Contextual Primes, Trust and Negotiators’ Reactions to a Crisis

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Abstract

Using a simulated bilateral negotiation over several security issues, we test the relationship between crises and turning points in negotiation. We explore how variations in the negotiation context influence negotiators’ reactions to an identical event – a crisis – during the negotiation. Negotiators were primed to focus on one of three features of the negotiating context (transaction costs, mutual dependence, shared identity) which we hypothesized would influence crisis-turning point relationship. In their roles as national representatives, negotiators in each condition were presented with a crisis and asked to decide whether to reach an immediate agreement, continue negotiating, or re-frame the issues. The results showed that high mutual dependence (unattractive alternatives) led to re-framing the negotiation (turning points) whereas high transaction costs led to a preference for continuing the negotiation. Shared identity did not affect negotiators preferences across alternative courses of action. Further analyses revealed that affective trust amplified the impact of dependence and transaction costs: the decision to re-frame was made more often by negotiators who reported low affective trust, whereas the decision to reach immediate agreement was made more often by negotiators who reported high affective trust. Finally, high cognitive trust encouraged negotiators to continue the negotiation if they had a shared identity or if transaction costs were high. These findings shed light on the conditions that shape interpretations of crises and the processes that lead to decisions. Implications are developed for analyses of real-world cases and suggestions are made for further research.

Key words: negotiation; re-framing; trust; turning points; transaction costs; power
The 3D approach to negotiation described by Lax and Sebenius (2006) lays out three dimensions that shape negotiations: tactics, deal design and setup. Their model highlights the importance of negotiators’ strategic choices ‘at the table,’ their relationship, and the context within which the negotiation takes place. In recent years, negotiation researchers have increasingly focused on how these three dimensions work together to shape negotiators’ economic and relational outcomes. In this research we evaluate how the context in which negotiations take place and negotiators’ relationships shape their reactions to a crisis, that is, an unexpected turn of events in their negotiation. Such crises, because they surprise negotiators, have the potential to change the relationship between negotiators and derail a negotiation (Baxter & Erbert, 1999; McGinn, Lingo & Ciano, 2004). We argue that the consequences of a crisis will depend on how negotiators interpret this event. This interpretation will be influenced by how the negotiation is framed.

To understand how crises influence the negotiation process, we turn to the research on turning points. Turning points refer to events or activities that change the direction of negotiation, usually moving from impasse to progress. The completed research to date has addressed the question of *when* and *how* turning points occur. Case analyses have shown that turning points occur following a crisis that jeopardizes the sustenance of the talks (Druckman, 1986, 2001). They take the form of departures from the negotiation process up to time of the crisis, that is, turning points are observed as a change in how individuals approach the negotiation. The change in negotiators’ approach can be immediate or more gradual, evident as a drift over time to a different set of strategies (Olekalns & Weingart, 2008; Druckman, 2004). Less is known about the consequences of turning points, which can either facilitate or impede subsequent negotiations and agreement. Our goal, in this research, is to better understand why turning points can have either a positive or negative impact on negotiation.
Turning points are often triggered by crises. Faced with a crisis, negotiators may decide to find a way to continue their negotiation by effectively ignoring the crisis and persevering with their pre-crisis approach to the negotiation. An alternative to continuing the negotiation is to rethink, or reframe, their approach to the negotiation. Re-framing changes the way that negotiators think about their differences, may encourage them to develop integrative solutions to the bargaining problem, and paves the way toward agreements. In his study of base-rights negotiations, Druckman (1986) suggested that crises provide negotiators with an opportunity to re-frame the issues (also see Druckman, Husbands, & Johnston, 1991). But, crises can also have the opposite effect: Their occurrence may disparage negotiators, leading them to terminate the talks with or without an agreement. Consequently, negotiators have four options following a crisis: continue the negotiation with no change, reframe the negotiation process, end the negotiation immediately by agreeing to the terms on the table, or end the negotiation immediately with no agreement. Which of these options negotiators choose will depend on their initial framing of the negotiation (Ikle, 1964).

The question we ask in this research is: What influences negotiators’ reactions to crises? We propose that part of the answer lies in the context within which the negotiation occurs because the context will shape how negotiators interpret a crisis. In this research, we explore the impact of three alternative contextual features – high transaction costs, high mutual dependence, or shared identity – that may influence negotiators’ interpretation of a crisis and their decision to agree to current proposals, continue the negotiation, reframe or end the talks. We also consider how the emerging relationship between negotiators influences the context-reaction link, specifically how trust attenuates or amplifies the impact of these contextual features on negotiators’ reactions to a crisis.
The Negotiating Context

Each of three contextual variables is discussed in this section followed by hypotheses about their impact on negotiators’ preferred course of action following a crisis.

Transaction costs. Crises call attention to the costs of bargaining leading bargainers to seek a way out. Whether regarded as mutual pain, as in a hurting stalemate (Zartman, 2000) or as loss of profits/expenditure of limited resources (Cramton, 1991), negotiators find ways to resolve their dilemma. This gains-cost perspective, emphasized particularly by economists, highlights strategic calculations of sacrifice through the course of bargaining. Cross (1969) noted that it is precisely this cost that motivates the whole process.

