

Barriers to Resolution in Ideologically Based Negotiations:
The Role of Values and Institutions

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**Contextualizing ideologically-based negotiations:
Uncovering barriers to efficient resolution**

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ABSTRACT

While traditional behavioral decision theory as applied to negotiation sheds light on some of the barriers encountered in negotiations, it does not fully account for many of the difficulties and failures to reach settlement in ideologically-based disputes. In this paper, we identify a number of factors that differentiate ideologically-based negotiations from other types of negotiation, and advance a perspective that takes into account the value-laden and institutional contexts in which they occur. We illustrate our ideas by applying them to the organizationally relevant example of environmental disputes.

It has been nearly two decades since the decision analytic approach to negotiations (Raiffa, 1982; Neale & Bazerman, 1991) altered the way scholars and practitioners think about negotiations and dispute resolution (Bazerman, 1998). This approach asserts that most negotiation situations are not fixed-sum in nature, with each party vying to gain the largest share of a finite amount of resources. Instead, it emphasizes the need to move away from purely distributive models of interaction by realizing the potential for integrative settlements that maximize the amount of available resources to be divided among all of the involved parties. The approach also recognizes that people frequently squander valuable opportunities for joint gain by making faulty assumptions about the other party's interests (Thompson & Hastie, 1990) or by relying upon the use of flawed judgment heuristics and cognitive biases. Pareto inferior outcomes are the product of systematic judgmental biases that can impede individuals' optimal negotiation strategies. These psychological obstacles to dispute resolution - including the mythical-fixed pie, the incompatibility bias, reactive devaluation, escalation of commitment, reference point effects, ignoring the cognitions of others and overconfidence (see Bazerman, Curhan, Moore, & Valley, 2000, for an in-depth discussion of these biases and how they play out in negotiation contexts) - impede effective dispute resolution in many contexts. In this paper we argue that traditional behavioral decision theory (BDT), while helping us to understand inefficiencies in negotiation, does not fully explain failures in a special class of disputes, which we call "ideologically-based disputes."

Ideologically-based disputes, such as those involving societal issues (e.g., environment, gender equity, civil rights, abortion, and poverty), are conflicts in which one or more parties

represent, or believe they represent, deeper ideological values. We argue that ideologically-based negotiations have a number of factors that differentiate them from other types of negotiations. While the decision analytic literature can often identify the presence of biases, it is our contention that it cannot fully account for the sources and support of these failures in ideologically-based negotiations. We argue that these failures are acute in ideologically-based negotiations and the literature must be augmented to include the influence of certain contextual factors that encourage and enhance these barriers and impediments to optimal outcomes. In addition, we identify a set of barriers that extend beyond those from traditional BDT and help us to account for many of the difficulties and failures to reach settlement in ideologically-based negotiations. Specifically, we identify two inter-related contextual mechanisms - individual values and social institutions - as barriers that impede efficient negotiations. We contend that it is important to take into account the cultural, social, institutional, and value-laden contexts in which these real-world decisions are made and negotiations are conducted in order to fully understand this class of disputes.

First, we argue that ideologically-based negotiations differ from other types of negotiations in that they invoke value system biases. Values as barriers are present to varying degrees in all ideologically-based debates. Value systems affect these negotiations via self-enhancement, self-identity, and self-perception mechanisms on the part of the individual. On such ideological levels, parties may be unwilling to collaborate, believing that mutually beneficial outcomes will require trade-offs and compromises that strike at the core of their moral identity.

Second, we argue that institutional factors perpetuate these barriers and must be considered in any attempt to achieve Pareto efficient outcomes. The conflicting interests in ideologically-based disputes invoke broader debates in institutional arenas such as government regulation and religious doctrine. Institutions affect these negotiations via regulative, normative, and cognitive mechanisms (DiMaggio & Powell, 1983; Scott, 1995). Value systems are institutionally influenced, and overcoming the barriers they create will require an alteration of our social structures, not just our individual biases.

We do not believe that the traditional BDT is incorrect in any fundamental sense or that it is no longer useful. However, for ideologically-based issues we argue that understanding value and institutionally based biases is critical for resolving contemporary social debates. While theorists have used BDT (Bazerman, Moore, & Gillespie, 1999) and institutional perspectives (Bazerman & Hoffman, 1999; Hoffman & Ventresca, 1999) to try to better understand ideologically-based conflict in the environmental domain, our approach merges these ideas by uniting the psychology of decision-making with the sociology of human action. Also unique to ideological debates is the role of constituent groups who seek to drive institutional change based on value objectives rather than material interests. Values create, sustain and change institutions in these arenas. Furthermore, institutions have a powerful influence on the formation and perpetuation of values within these constituent groups and in society in general. Thus, there is a strong reciprocal relationship between these two classes of barriers. By highlighting and drawing links between these two domains, we wish to deepen our understanding of ideologically-based negotiations and extend the traditional BDT framework.

