



SEVEN SUPPORTIVE THEORIES ON NEGOTIATION

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ABSTRACT

The present article investigated the previous body of research on Negotiation, providing an extensive literature review on seven supportive theories to the negotiation process. This study is helpful to students, practitioners, academics, managers, negotiators, mediators, and other professionals in general, stimulating the reflection on their social and workplace negotiation behaviors, in order to deepen their self-awareness and thus provide an opportunity self-learning, behavior changes, and development. This article investigated: (a) Dramaturgical Theory (b) Social Exchange Theory, (c) Rational Choice or the Rational Action Theory, (d) Bargaining Theory, (e) Game Theory, (f) Affect Theory of Social Exchange, and (g) Prospect Theory, as fundamental supportive theories to the Negotiation process. This literature review is part of my doctoral thesis and aims at providing consolidated information on the subject Negotiation for academics, practitioners, and students in general. Discussion and future research recommendations complete the present work.

KEYWORDS : Negotiation process; management

INTRODUCTION

This article presents a literature review on seven supportive theories related to the negotiation process. Initially, negotiation is a noun that comes from Latin nego, deny, and otium, leisure, or to "deny leisure" [1]. Negotiation is defined as a "social interaction process, which involves two or more persons, regarding their interests, identity, and cognition, and dedicated to reaching an agreement over the substance negotiated through mutual gains" [2] (p.29). It is also a "process of communication by which two or more parties seek to advance their interests or those of the persons they represent through an agreement on the desired future action" [3] (p. 11). In this article, we acknowledge the terms negotiation and bargain. Bargaining is a term often associated with negotiation. Bargain comes from old French bargaignier "to haggle over the price" [4]. In this work, we followed Pruitt & Rubin [5] and kept both terms interchangeable (p.2).

The literature review on the subject was condensed in this work to provide insights to academics, students, practitioners, in general, to deepen insights and to throw more light on the subject negotiations.

The next section presents the seven supportive theories on the negotiation process, as depicted in Table 1 (see Appendix).

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The process of negotiation is supported by the following theories among others, not limited to (a) Goffman's Dramaturgical Theory [6], which states that social interaction (which negotiation is all about) is compared to a theatrical drama, in which parties (actors) have stages, play their roles to audiences, among others; (b) Social Exchange Theory, which states that social interaction is a process where the individuals negotiate their exchanges based on subjective cost-benefit analysis and evaluation of alternatives, according to Homans [7]; (c) Rational Choice or the Rational Action Theory, states that the individuals are rational agents, utility maximizers who make decisions based on available information and probabilities of occurrence, according to Becker [8]. (d) Bargaining Theory is "an exploration of the relation between the outcome of bargaining and characteristics of the situation," following Rubinstein and Osborne [9] (p.1), as stated initially by John Nash [10]. Bargaining is a process in which parties use to reach a deal [11]. (e) Game Theory, which is "the study of mathematical models of conflict and cooperation between intelligent, rational decision-makers," following Myerson [12] (p.1); (f) the Affect Theory of Social Exchange, which is complementary to social exchange theory. It encompasses the emotions as part of the social exchange process, according to Lawler [13]. Finally, (g) The Prospect Theory, which posits that people make decisions based on the subjective analysis

of losses and gains, rather than maximizing their utility function and that the individuals use heuristics to make decisions, according to Kahneman & Tversky [14].

DISCUSSION

Among an extensive body of past research, the seven supportive theories aforementioned, are quite helpful to deepen the understanding of the negotiation process in all existing forms of negotiations. Since players that perform as actors hold negotiations, the Dramaturgical theory is useful to understand the underlying process.

Actors or players (negotiators) also interact with each other. In this case, Social Exchange Theory will provide insights into the interaction. These actors may be rational, and perform their choices using deductive reasoning (the primary assumption on Game Theory). In this scenario, both Bargaining, Rational Choice and Game theories are helpful to clarify the negotiation process.

Next, negotiators convey emotions, studied by Affect theory, and make their choices also influenced cognitive biases, according to Prospect Theory.

Therefore, the seven theories aforementioned, encompass different nuances and provide increasing and meaningful insights on the negotiation process, helpful to practitioners and overall field researchers.

Finally, future research is encouraged on other supportive theories on correlate issues, such as conflict management, mediation, and arbitration processes, for instance.

APPENDIX

Table 1 Supportive Theories on Negotiation

Theory	Dramaturgical Theory	Social Exchange Theory	Rational Choice Theory	Bargaining Theory	Game Theory	Affect Theory	Prospect Theory
Author(s)	Goffman (1941)	Homans (1941)	Becker (1976)	John Nash (1950)	Von Neumann (1928)	Lawler (2001)	Kahneman & Tversky (1979,1982)
Perspective	Sociological	Sociological	Social and Economic Behavior	Economics	Economics, Political Science, Biology, Decision Making, Computer Science	Psychological	Behavioral Economic
Characteristics	Social interaction seen as a drama	Individuals negotiate exchanges based on subjective cost-benefit analysis and evaluation of alternatives	Individuals are rational agents, utility maximizers. Decisions based on rational use of utility function	Determine the outcome of bargaining within a bargaining situation	study of mathematical models of conflict and cooperation between intelligent rational decision-makers	Emotion is part of the social exchange process	decisions are based on the subjective analysis of losses and gains rather than the outcome, and that individuals use heuristics to make decisions

\*Note: Adapted from Goffman, 1963; Homans, 1941; Becker, 1976; Von Neumann, 1928; Lawler, 2001; Kahneman and Tversky, 1979, 1982.

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