Economic models of bargaining thus emphasize the impacts of time and bargaining costs on the negotiation process. Focusing primarily on gains and losses in bilateral bargaining, economists and game theorists have suggested contrasting circumstances for explaining the decisions taken by bargainers. One circumstance, referred to as transaction costs, posits that as the cost of bargaining increases, bargainers consider the relative advantage of terminating the talks or reaching an immediate agreement. When transaction costs are low, bargainers are more inclined to continue working towards reaching agreement. This circumstance, referred to also as a discounting model, leads to a decision to continue bargaining or to delay trade: sequential bargaining continues to unfold until no more profit is realized from the transaction. In a pure transaction costs model, delayed trade never occurs. In a pure discounting model, termination never occurs.

A question of interest for modelers is whether equilibrium behavior is more like the take-it-or-leave it bargaining of the transaction costs models or the sustained bargaining of the discounting model: How does behavior change as transaction costs become more or less important than discounting? Cramton’s (1991) formal analysis suggests that equilibrium behavior has features of both models. He concludes that: “The equilibrium may involve
significant delay even when transaction costs are large relative to discounted (taking future gains into account)” (1991: 1230). Bargainers balance costs and gains in deciding whether to terminate, with or without an agreement, or to delay trade. At the point where costs outweigh the expectation of further profits, bargainers are encouraged to terminate the bargaining process with or without an agreement. By accepting available terms bargainers resolve their impasse. They do so however without attempting to re-frame the issues.

Shared identity. How negotiators perceive themselves relative to others – their relational self-construal – affects the extent to which they perceive the negotiation as one in which they share a common fate. Negotiators who perceive themselves as standing apart from the other party are likely to focus solely on their own outcomes whereas those who recognize the interdependent nature of their relationship are more likely to search for solutions that benefit both parties (Gelfand et al., 2006). These different relational self-construals may be influenced by the negotiating situation or task, by cultural differences, or by prior experience that reinforces shared values. Perceived similarity moves others into our ‘in-group’ and in doing so fosters a greater willingness to cooperate (Kramer, Brewer & Hanna, 1996.).

Negotiators’ who perceive themselves as having a shared identity will, because of their greater willingness to cooperate, search for a way to continue a negotiation following a crisis. They may do this either by moving forward with the same processes that characterized their negotiation before the crisis or by reframing the negotiation and implementing a new approach. There is indirect evidence that a shared identity will encourage negotiators to continue their negotiations after a crisis. In their study of external and internal precipitants of turning points, Druckman, Olekalns, and Smith (2009) showed that negotiators who perceived the other party to have shared goals and values were more willing to strive for agreement following a crisis. Druckman et al. (2009) argued that this occurred because the
perception that they shared values led negotiators to view the crisis as a common fate which, in turn, encouraged them to cooperate toward reaching agreements. Consequently, we expect that when negotiators have a shared identity, based on their underlying goals and values, they are more likely to endeavor to reach agreements, either by continuing the negotiation or attempting to generate creative new proposals.

*Level of dependence.* In interdependent settings, individuals’ relationships are in part defined by their level of dependence on the other person (Rusbult & Van Lange, 2003). Power is defined that the extent to which one person is dependent on the other. As dependence increases, so power decreases (Bacharach & Lawler, 1981). In negotiations, this idea of dependence – defined as the number of alternatives available to negotiators – has received considerable attention. The greater the range of alternatives, the more easily negotiators can exit and initiate a new negotiation. Conversely, when negotiators have unattractive or no alternatives, it becomes costly to leave the negotiation without an agreement (e.g., Kim et al., 2005). In this research, we focus on how high dependence (few alternatives) affects negotiators’ reactions to a crisis. We have chosen to focus on the consequences of high dependence because this is typically the situation in the kinds of security negotiations modeled by the simulation used for this experiment.

When negotiators have few or no alternatives to the present negotiation, they are bound to reach an agreement. This is because, for highly dependent negotiators, the costs of ending the negotiation without agreement are greater that the costs of continuing. Consequently, a crisis is unlikely to trigger withdrawal from the negotiation. This means that negotiators’ options are restricted to a choice between continuing as before, agreeing to the terms on the table or reframing the negotiation. Negotiators are unlikely to simply continue the negotiation as before because a crisis highlights their vulnerability and the costs of failing to reach agreement. Under these circumstances, continuing the negotiation may
reduce confidence that an agreement can be reached. We therefore expect that, confronted with a crisis, negotiators with unattractive alternatives will either agree to the terms on the table because they do not have the necessary means to force a favorable solution or to reframe the negotiation in an effort to improve the current proposal. Unlike continuing the negotiation, reframing enables negotiators to think creatively and problem-solve and helps them to reach agreement. It is therefore a viable option when negotiators judge that it is too costly to quit because of unattractive alternatives.