Finally, in this paper we primarily use the environmental domain to illustrate our ideas. Environmental negotiations are conflicts in which one or more parties represent, or believe themselves to represent, the interests of the environment. The reason for our choice is that environmental negotiation is one type of ideologically-based conflict that is highly relevant to organizations. Its relevance is illustrated, for example, by the debate over global climate change. This debate has implications for virtually every industrial sector in the U.S. economy since the U.S. is presently the world's largest emitter of greenhouse gases. Controls on greenhouse gas emissions will translate fundamentally into controls on energy generation and consumption, thus affecting energy dependent industries including both those in the energy field (e.g., electric utilities, transportation, mining, oil, and coal companies) and those that use energy heavily (e.g., paper and allied products, iron and steel manufacturing, petroleum refining, aluminum production, chemical manufacturing, and cement manufacturing). In addition, environmental disputes possess certain characteristics that are common among all ideologically-based debates (i.e., the role of value systems and institutional forces). We also note, however, that environmental negotiations are unique in that they impact organizational issues of technological advancement and economic competitiveness, invoke concerns for scientific complexity and uncertainty, and can transcend generational boundaries through their often vast geographic scale and long time horizons. Unique characteristics of ideologically-based negotiation contexts, such as the environment, affect how the influence of value systems and institutional forces will play out in a specific context.

Understanding the value and institutional barriers to optimally negotiated outcomes is

increasingly becoming an issue of interest in the study and analysis of organizational theory as businesses and organizations are increasingly affected by broader social issues such as global concern for human rights and working conditions, global warming, and the depletion of natural resources on which many industries depend. We wish to uncover contextual reasons for the persistence of cognitive biases in ideologically-based contexts that inhibit the search for creative solutions that make multiple parties better off. This paper will discuss how those biases take shape and how they can shield public debate on such issues as the environment from the pursuit of opportunities for mutual gain and efficient outcomes.

VALUES AS BARRIERS

An important way in which ideologically-based conflicts differ from other types of conflict most often studied by behavioral negotiation theorists is the extent to which they involve core values and ideological beliefs. In contrast to other negotiation domains, such as simple economic exchanges like commodity purchases, the issues in ideologically-based conflicts are very closely associated with negotiators' identity. Individuals' positions in ideologically-based negotiation typically emerge from beliefs at the core of who they are - what they believe about the reality of world, how the world behaves, what fundamental rights people have, notions of justice, and what is right and wrong. Social psychologists argue that values, as central elements of the "self" can serve one of three different mechanisms: self-enhancement, or the furthering of one's own interests; self-identity, or the expression of oneself to the self and others; and self-perception, a process whereby a person learns about one's values by perceiving behaviors. In the sections below, we consider how all three self-value mechanisms may affect the processes

and outcomes of ideologically-based conflicts.

Values and Self-enhancement

A number of scholars have argued that people involved in conflict are concerned with fairness (Adams, 1965; Bies & Moag, 1986; Deutsch, 1985; Kahneman, Knetsch, & Thaler, 1987; Thibaut & Walker, 1975). However, a robust finding emerging from the literature on fairness reveals that people are self-serving in their judgments of fairness. Perhaps most striking is the fact that people seem to be completely unaware that their judgments of fairness are biased in a self-serving fashion (Allison & Messick, 1990; Babcock & Loewenstein, 1997; Babcock, Loewenstein, Issacharoff, & Camerer, 1995; Messick, 1993; Messick & Rutte, 1992). This is true for a number of reasons, not the least of which is the fact that self-serving interpretations of fairness takes on several expressions, ranging from the biased selection of information that favors the self, to the discounting of information that favors others.

Notions of fairness stem from individuals' basic values and often play an important role in negotiation (Camerer & Loewenstein, 1993; Pillutla & Murnighan, 1995; 1996). Fairness is a value that forms the logic for the resolution of many disputes, environmental or otherwise. Theoretically, fairness should serve the interests of justice by reigning in the powerful motive of self-interest (Messick & Sentis, 1983). However, there is strong evidence that the principle of fairness tends to be applied in self-serving ways (Thompson & Loewenstein, 1992; Babcock, Loewenstein, Issacharoff, & Camerer, 1995; Wade-Benzoni, Tenbrunsel, & Bazerman, 1996, 1997). Interpretations of fairness that are biased in a manner favoring the individuals making the judgments are referred to as "egocentric." People justify their assessment of fairness by

changing the importance of attributes affecting what is fair (Diekmann, Samuels, Ross, and Bazerman, 1997). In negotiation situations, people tend to judge that it is fair for them to have more of whatever resource is being allocated than an independent advisor would judge.

