

Negotiation Analysis

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This research seminar

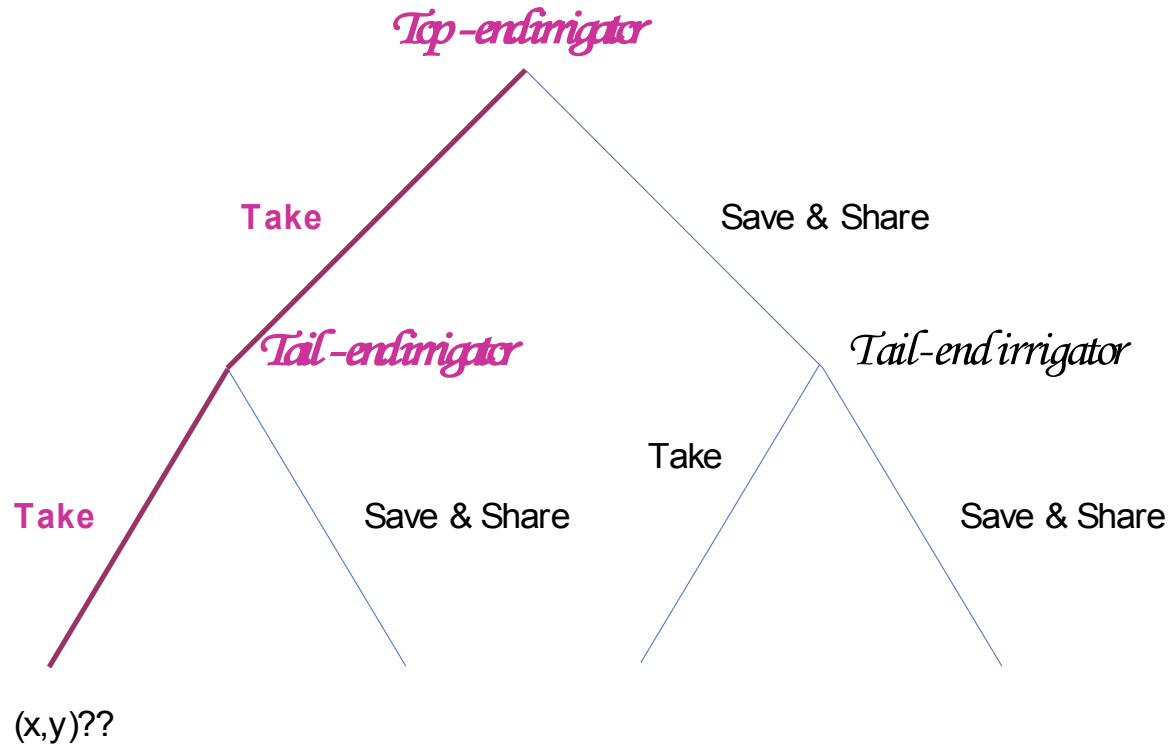
Negotiation Analysis

- Challenge for policy analysts is not only to analyze games, but to design games
- Policy analysis: “Find problems worth solving” (Wildavsky)
- In this context: “Find games worth playing”

Remember the water for rice game?



Game tree representation



What to do?

- What did game theory tell us?
- Policy analysts: design games
- Can we find “games worth playing”?
- One way: take cues from negotiation analysis

Negotiation analysis

- Harvard Negotiation Project , MIT-Harvard Public Disputes Programme
- Builds on game theory and decision analysis, but adds a focus on real-world conflicts and their 'messiness'
- Fisher, Ury and Patton: Getting to Yes
- Sebenius: Negotiation Analysis paper in Management Science
- Susskind et al: Consensus Building Handbook
- Raiffa: Negotiation Analysis book

Key elements (Sebenius, 1992)

1. Interests, issues, and positions
2. Alternatives to a negotiated agreement ('BATNA')
3. Creating and claiming values
4. Changing the game

Values in negotiations

- Focus on values, or underlying interests, not on positions
 - 'principled negotiation', 'integrative bargaining', 'mutual gains approach'
- Negotiations: creating and claiming values
- Negotiators' Dilemma: Managing tensions between creating and claiming values
- Two types of values:
 1. related to the issue under negotiation
 2. related to the relationships with other parties
- Different parties value different things
 - Focus on differences, not (only) on coming ground

Tanzania Water for Rice Conflict: Can we think of ways to change the game?