**Hypotheses.** In the preceding discussion, we have argued that factors “away from the table”, that is the negotiating context, shape how negotiators will react to a crisis in their negotiations. Our focus, in this research, is on how each of these factors shapes negotiators’ choices among four alternatives: the continue negotiating, to reframe the negotiation, to reach immediate agreement or to end the negotiation without agreement. For each of the three contextual variables, two possible consequences of a crisis are identified. On the basis of this discussion, we hypothesize that:

**H1.** High transaction costs will narrow negotiators options to either reaching immediate agreement or ending the negotiation;

**H2.** A shared identity will narrow negotiators’ options to either continuing or reframing the negotiation;

**H3.** High dependence will narrow negotiators’ options to either reframing the negotiation or reaching an immediate agreement.

**Trust as a Moderating Variable**

For each contextual variable, we have identified the two most likely choices following a crisis. There is, however, some overlap in the anticipated consequences of a crisis in the three different contexts. To better understand the mechanism underlying negotiators’ choices between the two options we have identified in each context we now turn to one ‘at
the table’ factor, the relationship between the parties. Past research has shown that how negotiators interpret and react to each others’ behavior is influenced by their trust in the other negotiator (Druckman et al., 2009, Olekalns & Smith, 2005).

Our central proposition is that high levels of trust provide a ‘guarantee’ of the other person’s behavior. When individual’s trust another person, they have strong positive expectations about that person’s future behavior (Rousseau, Sitkin, Burt & Camerer, 1998). As a result, high trust provides assurances about the other’s behavior. It results in the attribution of goodwill and encourages negotiators to cooperate. Conversely, low trust increases the risks associated with an ongoing relationship and leads to an attribution of bad faith and encourages negotiators to take self-protective actions (e.g., McKnight, Cummings & Chervany, 1998; Ross & LaCroix, 1996; Yamagishi & Yamagishi, 1994). We therefore expect that high trust will offset some of the costs with continuing negotiations and encourage individuals to recommend a course of action that has greater potential to yield a positive outcome. Below, we discuss the impact of trust influences decisions in each of the three context that we are investigating.

In the case of transaction costs, we predicted that negotiators would either reach immediate agreement or withdraw from negotiations. Reaching agreement is the more risky strategy because it is based on the assumption that the process up to the point of crisis has been fair to both parties and that the agreement on the table is an acceptable and workable solution. Conversely, withdrawing from the negotiation is a low risk strategy that reduces transaction costs and makes no assumptions about the agreement on the table. This argument implies that negotiators are most likely to agree immediately when initial trust is high; they are most likely to withdraw from negotiations when initial trust is low. This is because high trust decreases transaction costs by providing some assurances about the other
party’s behaviors and intentions whereas low trust increases transaction costs by casting
doubt on whether negotiators have, to this point, acted in good faith.

When negotiators have a shared identity, their choices after a crisis are restricted to
either continuing the negotiating or identifying new and creative solutions (reframing). A
shared identity is associated with the belief that negotiators are acting from the same set of
goals, values and principles. For negotiators with a shared identity, continuing the
negotiation with no change to the process is a more risky strategy because, as was the case for
transaction costs, it rests on the belief that negotiators thus far have acted in good faith as
well as the anticipation that they will continue to do so. It requires considerable confidence
that negotiators do, indeed, have a shared identity. Reframing the negotiation is a less risky
alternative because it acknowledges that likely impact of the crisis on the underlying
relationship, including the possibility that the bonds tying the negotiators together have been
disrupted or broken. Consequently, we expect that negotiators who have a shared identity are
most likely to continue the negotiation when initial trust is high: high trust combined with a
shared identity increases negotiators’ resilience to crises and does not call into question their
approach to the negotiation. However, low trust may cause negotiators to question their
assumptions and move to a more transparent and transactional approach to negotiation. This
is likely to lead to a focus on how the negotiation will be resolved, triggering a reframing of
the process.

Finally, when negotiators are highly dependent on each other their choices are
narrowed to either reaching an immediate agreement or reframing the negotiation. High
dependence increases negotiators’ concerns about outcomes in two ways, the need to ensure
an agreement is reached because negotiators have no alternatives and the need to protect and
improve their outcomes. Negotiators will attempt to improve their outcomes when they have
high initial trust. This is because high trust in the other party provides a behavioral
guarantee about the other’s intentions and reassurance that the other party is negotiating in good faith. Consequently, it encourages negotiators to reframe the negotiation and search for creative proposals that will be acceptable to both negotiators. In the absence of trust, negotiators are likely to end the negotiation immediately. This is because low trust fuels concerns about the other party’s intentions. In the absence of viable alternatives, a crisis casts doubt on negotiators’ ability to improve on their current deal. The costs to continuing the negotiation increase, consequently encouraging negotiators to take the deal on the table.