Egocentric interpretations of fairness act as a barrier to resolution of conflict in many negotiation contexts (Thompson & Loewenstein, 1992; Babcock et al., 1995; Wade-Benzoni et al., 1996) by preventing parties from reaching a consensus about what is fair. In ideologically-based disputes, however, egocentrism takes on a more virulent form because self-interest does not simply stem from ego-enhancement and monetary gain, but from one's association with fundamental values. Fundamental values represent core belief systems, which people seek to advance, protect, and maintain. Beliefs about what is fair in ideologically-based conflicts emerge from fundamental moral beliefs, which are deeply ingrained, hard to change, and associated with powerful emotions. In addition, outcomes are tied to issues of high importance and, thus, there is much at stake. Under such circumstances it is difficult for individuals to engage in role-perspective taking (i.e., trying to see the situation from the other party's point of view), which has been shown to help mitigate egocentrism (Bazerman & Neale, 1982; Neale & Bazerman, 1983).

As we explained earlier, how these biases will play out in specific ideologically-based disputes depends on characteristics unique to those contexts. One aspect of environmental conflicts that exacerbates egocentrism is that there is a great amount of uncertainty in environmental problems. Often there is uncertainty about how or to what degree human intervention will affect the environment. For example, biologists suspect that man-made

chemicals were the cause of the deformation of frogs in lakes around the United States in the mid-1980s, but uncertainty remains (Kaiser, 1997). In addition, much real world ecological debate concerns the definition of "safe" levels of resource use, such as the question of how much fish can be harvested from the world's oceans without destroying the abilities of fish populations to sustain themselves. It is rarely clear what levels of resource exploitation will not endanger future access to it (Messick, 1991). Parties involved in environmental negotiations often have trouble agreeing on such basic items as the extent to which a problem exists and the urgency of developing some sort of jointly negotiated response (Rubin, 1993). Theorists have argued that when there is uncertainty about how resources should be allocated, there is more "room" for the egocentric bias to form (Bazerman, Wade-Benzoni, & Benzoni, 1996; Kunda, 1990; Wade-Benzoni et al., 1996,1997). Given the prevalence of egocentrism in situations imbued with uncertainty, egocentrism is apt to be very problematic in environmental negotiations.

Values and Self-identity

In addition to serving self-interests, values also define the self. A large literature in social psychology suggests that people identify themselves with particular groups and hence, define their identities via their social relationships with other groups and institutions (Tajfel & Turner, 1986). In this sense, individuals seek to construct their own identities and communicate or project these identities to others. Ideologically-based conflicts involve issues that people consider to be more core to self-identity than do most other conflicts. For example, many people believe that the natural environment was created by a divine entity (i.e., God). Even among environmentalists who are agnostic, notions of nature and "Mother Nature" can take on a quasi-

religious element. These spiritual elements drive, at least in part, feelings of sacredness toward the environment.

The more central a value is to an individual's identity, the more "sacred" that issue becomes. As an example, if a self-defined "environmentalist" negotiates free tickets on an airline when his luggage is lost, the negotiation does not reflect on his self-identity; however, when this person negotiates with a local developer to protect a wildlife refuge, his core self-identity becomes involved in the negotiation. To the extent that conflicts involve people's core values and beliefs, people will be more emotional, less able to think in an integratively complex fashion, and less likely to conceive or consider tradeoffs on issues involving those core values (Tetlock, Kristel, Elson, Green, & Lerner, 2000; Thompson & Gonzalez, 1997). People will be more rigid and single-minded in their argument content and style. To the extent that these issues are viewed as 'sacred,' people are more likely to be willing to defend these values at any cost (Tetlock et al., 2000).

People make tradeoffs and place monetary value on sacred issues in a more or less routine manner (see Tetlock, Peterson & Lerner, 1996). However, people do not cognitively, or emotionally understand their behavior in this way (Rokeach, 1973). When people are questioned or confronted with what appears to be an inconsistency between their attitudes and actual behaviors, they will vehemently deny that they have compromised their values (Tetlock et al., 1996). People have highly elaborate cognitive, motivational, and emotional apparatuses to allow them to feel that they are being true to their core value system. Consider, for example, a person who adamantly believes in individual freedom, which includes the preservation of natural

resources in order to safeguard options for both present and future generations. This same person opposes a regulation that would ban drivers from operating vehicles that were produced before 1975 (older vehicles produce the largest amount of emissions) also on the grounds of personal freedom. The simple truth is that it is virtually impossible for people to *not* make tradeoffs among core values (Rokeach, 1973), since tradeoffs are a consequence of social existence (Tetlock et al., 1996).