Value-focused thinking

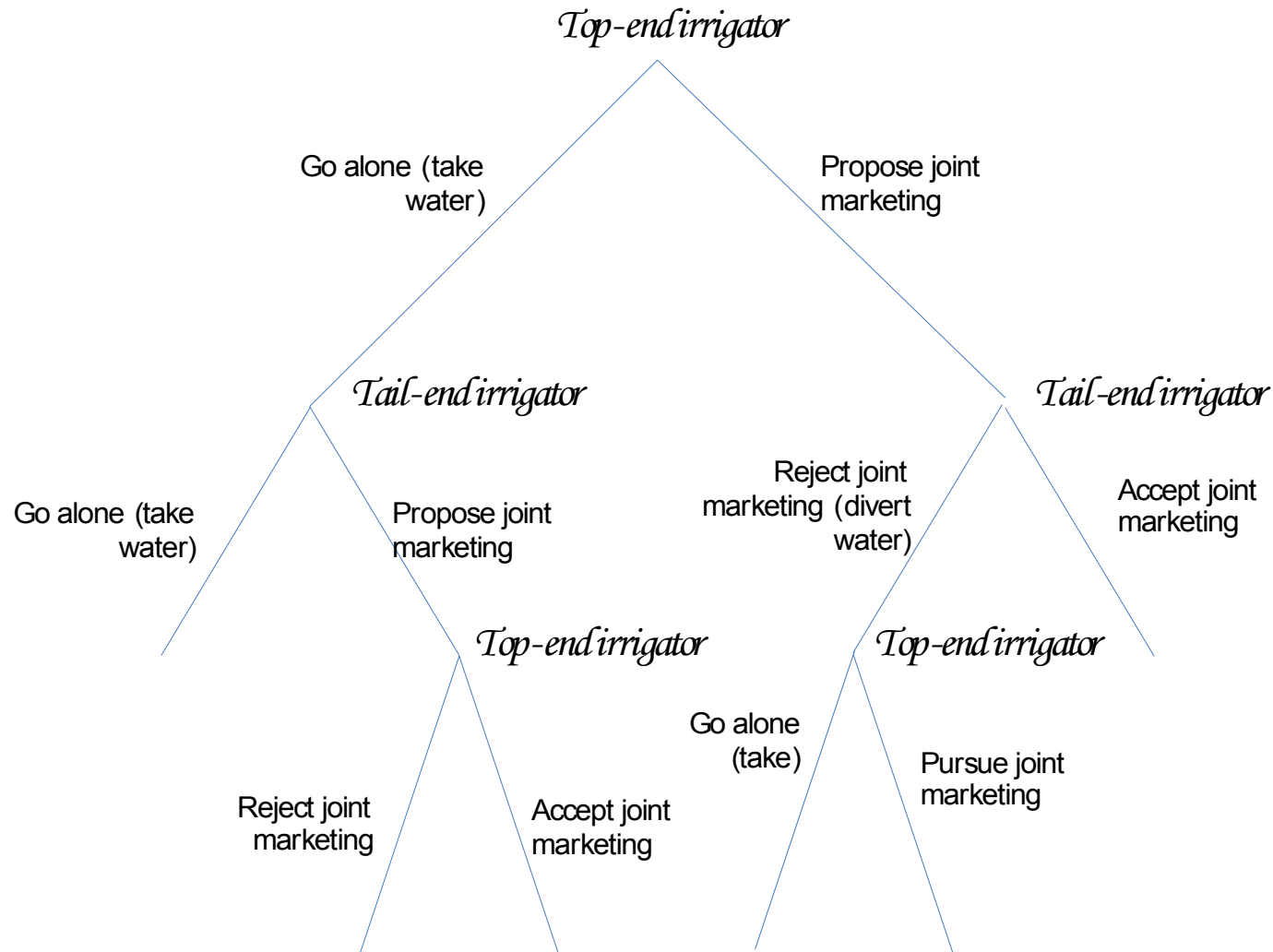
- Value-focused thinking (Keeney, epa1121): means-ends logic
- *Why* do farmers fight for water, what is at stake?

water → paddy → income

- Early rice and therefore early access to water has significant impacts on household incomes
 - “normal” time marketing: US\$ 107 for average household
 - “early” marketing: US\$ 309 for average household
 - Average household income around US\$ 300
- Market prices and competition for water are linked in a reinforcing cycle

Creating additional strategies

- “Save & share” (water use efficiency and water allocations) may ease some pain but does not address the critical cycle between water availability and market prices (income)
- “Income” rather than “Water” as key underlying value
- New strategy: Joint marketing system for rice
 - sharing costs and benefits of storage and coordinated marketing
 - improving bargaining position and sharing benefits of early and late marketing; creating value on the community level.
- What would a new game tree look like?



Note that the pay-offs of the 'marketing' outcomes depend on 'claiming value'; details of marketing arrangements to be negotiated – yet another game...

Negotiation analysis and the water for rice game

- Negotiation analysis, especially through its focus on values, helps to broaden perspective on conflicts in a way that allows for new alternatives to enter the scene:
 - within reach of local stakeholders (i.e. no rich external donor required)
 - that can “create” value
 - which can make it more attractive to “play a cooperative game”
- “New” strategies are not groundbreaking, but they *are* promising, while little used by water experts

In sum

- If you only look at the games that present themselves, game theory may help to understand why conflicts are 'stuck'
- To move towards conflict resolution, new games need to be designed; negotiation analysis and value-focused thinking may help

Literature

Negotiation analysis:

Sebenius, J.K., 1992. Negotiation Analysis: A Characterization and Review. Management Science, 38(1): 18-38.

Tanzania case application:

Hermans, L.M., R.M.J. Kadigi, H.F. Mahoo, G.E. van Halsema (2006). Conflict Analysis and Value-Focused Thinking to Aid Resolution of Water Conflicts in the Mkoji Sub-Catchment, Tanzania. In: S. Perret, S. Farolfi and R. Hassan (Eds.) Water Governance for Sustainable Development; Approaches and Lessons from Developing and Transitional Countries. Earthscan Publications, pp.149-165.