These considerations lead to the following hypotheses:

**H4.** *High transaction costs will trigger an immediate agreement when trust is high or withdrawal from the negotiation when trust is low;*

**H5.** *A shared identity will encourage negotiators to continue the negotiation when trust is high or reframe the negotiation when trust is low;*

**H6.** *High dependence will trigger reframing when trust is high or an immediate agreement when trust is low.*

**Research Approach**

We evaluate how variations in the negotiating context affect decisions made in reaction to a specific event. Of particular interest are the conditions that produce a decision to terminate, agree, delay trade or to re-frame (considered as a turning point). Rather than chart changes that occur through the course of bargaining interactions as is done by economic models, we focus on a moment in time. The moment occurs during a break in a complex, multi-issue negotiation. The conditions – transaction costs, shared identity, mutual dependence – are defined at several junctures in the negotiation scenario, in the background materials, during preparations, and after the crisis occurs. The bargaining is carried forward in order to ascertain whether an agreement occurs.
An advantage of this approach is that causal impacts on decisions can be assessed. Bargaining is stopped and a crisis event is inserted. At that moment in time the values for the key factor (high transaction costs, shared identity, high mutual dependence) are primed. By freezing the moment in time (as a snapshot), we isolate the impact of the manipulated condition. Thus, the theories map onto our primed variables, not as changing evaluations of costs and gains but as highlighted elements of the situation. This approach allows for a direct comparison of the three conditions, which is the purpose of this study.

Method

Participants

Seventy undergraduate and Masters level students participated in a simulated international treaty negotiation. The sample was comprised of 39 males and 31 females, with an average age of 22.1 (sd=3.9 yrs).

Experimental Simulation

We assigned participants randomly to the roles of chief negotiators appointed by their foreign ministries to represent their countries, Anice or Izeria, in a bilateral negotiation concerning a number of security issues. Participants received background information about context for their negotiation. This information provided a chronology of the key events from December 2007 to March 2010. They were also told that the presidents of their two countries considered these talks to be a top priority and that the United Nations secretary general would be closely monitoring each round. The initiation of talks was considered to be a welcome departure from the hostile atmosphere that had existed between these parties. In addition to this general background information, participants received private, role specific information. This information set out the six issues to be negotiated as well as their country’s preferred position for each issue. Participants were told
that the information was provided by their Intelligence Agency and included the rationale for their country’s position.

Negotiators needed to reach agreement on six issues (five distributive and one integrative). Two of the distributive issues concerned Anice’s desire to inspect Izeria’s presidential palace; at issue were the number of weapons inspectors and the period of inspection. The other three distributive issues concerned the deployment of an Anicean-led international military force in a border area that lies between Izeria and its neighbor, Kerejistan; specific questions were the number of troops, the period of deployment, and the amount of budget allocation. The one integrative issue concerned ways to combat terrorism in the region. Both parties were encouraged to consider ways of cooperating on this issue that would be in their joint interest.

The negotiation was divided into two fifteen-minute periods. Negotiators were free to decide on the order for discussion of the issues as well as whether they would be addressed sequentially or in combination. Various positions on the distributive issues were arranged on scales to facilitate the discussion. During the between-round break, each dyad received a “Foreign Ministry Update,” which informed them of late breaking news as follows:

The Associated Press reports that the president of Izeria, Sadam Ismaeli, succumbed unexpectedly to a fatal heart attack. This event has thrown the government into chaos as they hurriedly prepare for a succession. The vice president will serve as president until elections can be held. Negotiations with Anice will continue until arrangements have been made for a public funeral.

The negotiators were asked to consider the implications of this event for the negotiation.

Contextual Primes

Each condition was primed initially as part of the overview. Those in the transaction costs condition were told:
A third reason for optimism is that the costs increase as the negotiation proceeds. The longer the talks continue without an agreement, the more progress is likely to be made on Izeria’s weapons program. This is a problem for Anice. Also, the longer the talks continue, the more information will be gained by Anice about Izeria’s programs. This is a problem for Izeria. You are encouraged to consider these prospects going forward with the talks.

The *shared identity* priming consisted of the following:

A third reason for optimism is that you know the other delegation’s chief negotiator well from prior diplomatic assignments. You have developed a good working relationship despite the acrimony that exists between your nations. You are encouraged to build on this shared interpersonal trust going forward with the talks.

The *alternatives* condition negotiators representing Anice received the following information:

A third reason for optimism is that your alternatives to negotiating an agreement are unattractive. A failed negotiation will result in handing the talks over to the international community, which will bog them down in bureaucratic politics. You are encouraged to consider these prospects going forward with the talks.

Negotiators representing Izeria in the alternatives conditions were told:

A third reason for optimism is that your alternatives to negotiating an agreement are unattractive. A failed negotiation will result in Izeria remaining under trade sanctions imposed by the international community, which may fuel a backlash from Izerian citizens. You are encouraged to consider these prospects going forward with the talks.

These primes were repeated, in somewhat different forms, in the background information and in the memos received from the Foreign Ministries between rounds.

**Outcome Measures**
After negotiators received the memo from their Foreign Ministry, they were asked to provide advice to their Prime Minister about what to do next. Specifically, they were asked whether they would recommend that they withdraw from the negotiation; reach agreement now; continue the negotiation; or, reframe the negotiation. They were also asked to write a short explanation for their recommendation. Only 4 participants recommended that they withdraw from negotiations. Consequently, these dyads were excluded from further analyses.