It is in this sense that "sacred" issues are not always sacred, but in fact, are pseudo-sacred (Thompson & Gonzalez, 1997). That is, although people profess a belief that issues are sacred, their choices indicate that they are not sacred, but tradable. Explicit trades involving sacred issues (i.e., those that are consciously made, such as that which might occur between negotiators or politicians trying to work out a deal) can be labeled taboo while tradeoffs involving those same issues may become acceptable when they are hidden or are less obvious (Fiske & Tetlock, 1997). It is very likely, for example, that the group decision to launch the space shuttle Challenger did not explicitly discuss the benefits of on-time launch as measured against the possible loss of life, but this tradeoff was nevertheless implicit in the choice (Vaughan, 1997).

Values and Self-perception

We have discussed the role that values play in serving self-interest and defining the self. Another role that values play is in self-perception, in that they allow the individual to infer what he or she cares about. Our treatment here derives from the seminal work of Bem (1967) in his theory of self-perception. In its purest form, self-perception theory states that individuals have limited knowledge about their own values, and that they infer, rather than directly know, their

value systems. According to this theory, behaviors exert a powerful effect on attitudes and self-perceptions. Where it is beyond the scope of our paper to review the large literature on self-perception, psychology of action is relevant to our treatment of ideologically-based negotiations.

There is an asymmetry in ethical systems between action and inaction. We are held responsible (or we hold ourselves responsible) for harms that we cause through action, but not for harms that we fail to prevent (Baron, 1996). Simple utilitarianism holds that moral obligation depends on expected consequences - we should always choose the option that yields the best-expected consequences overall. However, while utilitarianism makes no distinction between acts and omissions, individuals' intuitions are systematically biased to make this distinction.

People distinguish between harms caused by acts and those caused by omissions (not acting) (Baron, 1996). Ritov and Baron (1990) examined how people make decisions to vaccinate. They found that individuals were reluctant to vaccinate children to reduce their chances of death from a flu epidemic if there was a chance that the vaccine itself would kill a small number of children (the lives it saved outnumbered the lives lost). Subjects' justification for this behavior was that they would be responsible for any deaths caused by the vaccine, but they would not be as responsible for deaths caused by failure to vaccinate.

Other studies conducted by Baron and his colleagues (Ritov & Baron, 1992; Spranca, Minsk, and Baron, 1991) have indicated a general bias toward omissions over acts that produce the same harmful outcome. Baron and Ritov (1994) found that the asymmetry between action and inaction is typically found only for bad outcomes - outcomes that are worse than the

outcome produced by another option. This effect, labeled "the omission bias" is thus defined as the tendency to consider harmful acts to be worse than equally harmful omissions - as caused by the use of a heuristic rule against causing harm (relative to the foregone option) through action (Baron, 1996). The results can be characterized as a rule against "doing harm" (as opposed to "allowing harm to happen").

If people learn their values from the actions in which they engage, then this omission bias can be understood in terms of self-perception. People prefer to perceive themselves as individuals who value bringing about good in the world. When they engage in an action that causes harm (commission), it is likely to challenge that self-perception. As a result, people tend to avoid, where possible, action that will directly cause harm. However, if the same harm results from inaction (omission), then this challenge to one's self-perception can be largely avoided. In short, when we act, it can challenge what we understand our values to be; in contrast, when we do not act, we can avoid this challenge.

We argue that the "omission bias" has the potential to act as a barrier in ideologically-based negotiations. For example, imagine an environmental debate where one side wishes to save jobs and the other wants to preserve as many acres of old growth forest as possible. The party looking out for jobs may be reluctant to make an agreement that will result in the loss of 200 jobs in one area (saving 500 acres of forest), even though it means a tradeoff that will result in a gain of 1000 jobs in another area (and a loss of 100 acres of forest). This would be an integrative tradeoff for both parties, but the economic-interests party would be responsible for the loss of 200 jobs by making the agreement - while it might not consider itself as responsible

for jobs lost from no agreement.

As another example, imagine that the size of a gasoline tax is being negotiated. Such a tax would benefit future generations and reduce the burdens that have already been created for them (e.g., the tax helps reduce pollution and conserve natural resources). However, by imposing a tax we create a "harm" to certain people in society for whom the tax would be a tremendous burden (e.g., the financially disadvantaged who must drive cars to get to work). Even though the benefits to future generations outweigh these costs, we choose to "do nothing" (i.e., do not impose a large tax) because we feel less responsible for the harm experienced by future generations as a result of our inaction than the harm experienced by those of today's world as a result of our actions.

