# NEGOTIATIONS: Contributions by Scholars from Social and Economic Sciences [1]

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## Overview

Scholars from different academic disciplines have studied conflict and negotiations over the past centuries going back to ancient times[2]. This holds not only for Western societies but for the world at large. Whether highly developed with codified norms and written rules or nomadic and based on narrative culture, societies tried to make sense of conflict and attempted to develop conflict resolution methods.

Historians, lawyers and scholars of the natural sciences like biologists have and continue to contribute to the understanding of conflict. They are not included in this discussion. The goal of this paper is to discuss the contribution of social and economic science scholars to conflict and negotiation theory since WWII and to map their contribution over this limited time line.

The selection of theories and scholars presented below does not pretend to be exhaustive but rather is meant to provide the reader with an initial overview (figure 1 below) and leads where and how the interested reader could further deepen his understanding of the main stream theories and scholars of conflict and negotiations belonging to the social and economic sciences.

Scholars are listed in figure 1 according to their initial first published contribution. Several scholars have subsequently published extensively and their theoretical understanding often further developed substantially. The limiting of entries in figure 1 to initial contributions only is intentional and meant to highlight the evolution of theoretical developments of conflict and negotiation studies within the social and economic field.

### Rational Choice & Game Theory

Towards the end of the most destructive and irrational second world war, an attempt was made by economists Von Neuman & Morgenstern (1944) to explain human decision making based on axioms of rationality linked to utility functions. An agent (human being) is rational if and only there exists real-valued function of $U$ defined as possible outcomes such that every preference of the agent is characterized by maximising the expected value of $U$. No claim is made that the agent has a conscious desire to maximize $U$, only that $U$ exists. [3]

Rational choice theory, also known as choice theory or rational action theory, is a framework for understanding and often formally modelling social and economic behaviour. It is the main theoretical paradigm in currently dominant schools of microeconomics. It is widely used as an assumption of the behaviour of individuals in

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microeconomic modelling and is also central to many textbooks in political science. It is the same as an instrumental rationality which involves seeking the most cost-effective means to achieve a specific goal without reflecting on the worthiness of that goal. In rational choice theory, these costs are only extrinsic or external to the individual rather being intrinsic or internal. [4]

Rational choice theory adopts methodological individualism. It conceives of social situations or collective behaviours as the exclusive result of individual actions. However, rational choice theory is often also applied to corporations or national governments. [5] Every action, as an individual or collective, can be rationalised in the name of self-interest or rationally chosen preferences.

Put into the context of conflict and negotiations, game situations can be constructed to explore human decision making faced with specified outcomes or payoffs. Game theory is an attempt to capture human behaviour in strategic situations or games in which an individual's success in making choices depends on the choices of others. Traditional applications based on applied mathematical modelling attempt to find equilibria where each player of a game has adopted a strategy that generates highest payoff for them and which they are unlikely to change. [6]

In game theory, a Nash equilibrium (named after John Forbes Nash, ) is a solution concept of a game involving to or more players, in which each player is assumed to know the equilibrium strategies of the other players and no player has anything to gain by changing only his own strategy unilaterally. A bargaining problem defined by Nash is a set of joint allocations of utility, some of which will correspond to what the players would obtain if they reach an agreement and another which represents what they would get if they failed to do so.[7]

The most well known problem in game theory is the prisoner's dilemma, framed by M.Flood and M. Dreshere working at RAND Corporation in 1950 and formalised by Albert Tucker who gave it the name. (Poundstone 1992). [8]

Game theory is based on assumptions which are needed for modelling but which at the same time reduce actual human decision making to rigid parameters... For instance, players have precise information what will occur under each choice, that they have the cognitive abilities to assess choices rationally. that their decision making remains consistent over time and that he always attempts to maximise his payoffs or preferences.

Current applications of game theory and rational choice are being adapted to multi-player games with coalition outcomes such as in the case of analysing coalition building within the Climate Change negotiations. Carraro (2005) for instance observes that traditional game theory is unable to identify characteristics of coalitions which could form at the equilibrium because in theoretical models, countries are assumed to be symmetrical which they are not in reality hence new game theoretical models allow for asymmetries in order to explore countries' incentives to form coalitions.[9]

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[4] Citation 2
[5] Citation 3
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[7] Citation 6
[8] Citation 5
[9] Citation 7

**Cognitive and Communication Theory**

Psychoanalytically oriented psychologists have focused much of their work on intrapsychic conflicts and continued to so in their clinical research and practice since Freud's seminal contributions between the two world wars.