Trust Measures

Prior to the negotiation (Round 1 trust) and immediately before providing advice to their Prime Minister (Round 2 trust), participants completed a 15-item trust questionnaire. Items for this questionnaire were drawn from Lewicki, Stevenson and Bunker (1997). A factor analysis yielded three factors, which we have labeled affective trust (this person has the same values as me), cognitive trust (This person’s behavior will meet my expectations), and deterrent (This person knows I can retaliate if they don’t follow through). Sub-scale inter-correlations and reliability as shown in Table 1.

Approach to data analysis

We used hierarchical linear modeling (HLM) to test our hypotheses. The use of HLM offers the advantage of enabling us to examine individual behaviors while controlling for dyadic membership (Bryk & Raudenbush, 1992; Kenny, Kashy & Bolger, 1998). Because models with random slopes and intercepts cannot be estimated for dyadic data, our model allowed for a random intercept but fixed the slopes. Although we had no hypotheses about Country or Gender, we included these variables in all our models to allow for the possibility that they influence the advice given to the president. Before evaluating our
hypotheses, we tested the null model for our independent variables, advice, by modeling the intercept with an equation that had no Level 1 or Level 2 predictors in the model. The null model tests for the presence of significant within dyad interdependence in negotiators’ reactions to the crisis. We found this to be the case: \( \gamma_{00} = 1.69, t(38) = 15.9, p < .001 \).

We tested how trust and prime affected negotiators’ advice to the president. In 2-level models, Level 1 predictor variables describe attributes of the individual and Level 2 predictor variables describe attributes of the dyad. Ratings of trust (cognitive, affective, deterrent) were entered into the equation as Level 1 predictor variables. The prime (transaction costs, power, shared identity) was entered as a Level 2 predictor variable. In setting up the model, we specified interactions between our Level 2 predictor (prime) and the Level 1 intercept, as well as between our Level 2 predictor (prime) and trust in the other negotiator.

**Results**

In our first model, we tested how perceived trustworthiness at the start of the negotiation affected negotiators’ reactions to the crisis message. This analysis showed that the advice given to the president was predicted by the Prime, \( \gamma_{01} = 0.27, t(33) = 2.16, p < .05 \). Round 1 (prenegotiation) trust did not affect negotiators’ advice; nor did it interact with Prime to affect advice. Our second model tested how perceived trustworthiness at the point of crisis affected negotiators’ reactions to the crisis message. We again found that the advice given to the president was predicted by the Prime, \( \gamma_{01} = -0.21, t(33) = 2.06, p < .05 \). To interpret this main effect, we cross-tabulated data and compared observed to expected frequencies. We then used standardized residuals to identify discrepancies between observed and expected frequencies.

\[ \text{Insert Table 2 here} \]
As can be seen in Table 2, large discrepancies (std res > 1) were observed when the prime increased the salience of transaction costs or mutual dependence, but not when they primed shared identity. This table shows that negotiators were least likely to continue negotiations along the same path and most likely to reframe them when they were focused on the lack of available alternatives to this negotiation (high dependence). This result supports hypothesis 3. Conversely, they were most likely to continue negotiations along the same path and least likely to reframe when they were focused on transaction costs. This result does not support hypothesis 1, which predicts that high transaction costs will lead to the ‘agree’ or ‘end now’ choices. When negotiators had a shared identity, the advice to their president did not depart significantly from expected frequencies. This result does not support hypothesis 2.

Our second model, with Round 2 (post-crisis) trust as the dependent variable, showed that Prime interacted with Affective Trust ($\gamma_{31}=-0.15, t(59)=-2.18, p<.05$) and Cognitive Trust ($\gamma_{41}=0.27, t(59)=2.03, p<.05$) to predict the advice negotiators gave to their president. These interactions are shown in Figure 1. Our results give partial support to Hypotheses 4 – 6.

Hypothesis 4 predicted that when negotiators were primed to focus on transaction costs, high trust would encourage them to agree immediately whereas low trust would lead them to withdraw from the negotiation. Consistent with this hypothesis, our analysis showed that affective trust was highest when negotiators preferred an immediate agreement. However, when affective trust was low, they were equally likely to continue or reframe the negotiation. Cognitive trust did not have the same effect on decisions: high cognitive trust resulted in a preference to continue the negotiation whereas low trust encouraged negotiators
to reframe the negotiation. These results show that low trust encouraged reframing independent of the form of trust whereas high trust directed negotiators to either agreement or to continue the negotiation depending on the form of trust (affective or cognitive).

Hypothesis 5 predicted that when negotiators were primed with a shared identity, high trust would encourage them to continue the negotiation whereas low trust would encourage them reframe the negotiation. Our analyses showed that, in this condition, the two forms of trust worked together. Consistent with this hypothesis, when either form of trust was high, negotiators preferred to continue the negotiation. However, inconsistent with Hypothesis 5, when either form of trust was low, they preferred immediate agreement.