RECIPROCAL INFLUENCES BETWEEN VALUES AND INSTITUTIONS

The effects of individual level biases that permeate ideologically-based debates cannot be fully understood without also considering the social and institutional context within which they reside (Powell & DiMaggio, 1991; Scott, 1995). Ideological debates, more so than other types of disputes, engage broad sets of actors whose interests, objectives and values tend to expand and complicate the issues under dispute. Centered around common issues (Hoffman, 1999), these "fields" of actors become "arenas of power relations" (Brint & Karabel, 1991: 355) in which dialogue and debate construct the very definition of issues in the form of rules, norms, and beliefs. They can be comprised of any constituent that imposes a coercive or regulative, normative, or cognitive influence on the organization (Scott, 1991) and they set the context within which negotiations take place and individual values are formed. A negotiation between a

logging company and the government over logging practices, for example, cannot be conducted without consideration of the perspectives from environmental activists, the local community, and scientific academies.

A factor common to all ideologically-based debates is the presence of activist groups that lobby for social change based on value objectives rather than strict material interests (e.g., gender equity, civil rights, environmental protection and labor relations). These social groups connect the values of their cause with their personal identity, creating a value congruence that is a potent force for social change. These activist organizations have little material stake in organizational output, yet influence that output through ideological activism. They become, what may be described as cultural or institutional entrepreneurs, driving change in the norms, values and beliefs of organizational systems (Fligstein, 1997; Troast, Riley, Hoffman, & Bazerman, 2001). Hence, they represent a link between values and institutional forces in ideologically-based conflicts. This link can be both direct (e.g. through face to face negotiations) and indirect (e.g., through regulative and normative institutional change).

There is a strong reciprocal relationship between values and institutions. First, consider how values lead to the creation of institutions. That is, in many cases it is because someone values something that institutions are created. For example, decades ago John Muir established the Sierra Club because he valued the preservation of the wilderness. Today, this institution has over 640,000 members and seeks to influence a wide range of environmental policies (e.g., land use and preservation issues). Values also sustain institutions. For example, one reason we have government is that people value order and need the institution of government and its laws to

preserve it.

Institutions also influence values, both intentionally and unintentionally. Institutions shape policy, which is enacted through the law. Laws in turn affect values since people view the law in moral terms (i.e., laws influence what people believe is right and wrong). Institutions often also directly appeal to the public in attempts to influence values. For example, in 1994 the freshman Republicans sought to roll back environmental protection. In response, environmental groups (such as the Sierra Club, Environmental Defense Fund, and the Rainforest Action Network) mobilized significant public opposition to this endeavor and, as a result, were successful in stopping its implementation.

INSTITUTIONS AS BARRIERS

More than simply identifying the role of constituency groups in ideologically-based debates, we must also consider the institutional rules, norms and beliefs that emerge from them and define the appropriate way of perceiving the world around us. Institutions create descriptions of collective reality for individuals and organizations; explanations of what is and what is not, what can be acted upon and what cannot. As the institutional field establishes new codes of conduct, the emergent institutions reflect these evolving perceptions, both as a source of empowerment (e.g. defining what they can do) and as a source of control (e.g. limiting options for consideration) (Jepperson, 1991; Fligstein, 1992). More importantly, attempts to redefine field level institutions must acknowledge the inertia that exists within the existing institutional structure.

Institutions influence and perpetuate the biases we have discussed. Individuals are not

autonomous units able to define complex issues on terms purely of their own design. They are bound by the social influences embodied in rules, laws, industry standards, best-established practices, conventional wisdom, social norms and religious doctrine. These social influences present cultural and contextual constraints that can alter individual and organizational perspectives on social issues (i.e., values). In short, this section will consider how the obstacles to effective decision-making in ideologically-based conflicts are often institutional, not simply cognitive (Ember, 1991, Bazerman & Hoffman, 1999). By focusing on institutions, we can go beyond assessments of strict individual action to question exactly what are some of the sources of those actions.