Social psychologists instead focus on human interactions be this in a dyadic or group dynamic context. Observing human interactions closely, assumptions of rationality cannot be upheld or at best can be seen as one of the many human ways of making sense of the world and of structuring interactions with the human environment.

Applied to negotiations and conflict resolution, Deutsch (1962) distinguishes between destructive and constructive conflicts and control of resources, preferences and nuisances, value conflicts, conflicts over beliefs about what are facts and information and attempts by parties to dominate.

Deutsch further proposes a typology of conflict consisting of vertical conflicts, contingent conflicts, displaced conflicts, misattributed conflicts, latent conflicts and false conflicts. His life time contribution focused on factors which could help resolve conflicts.

Communication experts like Rackham & Carlise (1978) conducted research from a behavioural perspective and studied the behaviour of negotiators and identified important differences in communication styles between experienced and novice negotiators. The successful negotiators for instance exhibit stronger use of listening and summarizing skills and also use different approached to planning of negotiations (e.g. more long-term, more oriented towards mutually acceptable solutions and less rigid structuring of issues).

In regard to cognitive functioning of negotiators, psychologists like Nisbett (1980) and Jönsson (1983) shed light on cognitive mechanisms which lead parties to persist why negative images of the adversary and perceptions of conflict persist for instance in the form of taking credit for success while denying responsibility for failure.

Holsti (1967) and Jönsson (1983) applied cognitive theory to international relations and international negotiations as a way to overcome the shortcomings of game theory emphasizing for instance the role of belief systems in shaping expectations and interpretations of the other parties' intentions.

**Bounded Rationality & Bargaining Theory**

Bounded Rationality pertains to a theoretical stance which postulates a mix motive strategic of human decision making and negotiation behaviours. Humans are at time taking rational decision along the lines of game theory and rational choice theory, at other times non-rational decision making might lead parties to take decisions that are not necessarily based on pay off considerations but rather on social conventions which are often not consciously followed.

Schelling (1960) whose initial work followed game theoretical parameters, added important new insights on human behaviour along the lines of social conventions. A key finding was for instance the "focal point" theorem which suggests a solution that people tend to use in the absence of communication because it seems natural, special or relevant to them. [10]

From a Gestalt psychology point of view, such a phenomena can easily be explained as being based on salience of an object that contrast with other objects who reside into the background while the salient object become foreground in the perceiver's awareness. Schelling later on made important contributions to the understanding of risk factors leading to social segregation and is also analysing the current risks of climate warming from a bargaining point of view.

Faced with the limitations of rational choice theory but still upholding some of the insights of game theory, a group of US social scientist such as Raiffa, Lax and Sebenius broadened the theoretical frame to make space for inclusion of cognitive and psychological studies.

Their broadened theoretical frame allows for inclusion of social and cognitive contexts which bear clues to past and future human behaviour. Their theoretical frame is called "Negotiation Analysis" which draws on decision analysis suggests several concepts which have become identified with bargaining theory.

The most commonly used concepts are the linked processes of "creating" and "claiming" of values be that money, territory or words in the case of diplomatic negotiations. Building on bargaining concepts developed by Warton & McKersie ( 1965), Sebenius and Lax suggest that negotiators can either distribute values available (claiming values) or find ways to combine current issues with additional issues thereby integrating existing and additional values (creating values).

Social and organisational psychologists broadened the frame of analysis by studying not only bilateral negotiation sets but larger social groupings. Bazerman & Lewicki (1983) studied conflict inside organisations, Brown (1975) expanded the frame of analysis to inter-organisational conflict analysis and Lewicki &, Litterer (1985) further expanded the scope of analysis by studying conflicts in larger social settings like social communities.

**Collective Bargaining & Industrial Sociology Theory**

At the same time of Schelling, Deutsch and continued modelling by game theorists, another strand of conflict analysis made very important contributions to conflict and negotiation theory. An additional analytical focus by Warton & McKersie (1965) was the study of management versus labour union conflict and negotiation behaviour.