Hypothesis 6 predicted that negotiators in a high dependence relationship would prefer immediate agreement when trust was high and to reframe the negotiation when trust was low. We found the opposite pattern: when negotiators reported high affective or cognitive trust, they favored reframing the negotiation whereas when they reported low affective or cognitive trust, they favored immediate agreement.

**Discussion**

This section is divided into several parts. A discussion of the re-framing concept is followed by the conditions found to elicit this decision. Further insights are then discussed in conjunction with the findings on trust. Implications of the findings for analyses of cases are developed in relation to issues of external validity. The section concludes with ideas for further research.

**Context and reactions to a crisis**

Our analyses showed that when negotiators had a shared identity, the negotiating context did not influence their preferred actions following a crisis. This finding implies that a shared identity creates a robust relationship that is immune to crises. However, as our subsequent discussion of trust shows, the robustness of the relationship (degree of trust) is an
important factor in shaping these negotiators’ decisions to either continue the negotiation or reach immediate agreement. High transactions costs and high dependence pushed negotiators in different directions. Whereas negotiators primed to focus on transaction costs favored continuing the negotiating to reframing it, negotiators primed to focus on their mutually high dependence favored reframing over continuing the negotiation. These distinct patterns demonstrate that the same crisis can elicit distinctly different reactions based on the context within which it occurs.

Consistent with hypothesis 3, most negotiators in the high mutual dependency condition chose to re-frame the issues. Re-framing is regarded generally as an opportunity for changing the direction of a negotiation or for viewing the issues in new ways. Examples come from a variety of negotiating cases and from the negotiators in this experiment. During a difficult negotiation between Spain and the US, the delegations resolved a sticking point by combining the different objectives of the parties: the US accepted Spain’s desire to redefine its role in the Western Community of nations in return for Spain’s willingness to create a format that would facilitate bargaining. New ideas proposed by Gorbachev propelled the intermediate nuclear forces (INF) negotiations to agreement: de-linking strategic weapon systems from intermediate-range systems and the ‘double-zero’ option in which all relevant weapons systems deployed in Europe and Asia would be eliminated. New ideas were also proposed by the negotiators who opted for the re-frame choice in our simulation. These included searching for broad themes that unite the parties, using the window created by the crisis to move quickly to agreement, employing experts to probe more deeply into each country’s inspection and deployment plans, creatively using the media to put pressure on Izeria, and generally encourage flexibility on interpreting the guidelines for negotiation.

These examples have in common the generation of new insights by one or both negotiators/delegations that had the consequence of moving the talks forward. As such it is a
defining feature of turning points: A clear and self-evident change from earlier events in the form of an impactful decision taken by one or all parties (Druckman & Olekalns, 2011).

The results show that re-framing occurred in response to a crisis when both negotiators had unattractive alternatives to a negotiated agreement. As shown in earlier research, turning points occur often following crises. The crisis provides a learning opportunity during negotiation similar perhaps to the way that hurting stalemates precipitate ripe moments prior to negotiation. The unattractive alternatives provide a context for the learning by reducing the options available for consideration by the negotiators: Agreeing or ending without agreement is less attractive than continuing; continuing along the same course perpetuates the impasse. The learning opportunity is presented by the combination of a crisis and mutual dependency. Crises that occur in the context of attractive unilateral or bilateral alternatives may be less likely to generate new insights.

Transaction cost negotiators chose to continue negotiating rather than to agree or withdraw from the negotiation as predicted by hypothesis 1. They were less likely than negotiators primed to focus on their mutual and high dependence to reframe the negotiation. Based on our earlier arguments, this seems like the most risky decision that negotiators can make in the face of accumulating transaction costs: they do not react to the crisis or adjust their strategy, choosing instead to continue with the same process they had used before the crisis. One interpretation of this finding is that it is an example of escalating commitment (Staw & Ross, 1987): having invested in a failing course of action, decision-makers are known to continue with this course of action to recoup their losses. Researchers have also shown that, once in a negotiation, individuals experience strong psychological pressure to reach agreement (De Dreu, Koole & Oldersma, 1999). A focus on costs may trigger the belief that the fastest – and hence least costly – way to proceed is to persevere with the existing strategy. An alternative explanation, that we explore further in the next section, is
that the negotiating relationship up to the point of the crisis has given negotiators confidence that they can quickly reach agreement.

More generally, the priming results suggest a sequential connection between context, event, and decision as follows:

Context (mutual dependence, transaction costs, shared identity) → event (crisis) → decision (agree, continue, re-frame).

The question why these connections occur raises further queries about possible mediating variables. Regarding the link between context and event, a suggested intervening process involves shared mental models (e.g., Orasano and Salas, 1993). Mutual dependence may be hypothesized to lead to the development of a shared definition of the situation that shapes the way negotiators react to the sudden crisis. The event then produces an emotional reaction that motivates cognitive and behavioral change (e.g., Greenberg, Rice, and Elliott, 1993). The change that results is expressed in the form of re-framing. Including these mediating variables extends the path as follows:

High mutual dependence → shared mental model → crisis event → emotional reaction → re-framing → continue with the next negotiation round

The re-framing decision made by the negotiators in the high dependence condition set the stage for round 2 negotiating. But, the path is extended further by including another relevant variable identified by the interaction findings, perceptions of trust.