Institutions are manifested in three levels: regulative, normative and cognitive (Scott, 1995). Each level differs in the degree to which it is visible and ranges from the directly coercive to the taken-for-granted (Zucker, 1983). *Regulative* (or legal) aspects of institutions most commonly take the form of regulations. They guide organizational action and perspectives by coercion or threat of legal sanction. Organizations accede to them for reasons of expedience, preferring not to suffer the penalty for non-compliance (DiMaggio & Powell, 1983). In responding to a regulative institution, one might ask — What are my interests in this situation? (March, 1981). *Normative* (or social) aspects of institutions generally take the form of rules-of-thumb, standard operating procedures, occupational standards, and educational curricula. Their ability to guide organizational action and beliefs stems largely from social obligation or professionalization. Organizations will comply with them for reasons of moral/ethical obligation, or a necessity for conformance to norms established by universities, professional

training institutions and trade associations. In responding to a normative institution, one might ask — Given my role in this situation, what is expected of me? (March, 1981). *Cognitive* (or cultural) aspects of institutions embody cultural rules and frameworks that guide our understanding of the nature of reality and the frames through which that meaning is developed. Organizations will abide by them often without conscious thought (Zucker, 1983). They form a culturally supported and conceptually correct basis of legitimacy that becomes unquestioned. Taken as a whole, the three pillars form a composite set of filters through which important issues are perceived and appropriate actions are developed (Fligstein, 1992; Hoffman & Ventresca, 1999). Below we focus our discussion on how these three levels of institutional barriers can play out in the domain of environmental conflicts.

Regulative Aspects of Institutions

Legal standards provide individuals with guidelines for acceptable behavior. While laws can come into play in many types of negotiations, they are more heavily influential in ideologically-based negotiations since they affect our moral and ethical systems and beliefs. In addition, the law itself might be the issue under dispute in ideologically-based negotiations. In the environmental domain, legal standards can reduce destructive self-interested behavior, raise consciousness about environmentally destructive behavior and enhance the protection of common goods such as forests and clean air (Rosenbaum, 1991; Plater, Abrams, & Goldfarb, 1992). It is clear that legal standards are beneficial and necessary (Easterbrook, 1995). However, recent theoretical and empirical work (Tenbrunsel, Wade-Benzoni, Messick, and Bazerman, 1997; 2000) highlights the fact that the benefits of standards should not blind us to

the costs nor deter us from diagnosing problems that may arise from a strict regulatory approach to problems that has become outdated. Regulations are a force for inertia once institutionalized. If the context for which they were designed changes, then they can force organizations and individuals to engage debate in outdated forms and frames.

One common response to identifiable problems in standard-based systems is to blame the existing standard and suggest that a replacement standard is needed (e.g., Kerr, 1975). Dysfunctional aspects of standards can interfere with ideologically-based negotiations, environmental and otherwise, by causing individuals to be overly focused on the standard itself rather than the purpose behind the standard. Some theorists argue that the failure of existing regulatory programs may be the biggest challenge faced by environmentalists (Rosenbaum, 1991; Anderson and Leal, 1991). For example, imagine a debate concerning a pollution standard. On the one hand, a stricter standard will allow less pollution to be emitted into the atmosphere but will increase the economic burden on complying industries. On the other hand, a more lenient standard allows more pollution and costs less. The environmentalists in the debate argue to make the standard as rigorous as possible in order to protect the environment, while industry tries to negotiate for the lowest possible standard in order to keep costs low. The result is positional bargaining (win-lose) where each party tries to influence precisely where the standard is set. Further, the positions in the debate can be predicted by the participants' structural position. Industry always opposes environmental regulation because, in their view, they "always" cost more. Environmentalists always push for stricter regulations accepting that this will "always" cost more. The dispute becomes focused on the standard itself, rather than the

purpose behind the standard - which is to protect the environment and not put companies out of business.

An alternative solution that better meets the interests of both parties (win-win) while getting at the purpose behind the standard is prevented from emerging. Such a solution may involve the development of an alternative compliance strategy or the use of a different technology by the industry involved in the debate. Innovative techniques for managing the pollution measured by the standard while reducing overall pollution and reducing costs for the economic interests involved may never be discussed while the parties are structurally focused on debate over the standard itself.

Tenbrunsel et al. (1997, 2000) utilize a psychological perspective to investigate the problems associated with standards while not denying the benefits. They propose that one of the main sources of these costs is that legal standards become an independent force, taking on a life of their own - leaving rationality, innovativeness and societal interests behind. They suggest that sub-optimal outcomes can result from an adherence to standards, and that this sub-optimality is due to a tendency for standards to direct attention toward the law itself and away from the purpose behind the law. Similarly, Sitkin & Bies (1994) point out that legalistic procedures can undermine social goals by fostering a superficial reliance on that which has an acceptable rationale (i.e., meets the letter of the law) over that which is socially rational (i.e., meets the spirit of the law).

