Andrzej Kozina *

MULTIPARTY NEGOTIATIONS – RESEARCH PROBLEMS FORMULATION

Abstract

The objective of this paper is to identify crucial research problems occurring in multiparty negotiations. The formulation of those problems is necessary to elaborate methodological framework for the analysis of such negotiations, in order to find effective tools of conducting them. Firstly, the general idea of multiparty negotiations was presented, pointing out their features in comparison with typical, two-party (bilateral) negotiations. Secondly, in the subsequent parts of the paper, crucial research problems of multiparty negotiations analysis were characterized, according to the dimensions of complexity of such negotiations, namely: informational and computational, social, procedural and strategic ones. Moreover some potential solutions to those problems were suggested as well. Summing up the paper, the subsequent areas of research were pointed out.

Kewords: business negotiations, multiparty negotiations, features of multiparty negotiations, complexity of multiparty negotiations, strategies of multiparty negotiations.

1. Introduction

The global business environment is highly challenging to the managers of contemporary companies. Numerous, very dynamic and complicated inter- and intra-organizational relations of both competitive and cooperative character result in sharply increasing scope and importance of business negotiations. More and more frequently negotiations involve multiple parties which make it difficult to reach any satisfactory agreement between them. Such negotiations occur especially while establishing strategic partnerships, undertaking joint ventures, forming strategic alliances, performing mergers and acquisitions, creating networks and virtual organizations, maintaining industrial relations, and within other complex transactions, comprising

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* Ph.D., Uniwersytet Ekonomiczny w Krakowie, Katedra Procesu Zarządzania.

numerous issues and parties involving considerable risk. The most vital factors underlining the importance of multiparty negotiations are the technological development and substantial broadening of knowledge in many domains of activities, changes in management systems within contemporary companies, mainly decentralization of decision making, and social manner of human nature [Kamiński 2003, pp. 93-94]. Therefore, it is necessary to search for effective methodological tools of analyzing and conducting multiparty negotiations which could facilitate resolving practical problems occurring in such negotiations.

However, it may be observed that despite the key role played by the issue of multiparty negotiations, so far no commonly recognized, complex and coherent methodological concept of those negotiations has been elaborated. Although numerous works on multiparty negotiations have been written, very few authors have attempted to establish such a concept, "…no prior attempt has been made to organize and describe knowledge from the various disciplines represented within this field of study" [Crump, Glendon 2003]. Only partial solutions to selected problems have been suggested, limited tools of analysis applied, and incidental empirical studies carried out, mainly in the field of international relations [Zartman 1994], [Crump 2003], [Dupont 1994]. It is fairly easy to find rules for dealing with negotiations involving two parties and only a few issues; however in real world such negotiations occur very rarely [Watkins 2005, p. 9].

Taking into consideration the weaknesses of the research on multiparty negotiations pointed out above, this paper aims at presenting an author's introductory methodological framework for such negotiations, necessary to elaborate comprehensive research agenda on them. After describing the features of multiparty negotiations, in comparison with two-party ones, major research issues on multiparty negotiations will be identify in the scope of R.M. Kramer's concept, considering four dimensions of complexity in such negotiations, i.e. informational (and computational), social, procedural, and strategic ones [Kramer 1991].

2. The Features of Multiparty Negotiations

Obviously, multiparty negotiations can be defined similarly to two-party (bilateral). Generally they are treated as a process, i.e. a complex venture (project), including many activities by parties interested in reaching an agreement. That process can be characterized by several aspects, reflecting different features of business negotiations. First of all such negotiations constitute an interactive decision making process. At the initial stage of that process the parties formulate their own alternative solutions and criteria for their evaluation, reflecting own

parties goals and interests. Then the parties must adjust both alternatives and criteria to reach common ground. The other important aspects of business negotiations are as follows: conflict resolution and search for an agreement between parties thus creating mutual dependence upon each other, interpersonal communication, mutual exchange of tangible and intangible values, as well as new values creation [Lewicki, Saunders, Barry, Minton 2005, pp. 17-41, [Rządca 2003, pp. 23-25], [Kamiński 2003, pp. 16-23], [Kozina 2012, pp. 21-24].

On the other hand, when it is necessary to negotiate at the same time with more than one partner usually on numerous issues, the form of negotiation differs substantially from that typical for two-party negotiations. Both the number of the parties and relations between them affect the complexity of such negotiations, including all above mentioned processes, characterizing negotiations in general and decision making process in particular.

"Negotiations involving multiple parties are complex because of the potential number of interacting variables. Understanding multiparty negotiation is hindered by a lack of theory that can adequately explain the multiplicity of interactions that typically characterize such negotiations. Negotiation sides, parties and roles are just some of the many variables that interact to produce outcomes. The complexity generated through such interaction is a challenge for theory development" [Crump, Glendon 2003].