Collective bargaining is the process of negotiation between unions and employers regarding the terms and conditions of employment of employees and about the rights and responsibilities of labour unions. It is a process of rule making, leading to joint regulation.

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[10] Schelling

While union and management representatives face each other at the negotiation table, both groups represent larger constituencies which require preliminary and ongoing side negotiations for instance with the members of a labour union or the top management of a company.

Walton & McKersie first coined the term "mixed motive" pertaining to the employment relationship which is neither purely conflictual nor purely cooperative but a mixture of both. Ideally, negotiators facing such mixed motive situation should engage in integrative bargaining (creating value) but face the uncertainty that the other party adopts a distributive last minute power game leaving the other party vulnerable for last minute losses.

Crozier & Erhard (1977) analysed the ways in which organisations and systems function and conceptualised them as originating from game structures that channel and stabilize power and bargaining relations between a set of strategically interdependent actors [11]

Raynaud (1989) applied a related approach to French collective bargaining system showing how the actors involved in collective bargaining have to cope with the tension between internal (within an organisation) and external (societal, political) rules. The tension could also be described as a competition between rules systems which negotiators engaged in collective bargaining have to manage while at the same time having to manage their own bilateral conflict.

**Cultural Variance Theory & Anthropological Science**

Culture represents an even larger frame than rules which encompass collective bargaining. Culture understood as beliefs and norms passed on from one generation to the next can pre-determine to some extend the freedom of action of negotiators.

Hofstede (1989) defines culture as "collective programming of the mind" which distinguishes the members of one category of people from another-. According to Hofstede, the most fundamental component of culture is values which are acquired during the process of upbringing and are subsequently reinforced through education and work life practices.

Drawing on his empirical research, Hofstede applies his theory to negotiations (1989) and observes for instance that cultures characterized by strong masculinity values tend to resolve conflict through fighting rather than through compromising. On the other hand, cultures with strong inclination to avoid uncertainty would in their negotiation behavior prefer more in ritualistic procedures and negotiators from collectivist value orientation would prefer stable relationships so that negotiations can be carried out among persons who have become familiar with each other over a long time.

Faure (2003) amongst other scholars has studied culture difference in negotiation style in several countries and identified important behavior differences due to different

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[11] Erhard Friedberg, « Michel Crozier – 1922 » Editions Banlieus Media, 2005

cultural variance adding larger societal level culture difference to the cognitive variance identified by Hofstede.

An important factor of culture variance is professional cultures. Applied to conflict resolution and negotiation, this means preferences exhibited by the various academic disciplines involved in conflict and negotiation study.

Carnevale & DeDreu have for example done an extensive analysis of research methods used by conflict and negation scholars. Their results show that economists and political scientists prefer to use mathematical modeling to a very large extends compared to researchers from the Organizational Behavior and Social Psychology field who conversely prefer laboratory experiments and survey methods.

The implication of such strong preference means that the phenomena under study are limited in terms of explanatory power and validity often forgotten by the scholars engaged in conflict studies. Such bias for one research method over another can be further amplified if scholars of one country are dominant players in an academic field as was suggested by Robles (1993) who points out that in the field of international relations, counting from 1970 to 1993, US texts showed a 80% prevalence to US references and such predominant referencing of US authors was also observed in most other countries.

**Process Theory, Network Theory, Multi-Actor Coalition Building, Multi-institutional negotiations**

Herbert Kelman made pioneering contributions to the field of contlict resolution and negotiations applied to international relations. He was co-founder of the Journal of Conflict Resolution which started publishing in 1957. His research focused on societal and inter-societal issues applied e.g. to Cyprus (1966) and to the Israel-Palestine conflict ( 1967 on forward) with complementary proposals for solutions of armed conflict through interactive problem solving methods including unofficial third party interventions following the scholar-practitioner model. His interactive problem-solving workshops with politically influential Israelis and Palestinians helped lay the groundwork for the Oslo agreement in 1993.

Paying close attention to the process of international negotiations, William Zartman has been instrumental in analysing conflicts and related negotiations from a time perspective looking at phases of negotiations and the unfolding of concession making leading to agreement or withdrawal of parties. A key concept introduced by Zartman is the notion of „ripeness" indicating that parties resolve their conflict only when they are ready to do so and such a moment often occurs when parties are faced with a mutually hurting stalemate (MHS) which neither party can win.