For example, through environmental regulation, pollution has historically been institutionalized as an economic and engineering restraint. Since its formation in 1970, the

Environmental Protection Agency has regulated through a command-and-control format where industry is required to comply with strict technology or performance standards. This type of coercive structure creates an adversarial relationship where industry, government and environmental interests fight a battle over the precise level of these standards. Negotiated solutions in which economic and environmental benefits are mutually achieved are overlooked, both in the establishment and implementation of these standards. Citing this problem, a 1997 Mellon Foundation report charged that "the [present] system's priorities are wrong, it is ineffective in dealing with many current problems, and it is inefficient and excessively intrusive... The future system should be results-oriented, integrated, efficient, participatory, and information rich" (Davies and Mazurek, 1997: 48). In a similar spirit, the U.S. General Accounting Office (1999) announced that the current regulatory system is too costly and inflexible to deal with contemporary environmental problems.

Hoffman & Ventresca (1999) have argued that once standards are written, program managers within both government and corporations often become constrained by rigid rules, which preclude the search for creative solutions to newly emerging and complex environmental problems. For example, the permitting requirements under the Resource Conservation and Recovery Act (RCRA) restrict hazardous waste recycling initiatives by strictly imposing regulation on those wastes once created. Any company that creates hazardous wastes and then attempts to recycle or reuse it will be required to obtain a hazardous waste "Part B" permit for treatment of a hazardous waste. This is an extremely expensive and time consuming process. In effect, the environmental standard directs attention toward appeasing or avoiding the law itself

and away from the purpose behind the law.

Tenbrunsel et al. (1997) discuss both cognitive and motivational explanations for this "misdirected attention" effect. They argue that one explanation for this misdirected attention is the cognitive distortions that standards can produce (Tenbrunsel et al., 2000). They explain that standards may produce sub-optimal outcomes because they act as a category boundary, which distorts and hides the purpose behind the standard. They show empirically how one mechanism - the number of options presented to the individual - may influence the observed sub-optimality. As a result, decision makers may be led to evaluate sub-optimal choices that adhere to a standard more highly than optimal choices that violate the standard.

Tenbrunsel et al. (1997) also suggest a motivational explanation for the "misdirected attention" effect, namely that standard-based systems can change the incentive systems for individuals and promote self-interested behavior that interferes with over-arching societal interests. Sub-optimal outcomes are the product of both unintentional and intentional actions on the part of the decision maker. Unintentional actions may result from individuals "just following the rules," creativity not being rewarded, a "use it or lose it" rationale, intrinsic motivation being replaced with extrinsic motivation, or a "no law against it" mentality. Intentional actions include trying to "beat the system."

Normative Aspects of Institutions

Laws are not the only realm in which institutional biases permeate the framing of ideologically-based conflicts. Institutional barriers also become established within the normative level of educational curricula, professional standards and organizational structure.

Educational curricula are forms of socialization for future professionals. Embedded within their programs and requirements are values and beliefs. In the environmental domain, these may refer to the relationship between the environment and human activity. In some cases, environmental issues are excluded from consideration altogether. For example, despite the reality that many companies are finding ways to integrate environmental and strategic considerations (Porter & van der Linde, 1995; Arnst, Reed, McWilliams & Weimer, 1997), a 1998 survey by the World Resources Institute found that "only 16 percent of [business] schools report integrating environment into core or departmental requirements, thus only a few MBAs truly receive environment-business training" (Finlay, Bunch & Neubert, 1998). In another example from Hoffman & Ventresca (1999), undergraduate chemical engineering education often focuses on the material efficiency and yield when teaching chemical plant design. They often overlook the waste considerations in cost factors or in reducing polluting activities. Rather than taught as an integral element of plant design, it is generally taught as a separate topic, not to be integrated into overall design parameters.

Even programs that incorporate environmental issues can perpetuate mindsets that inhibit creative dispute resolution. Economics education, for example, generally treats environmental protection as an "externality" to market behavior (Cropper & Oates, 1992), ignoring the potential for innovative integrative agreements. Pollution is conceptualized as the consequence of an absence of prices for certain scarce environmental resources, such as clean air and water. To trigger corporate environmental action, economists prescribe the introduction of surrogate or artificial prices in the form of unit taxes, effluent fees, or, more recently, market incentives to

provide the needed signals to economize on the use of these resources (Hahn & Stavins, 1991). The underlying assumption is that corporate managers will never find it in their own interests to seek environmental protection unless the government imposes some form of economic cost. Professional standards are a continuation of socialization begun by educational curricula, which can also inhibit creative dispute resolution. For example, professional accounting practices generally lists pollution costs as a liability and not an asset on balance sheets, even if the expenditure results in decreased compliance and disposal costs, or savings in other areas such as improved public relations, liability and regulatory reduction, or energy savings. Individual managers are often shielded from incentives to seek more efficient solutions to environmental problems as environmental costs are lumped together as overhead costs, not for the department but for the corporation. For example, the federal government buys its buildings with one budget and operates them with another. Any up-front cost increases may be overlooked despite their potential for minimizing operating expenses and yielding short payback horizons (Lovins & Lovins, 1997). In a similar way, most corporations pay for energy costs out of overhead expenses. So, while small incremental reductions can yield large company wide paybacks, most firms overlook them as individual departments remain unaware of their economic impacts and focus instead on investments that increase output or market share (Brown & Levine, 1997).