Major features of multiparty negotiations, compared to the attributes of bilateral ones are shown in table 1.

Table 1. The Comparison between Two- and Multi-party Negotiations

Feature	Two-party negotiations	Multiparty negotiations
Mutual dependences and relations	Unequivocal, homogeneous, simple and relatively easy to identify and analyze	Equivocal, heterogeneous, complicated, difficult to identify and analyze
Terms (conditions) of potential agreement	Reciprocal acceptance of both parties is required (while making decisions)	The acceptance of all sides is not always necessary and\or possible
Negotiators' behavior	Mutual reactions to one's behaviors	Negotiators' behaviors considers too much broader and multidimensional context
Nature of processes	Communication, exchange and value creation processes within bilateral relations	High complexity of those processes
Potential negotiation strategies	Two basic strategies: cooperative and competitive ones (possibly their different mixtures and combinations)	Greater number of potential strategies of the parties

Source: own elaboration based on [Kamiński 2003, p. 104].

The complexity of multiparty negotiations may be analyzed according to several dimensions, which allows us to identify key research problems in the discussed field.

3. Informational Complexity of Multiparty Negotiations

The first important dimension of the complexity surrounding multiparty negotiations is a result of the considerable amount of differentiating data appearing which set the tone for negotiations in any particular situation (concerning goals, interests, resources etc.) and the desire for it to be included in the analysis. Both objective and subjective difficulties in gathering necessary information and evaluating its effectiveness arise as well as the threat of data redundancy. Informational complexity of multiparty negotiations is accompanied by computational caused by substantial obstacles and limitations in processing, interpreting, verifying, and analyzing information in order to identify and shape particular negotiable situations. Additionally those processes are usually highly complicated and cost intensive [Kramer 1991], [Kamiński 2003, p. 101].

In order to resolve the above listed informational problems from the point of view of all parties, the following steps should be undertaken:
1) Introduce a (general) description of the negotiable situation,
2) Identify the situation (according to its dimensions – see table 2),
3) Define the scope of the analysis (selection of parameters describing those dimensions – see table 2),
4) Determine informational needs (adequate to the scope of analysis),
5) Recognition, selection, and quality evaluation of data sources,
6) Gather information and verify its usage,
7) Group data into topics (sets), reflecting substantial negotiation issues,
8) Partial analyses of those issues (market, financial, organizational etc. ones),
9) Set together and compare the results of the analysis,
10) Elaboration of complex framework for negotiation situation (synthesis).

Table 2. Framework of Negotiable Situation Description

Dimensions		Parameters (features)
Negotiating parties (negotiators or teams representing particular companies)		• goals, needs, and interests, • initial (starting) position, • alternative options (solutions) and criteria for their evaluation, • scopes and limits of potential concessions, • negotiation strategies, styles and techniques, • offers (tenders, bids), • demands, arguments, questions and dilemmas, • views, attitudes, manners, expectations, and desires, • competences (knowledge, abilities, capabilities, and skills) • available resources (financial, informational, material and non-material), • performance possibilities and obstacles (difficulties), • strengths and weaknesses (as a summary).
Internal negotiating environment (context)	Relations between parties	• interdependences between goals and interests - convergent (common), divergent (conflict)), and different ones, • scope of potential exchange (possibilities and limitations), • negotiators' bargaining power, • reciprocal relationships (current and forthcoming), • possibilities and limitations of negotiations, concerning time, place, technical facilities, audience, participation or other parties and group of interests, e.g. mediators, external pressures, and other factors.
	Domain (process, venture, project etc.)	• negotiations subject (object), e.g. specific product and\or service, reflected by quantitative and qualitative attributes, • substantial scope of negotiations – issues to be considered in potential contract, • specific features of the transaction, e.g. complexity, risk involved, required standards etc.
External negotiating environment	Direct (contrac-tual	Other, potential partners to negotiations (described by the same parameters as the parties): customers (clients), suppliers, subcontractors, cooperatives etc., as well as competitors as necessary view-points (not actual partners)
	Indirect (general)	Including the following factors: • political, economic, social, technological (PEST analysis), • ecological and legal.

Source: own elaboration.

It should be stressed that as a rule, while stating on one's own the features of other parties involved in negotiations only approximate, incomplete and insufficient data describing them and their positions may be available, due to objective limitations.

4. Social Complexity of Multiparty Negotiations

That dimension of complexity reflects both psychological (individual) and sociological (group) aspects of human behavior in negotiations. Potential problems are caused by the large number and diversity of goals, needs, views, expectations, attitudes etc. of negotiating parties, as well as the course of interaction between them. Either individuals' behavior or group processes, such as the group-think syndrome, group polarization and risky shift phenomena, may substantially restrict rational activity within negotiations [Kramer 1991], [Kamiński 2003, pp. 101-102].