**Trust and reactions to a crisis**

We hypothesized the negotiators’ trust in the other party would determine their reactions to the crisis. Although we found this to be the case, the results only partially supported our more specific predictions. Nonetheless, the interactions that emerged provide insights into the conditions that encourage negotiators to continue the negotiation, re-frame the process or reach immediate agreement following a crisis. The findings suggest that the
decision to “continue” is forward looking, derived from confidence about the future. Essentially, individuals who are willing to continue with the same process after a crisis are signaling that they believe persisting will overcome obstacles and lead to a settlement. The preconditions for this belief are high levels of trust when negotiators hold either a shared identity or when transaction costs are high. Because, in both cases, high cognitive trust predicts a willingness to continue, we believe that negotiators’ confidence is grounded in the expectation that the other party will honor its commitments and promises.

These findings can be depicted in the form of a path that links context to events and decision:

Shared identity or transaction costs → shared mental model → crisis event → emotional reaction → high cognitive trust → decision to continue negotiating

In contrast, the decision to agree now appears to be a backward looking decision, derived from confidence in the process so far and the proposal currently on the table. We interpret the decision to “agree now” as a signal that negotiators believe the process leading up to the crisis has yielded the best possible agreement but have less confidence that they can overcome the disruption created by the crisis. The preconditions for this assessment are high levels of trust combined with a high dependence relationship or high transaction costs. In both cases, high affective trust predicts the decision to reach agreement now. Recalling that affective trust reflects the extent to which individuals believe that the other person has the same goals, values and objectives as they do, we propose that high affective trust gives negotiators greater confidence in past actions than in future actions. Under these conditions, negotiators minimize their losses by reaching immediate agreement.

These findings are captured in the form of the following path:

High dependence or transaction costs → shared mental model → crisis event → emotional reaction → high affective trust → decision to agree now
Finally, the decision to reframe is triggered by low, rather than high, trust when the context is characterized by high dependence or high transaction costs. When these conditions combine, negotiators face considerable uncertainty: they do not have the confidence in the other party that is associated with high trust but face considerable costs if the negotiation fails or is delayed. These circumstances mean that neither an immediate agreement nor persisting with the same process is a viable option. Consequently, negotiators intervene to reframe the process. In both contexts, the decision to reframe is predicted by low affective trust. This implies that the process, to the point of crisis, has led negotiators to conclude that they are not working towards the same goals and objectives, or from the same set of values. This calls into question the process thus far, leading negotiators with low affective trust to favor reframing the negotiation as a means for reaching agreement.

This result is depicted by the following path:

High dependence or transaction costs $\rightarrow$ shared mental model $\rightarrow$ crisis event $\rightarrow$ emotional reaction $\rightarrow$ low affective trust $\rightarrow$ decision to re-frame

Building on the priming effects discussed earlier, this path shows that re-framing is triggered by dependence when negotiators do not trust one another. The contextual and perceptual variables combine to discourage agreeing or continuing along the same path. Perhaps a shared sense of desperation (shared mental model) in the face of a crisis (emotional reaction) leads them to generate creative proposals that will turn the stalemated talks around. Trust can be considered as a moderating variable in the relationship between crises and turning points (re-framing).

Applications to real-world negotiations

This experiment also has implications for analyses of case studies. One approach consists of superimposing the independent/dependent variable configuration on to real-world bilateral negotiation cases. Each case can be depicted in terms of the three primes: high or
low transaction costs, dependency, and shared identity between the parties. It can also be
depicted in terms of decisions made at each turning point: continue, agree, re-frame. These
categorizations provide a basis for analyzing the relationship between case profiles and
choices. Examples are provided by the two cases referred to above in the discussion of re-
framing: the 1975-76 base rights negotiation between Spain and the US and the 1985-1987
negotiation between the Soviet Union and the US over intermediate nuclear force reductions
(INF).

The base rights negotiation is depicted as being high in transaction costs (bases expire
with no agreement), mutual dependency (security issues for both countries), and hared
identity (long-term western-country allies). Decisions made by the delegations at each of the
four turning points are as follows:

1. Continue negotiating
2. Re-frame
3. Agree
4. Agree

Thus, the choice to agree was made for half of the turning points identified in this negotiation
(see Druckman, 1986). This set of choices suggests an hypothesis: cases high on the three
primes also show variety in the decisions made at each turning point.

The INF negotiation is depicted as being high in transaction costs (bureaucratic
pressure to meet a deadline), mutual dependency (mutual threat/mutual deterrence
capability), and lack of a shared identity (opposed ideologies, different cultures). Decisions
made by the delegations at each of the nine turning points are as follows:

1. Re-frame
2. Re-frame
3. Re-frame
Thus, roughly half of the TPs involved re-framing with the others being agreements (see Druckman, Husbands, and Johnston, 1991). This set of choices is consistent with the experimental hypotheses: high transaction costs or mutual dependency lead to either agreement or re-framing; the option to continue is chosen frequently by negotiators with shared identities. The combination of costs and dependency may have encouraged negotiators to choose to agree or re-frame. The lack of a shared identity may have militated against continuing without agreement or re-framing.