Moving beyond bilateral game theory and negotiaton analysis requires analytical theories of broader conceptual scope. A first level of higher complexity is needed to describe and analyse multi-actor negotiations within a single institution of multiple membership like the UN, WTO and related multilateral institutuons where plurilateral

agreements (participation of limited number of members ) or all members partake in the negotiations to reach consensus agreements.

Applying process analysis to multilateral negotiation contexts like the UN and its related UN Agencies, Zartman (1994) categorized actors (nations) as taking on different roles such as drivers, conductors (or managers), defenders, brakers and cruisers . Countries attempt to influence negotiated outcomes by using these roles to orchestrate outcomes according to their national interests and by shaping the alliance building to their favour.

Network theory can also be applied to analyse the overt and covert alliance building of nation actors [12] Visualising linkages between actors based on hypothesized common interests or along overall relations patterns which can help identify sociometric stars or leaders who can draw on a network of cooperative actors to form alliances. At the same time, sociometric analysis can clarify which countries are isolated and vulenrable to being overpowered by other countries acting in coordiated alliance against a country without relationship linkages.

Social Capital Theory can also be applied to complex negotiations to explore networks which leading disputants use to create a power base for breaking up existing cooperation régimes [13] Actors in multilateral negotiations also form alliances in favour or against solutions being proposed by various parties.

The most complex form of negotiations are multi-institutional – multi-actor negotiations of state or non-state actors of a mix of them an example being the Oslo Mideast Peace Process which involved the delegations from the Israeli and Palestinian side, the Norgwegian government as lead facilitator and supportive facilitaor countries (USA, Canada, Japan, EU, Russia ) who chaired separate theme specific negotiations (e.g. on water, refugees, regional economic development, arms control etc) in their respective capitals.

Lastly, complex multi-actor/multi institutional negotiatons may involve conflict parties representing state versus non-state actors such as NGOs or Multinational Enterprises engaging in negotiations on bilateral, trilateral or multi-lateral basis as e.g. in the case of negotiating a global moratorium of bottom trawling fishery practice or microsoft's negotiation on IP rights against the Chinese government with tacit support from the US government [14]

## Conclusion

The field of negotiation theory and research is maturing and diversifying. The social sciences (sociology, economics, political sciences, psychology) have made initial

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[12] Raymond Saner, The Expert Negotiator, Martinus Nijhoff Publ. 3rd Ed. 2008, chapt. 11 on complex negotiations, pp 217-237

[13] Raymond Saner, « Cyprus conflict and social capital theory: a new perspective on an old conflict", in Social Capital and Peace Building: Creating and resolvinig conflict with trust and social networks, Michaelene Cox, Ed, Routledge, 2009

[14] Raymond Saner, "Introduction to State vs Non-State Actor Negotiations" in R. Saner & V. Michalun (Eds), "Negotiations between State Actors and Non-State Actors:Case Analyses from Different Parts of the World, Republic of Letters, NL, 2009, pp. 1-39

theoretical contributions after WWII focusing on bilateral conflicts then gradually enlarging their field of analysis to more complex conflicts and negotiations.

Progress has been made since WWII by social scientists from US and European origin who followed on the footsteps of historians, diplomat—scholars and legal experts who have discussed and reported on conflicts and negotiations for centuries and continue to do so today.

The contributions of the western social scientists started out with initial concepts, metaphors and descriptive analysis and moved on to mathematical models and sophisticated game theory based theorizing of human conflict behaviour. Social psychologists added the case based observation of actual negotiators behaviours adding a process based analysis to the growing field of conflict studies.

What is still in need of further development is the study of complex negotiations such as multi-actor/multi institutional negotiations. This level of complexity cannot be adequately captured by computer based modelling. New conceptual frames are needed which most likely require inter-disciplinary research and more integrative theories than is the case so far.


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## Social & Economic Sciences post WWII

| Rational Choice &, Game Theory | Cognitive & Communication Theory | Bounded Rationality & Bargaining Theory, Behavioral Management Theory | Collective Bargaining, & Industrial Sociology/Psychology Theory | Cultural & Anthropological Theory | Process Theory, Network Theory, Multi-actor coalition theory |
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