Social complexity of multiparty negotiations seems to be the most difficult issue of their analysis. At the preliminary stage of such analysis the activities necessary to perform an analysis, may be perceived from the following three perspectives:

1. Individual negotiators – it is needful to identify and analyze all crucial features of each participant to negotiations, including both (see table 2):
   - substantial matters – issues to be negotiated, goals and interests, negotiation tools: strategies, offers, arguments, techniques, and so on;
   - psychological issues – not to be negotiated, but influencing substantial matters, such as: personalities, needs, attitudes, expectations, desires, and so on.
2. Entire groups and potential subgroups of negotiators – the rules of group forming, their attributes, structures and internal processes, especially interpersonal communication and decision making activities, group roles, interaction between their members, the pros and cons of their performance, and so no.
3. Reciprocal interaction between individuals and groups (subgroups) – either the impact of individuals on group structures and processes, the matter of leadership in particular or the influence of teams on their members, especially by applying group standards of behavior.

The most important problem to be solved while social complexity of multiparty negotiations is being analyzed is the elaboration and implementation of decision making procedures, mainly the selection of appropriate decision techniques and rules [Rubin, Swap 1994], [Kamiński 2003, pp. 98-100].

It should be added, that for many multiparty negotiators it is not obvious what kind of participants should be considered, i.e. how to define negotiating sides. Therefore wide methodological framework of multiparty negotiation analysis must be included, that comprises the following aspects, the so called „building blocks" [Crump, Glendon 2003]:

1. primary party relations (primary parties engaged in a negotiation),
2. cooperative relations between parties on the same side (coalitional relations)
3. non-cooperative relations inside a "single party" that is not behaving as a unitary entity,
4. third party relations (arbiters, mediators, moderators etc.),
5. entities providing support to a primary party (agents, experts, advisors etc.).

Including all possible participants to multiparty negotiations, listed above may increase substantially the social complexity of those negotiations, due to the large number and a high differentiation in individual and group features as well as intergroup interactions.

5. Procedural Complexity of Multiparty Negotiations

As far as that dimension of multiparty negotiation complexity is concerned, numerous problems regarding the organization of the negotiations process must be identified and solved. These are the issues concerning elaboration and implementation of proper procedures and rules, referring to the participants of negotiations, their agenda and schedule, their place and territory, manner of conducting discussions and disputes, sequence and time of presentations, and so on [Kramer 1991], [Kamiński 2003, pp. 101, 103].

It may be obvious that the greater the number of parties in a negotiation, the more complicated the process will become. But be prepared for the fact that this complexity affects every aspect of the negotiating process. That is, the joint development of procedural guidelines and ground rules, the provision of opportunities to speak, the scheduling of negotiation sessions, the sharing of information, as well as joint decision making, will all require much more time and concentration than is the case in bilateral negotiations [Hoffman 2010].

It is suggested that the negotiations process be formalized to such extent that the rules and procedures would facilitate that process, without disturbing it, i.e. those regulations should not be too rigorous, providing negotiators with sufficient flexibility. The implementation of a step by step process of stating such regulations is recommended, starting from a general outline of the negotiation process (see table 3), and then gradually make that process more and more detailed and precise by reciprocal activities and alignments of negotiators, concerning subsequent issues. The elaboration of negotiation rules and procedures ought to be completed when the entire agreement concerning those regulations is reached. In order to implement them successfully the tasks and the responsibility of all negotiating partners to perform particular activities within the process must be defined precisely and unequivocally.

Table 3. General description of negotiations process

Sub-processes	Phases (stages)
Negotiation planning	Identification and pre-negotiation analysis
	Determining the scope and strategy of negotiations
	Creation of operational plan (resources allocation)
Conducting negotiation	Initialization (opening phase)
	Core (inherent) negotiations (middle phase)
	Summing up (closing phase)
Negotiation recapitulation	Contract elaboration and implementation
	Evaluating the effectiveness of negotiations

Source: own elaboration.

6. Strategic Complexity of Multiparty Negotiations

That dimension of multiparty negotiation complexity appears to be the most important element. It converges with other dimensions of complexity and results from objective difficulties connected with the classification and selection of a multiparty negotiating strategy and defining the strategy, as well as particular negotiating tools (offer, arguments, techniques) [Kramer 1991], [Kamiński 2003, pp. 101, 103-107].

Taking into consideration the definition and features of multiparty negotiations (see the second part of this paper), the three fundamental criteria to classify their strategies may be used. Each of the criteria allows a distinguishing of two, thus six in total, i.e. three pairs of basic (pure, single-dimensional) negotiation strategies, described below.

