilities through demonstrated performance.
- Never sacrifice essential transaction controls to preserve a relationship or obtain a minor concession.
- Before making a financial commitment, establish exactly what each party contributes, who holds authority, what can be verified, and what happens if the transaction fails.

Most importantly, these 17 factors are not a method for conclusively detecting lies through body language or guessing another person's thoughts. Their real value is that they help you ask better questions, collect evidence, and make commercial decisions based on facts rather than premature trust or unsupported suspicion.