The two cases selected are illustrative. They demonstrate how interpretive case analyses complement experiments in a multi-method framework. The variables used in the experiment are applied to the cases, not in a controlled environment but as descriptive profiles of the completed negotiations. The causal analyses performed on the experimental data are buttressed by assessments of association between the primes – in combination – and the decisions made at critical junctures in a long time series of multiple negotiating rounds. Analytical inferences depend, of course, on a large sampling of cases from several issue domains: For example, the turning points analyses performed on 34 cases by Druckman (2001), where statistical associations were calculated. More generally, the strategy of comparing results obtained with experiments and case studies contributes to external validity. Impacts of the primes are assessed in two ways: separately in the experiments and in combination in the case studies. Both types of analyses contribute to knowledge about the
way that these and other features of the negotiation context impact on choices. Both can address a similar set of hypotheses about impacts. Other suggestions for further research conclude the discussion.

**Future directions and conclusions**

One direction for further research would build on the relationship between dependence and re-framing. Weak alternatives to negotiated agreements discourage negotiators from leaving the table. They also seem to motivate negotiators to re-frame (rather than reach an agreement on) the issues in the face of a crisis. This may be particularly the case in the domain of security issues: the simulation and the illustrative cases dealt with matters of security. Of interest are experimental and case studies that explore this relationship in other issue domains (trade, environment). These studies would address the question of generality and provide insights into the role played by dependence in the link between crises and turning points.

The findings also illuminate the contingent form of this relationship: Dependence leads to re-framing when negotiators do not trust each other; it leads to agreement when trust is high. Trust was measured rather than manipulated in this study. Thus, it is shown to be a correlate rather than a cause of decisions. The causal implications of trust, particularly the different types of trust, remain to be explored. Going further, the role of low (high) trust in enhancing (reducing) the uncertainty that may be triggered by dependence is an issue for investigation: Do distrusting negotiators indicate more uncertainty about negotiation outcomes than trusting negotiators?

Shared mental models and emotional reactions were included in the paths that linked context to events and decisions. They are postulated as psychological processes elicited by the primes and by the crisis event. Regarded as a hypothetical construct, shared mental models facilitate coordination during negotiation and provoke similar reactions to the crisis.
The emotional reaction that follows the crisis motivates a decision to agree, continue or re-frame. These intervening processes remain to be assessed in further experiments on the crisis-turning point relationship.
References


Footnote

A focus on the moment or on the contemporaneous situation is emphasized by the Lewinian perspective in social psychology as well as other approaches that highlight situation rather than historical caused of behavior (See Druckman (2008) for a review of these approaches).
Authors’ Note

This research was supported by Discovery Grant from the Australian Research Council. We thank Emma Swain for her assistance in data collection. Correspondence concerning this manuscript should be sent to either author at dandruckman@yahoo.com or m.olekalns@mbs.edu. The authors are listed alphabetically. They contributed equally to this article.
Table 1. Inter-correlations and trust-subscale reliabilities (shown in diagonal).

<table>
<thead>
<tr>
<th></th>
<th>Cognitive trust</th>
<th>Affective trust</th>
<th>Deterrent trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cognitive trust</td>
<td>α=0.79</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affective trust</td>
<td>0.59</td>
<td>α=0.92</td>
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</tr>
<tr>
<td></td>
<td>p &lt; .001</td>
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<td></td>
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<tr>
<td>Deterrent trust</td>
<td>0.34</td>
<td>0.34</td>
<td>α=0.67</td>
</tr>
<tr>
<td></td>
<td>p &lt; .01</td>
<td>p &lt; .01</td>
<td></td>
</tr>
</tbody>
</table>
Table 2. Advice to President as a Function of Prime*

<table>
<thead>
<tr>
<th></th>
<th>Continue</th>
<th>Reframe</th>
<th>Agree Now</th>
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</thead>
<tbody>
<tr>
<td><strong>Alternatives</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>8 (13)</td>
<td>11 (8)</td>
<td>7 (5)</td>
</tr>
<tr>
<td></td>
<td>-1.4</td>
<td>1.1</td>
<td>0.9</td>
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<tr>
<td><strong>Shared Identity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>13 (13)</td>
<td>9 (8)</td>
<td>4 (5)</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0.4</td>
<td>-0.4</td>
</tr>
<tr>
<td><strong>Transaction Costs</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>18 (13)</td>
<td>4 (8)</td>
<td>4 (5)</td>
</tr>
<tr>
<td></td>
<td>1.4</td>
<td>-1.4</td>
<td>-0.4</td>
</tr>
</tbody>
</table>

* Top row shows observed and expected frequencies (in brackets). Bottom row shows the standardized residuals.
Figure 1. Advice to President as a function of Type of Trust and Prime

![Bar chart for affective trust](chart1)

![Bar chart for cognitive trust](chart2)