1. Including *general attitude towards negotiations (*their parties, goals, mutual relations, and context), which is reflected in the traditional concept of integrative versus distributive bargaining [Walton, McKersie 1965], two basis strategies may be distinguished, namely:
   - **cooperative** – the negotiator is focused on finding solutions allowing to satisfy all parties' interests, to reach common ground, and looking for potential allies,
   - **competitive** – the negotiator searches for solutions satisfying only his own interests, and fends off his opponents,

These are very well-known in literature [Lewicki, Saunders, Barry, Minton 2005, pp. 89-95], [*Negocjacje…* 2003, pp. 18-28], [Kamiński 2003, pp. 49-92], [Kozina 2012, pp. 123-125].

2. In considering negotiator's bargaining power two pure strategies come to the surface:

- **superiority** (supremacy) - when the position of particular negotiator against other parties is relatively strong, he dominates over others, and has many possibilities,
- **inferiority** (subordination) – reflecting a weak negotiator's position, subordinated to other parties, and having limited opportunities,

These reflect the actual negotiator's possibility for controlling the process and scope of negotiations by determining other parties' activities [Lewicki, Saunders, Barry, Minton 2005, p. 214], [Rządca 2003, p. 73], [Kozina 2012, pp. 105-106].

3. According to possible methods of conducting negotiations in relation to other parties within a group, two basic strategies can be pointed out:
   - individual – the negotiator acts solely on his own, but impacting indirectly his partners,
   - common- the negotiator is involved in teamwork, directly and substantially influencing group structure and processes.

The pure negotiation strategies listed above are not sufficient to reflect the complexity of multiparty negotiations. Therefore it is necessary to combine the three classification criteria, i.e. look at those strategies from a three-dimensional perspective, which leads to elaborating eight potential, resultant strategic options – see table 4.

Table 4. Three-dimensional classification of multiparty negotiating strategies

Strategies: (basic ↓→) (resultant X)		Individual	Common
Cooperative	Superiority	Entrepreneurial [Creator]	Integration (forming coalition) [Integrator]
	Inferiority	Encouragement demonstration [Supporter]	Accession to coalition [Nexus]
Competitive	Superiority	Fight [Terminator]	Disintegration (destroying coalition) [Saboteur]
	Inferiority	Opposition manifesto [Don Quixote]	Accession to adverse coalition [Oppositionist]

Source: own elaboration.

For each of those eight strategies it is necessary to specify conditions for their effective implementation, i.e. identify and clarify all crucial factors, which enhance the possibilities of the application of those strategies to particular negotiating situations.

The most recommended strategy of multiparty negotiations to be considered is one that is focused on forming a coalition [Dupont 1994], [Vanover 1993].

However, objective difficulties with its implementation are usually met, being caused by limited possibilities and resources, i.e. weak bargaining power, the strategy of accession to coalition seems to be more realistic and promising.

The opportunity for creating coalitions is the substantial difference between bilateral and multiparty negotiations [*Negocjacje*… 2003, p. 29]. Coalitions make it possible for two or more cooperating parties to achieve desired satisfactory results from a point of view of coalition interests, and not up for negotiating [Polzer, Mannix, Neale 1998]. Unlike formal alliances, the objectives of coalitions are usually short-term and limited to specific issues and interests [Dupont 1994]. Coalitions allow the strengthening of bargaining power of their participants, to such an extent that they may present their own individual offers or at least block other negotiators' proposals, which they find unacceptable [*Negocjacje*… 2003, p. 29].

7. Conclusions

It should be stressed that the objectives of the study have been met completely. The introductory research agenda for the multiparty negotiation process elaborated by the author and presented in the paper constitute a very useful methodological framework for analysis. By distinguishing and describing key problems occurring within multiparty negotiations, real possibilities of their application to the analysis of practical situations of negotiation have been created as well.

On the other hand, the presented concept is a subject for further research in order to define it more precisely and in more detail. According to the dimensions of multiparty negotiation complexity, the most urgent issues to be investigated are as follows:

1) designing effective processes of gathering, ordering, and evaluating of information, enabling us to create complex and comprehensive description of negotiation situation,
2) identifying and clarifying both individual and group features of, and intragroup relations within multiparty negotiations, to facilitate the analysis of their social implications,
3) creating rational procedures and rules for multiparty negotiations, comprising useful and applicable standards of their performing,
4) classifying multiparty negotiation strategies and establishing rules for selecting them and adjusting to particular negotiations situations.

In order to facilitate the implementation of the discussed concept it is necessary to carry out comparative empirical research focused on the verification of that concept.

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