Organizational structure can also create barriers to efficient dispute resolution. For example, over the past twenty-five years, corporations have developed large environmental, health and safety departments to handle the command-and-control system of environmental regulation. This structure represents an established force of habit, tradition and power.

However, reducing pollution in the most efficient manner requires collaboration between the environmental and manufacturing line sectors. The manufacturing line personnel know the process and financial objectives while the environmental staff know the environmental priorities and objectives. Yet, traditionally segmented structures and responsibilities may preclude such opportunities (Hoffman, 1997). Segmented staffs within the organization use different terminology, engage with different external stakeholders and justify their initiatives using different metrics. A 1995 survey by Arthur D. Little found that where main line departments use measures such as return on investment (ROI) and earnings per share (EPS), most environmental managers do not provide such economic cost-benefit analyses on environmental initiatives when attempting to gain budgetary approval. To make the boundaries even more impermeable, environmental managers often use non-business acronyms such as pounds of toxics, biological oxygen demand (BOD), notice of deficiency (NOD), environmental impact statement (EIS), and life cycle assessment (LCA) (Shelton & Shopley, 1995).

As an example, a collaborative case study between Dow Chemical and the Natural Resources Defense Council found that the failure to look beyond accepted objectives were the primary inhibitor of the adoption of pollution prevention initiatives at one Dow facility, despite the projection that the company could possibly save more than \$1 million a year by eliminating 500,000 pounds of waste. Since the program was not required for the purposes of environmental compliance, it was not of central interest to production engineers whose main priorities were capacity building, and did not appeal to business line personnel with profit-and-loss authority, the project was not implemented. These staff personnel were more interested in maximizing

profit for their business through yield improvements rather than waste minimization (Greer & Van Loben Sels, 1997).

Cognitive Aspects of Institutions

At the root of these regulative and normative dimensions of institutions are cognitive level beliefs. An example from the environmental domain is the belief that economic growth and environmental protection are largely incompatible. The belief that increasing stringency of environmental regulation “must,” by its very nature, result in reduced profits for the firm (Palmer, Oates & Portney, 1995: 121) is one example. This tradeoff is a “necessity” for achieving environmental improvements (Wally & Whitehead, 1994: 4). In this model of the debate, the existence of a win-win or cost-free solution to environmental problems neither makes sense nor is it recognized. By definition, the balance between environmental costs and benefits becomes a zero-sum game. The win-lose perspective reinforces confrontational rather than cooperative approaches by opposing interests in real world conflicts (such as logging practices in the face of endangered species protection or utility operations under increasingly stringent clean air requirements). Based on win-lose positions, economic and environmental interests fight a distributive battle over concessionary agreements with each side pursuing its goals by demonizing the other. Environmentalists are perceived as insensitively seeking environmental protection at all costs and willing to sacrifice economic development and human economies toward that end. Economic interests are perceived as pursuing economic growth at all costs, willing to forfeit environmental considerations to increase profit. With this mindset, joint solutions through cooperative decision-making seem virtually impossible.

FUTURE RESEARCH DIRECTIONS

Researchers have already begun to identify the presence of the barriers we have discussed in ideologically-based disputes. For example, Wade-Benzoni et al. (1996) found evidence of egocentric biases in the interpretations of fairness specifically in an environmental negotiation context. In a simulated social dilemma based on the real-life crisis in the northeastern fisheries, a relationship was found between higher harvesting levels and higher levels of egocentrism. Tenbrunsel et al.'s (2000) recent empirical work on the influence of environmental standards on judgments and choices offers an example of how research can merge institutional and cognitive perspectives. They found that standards exert an influence on judgments of proposed environmental solutions that is independent of the extent to which those solutions protect the environment, and that standard-based decisions produce cognitive distortions, artificially enhancing the attractiveness of standard-conforming solutions over that of nonconforming solutions.

The next step for future research is to understand better the role that values and institutions play in ideologically-based disputes. One direction would be to explore the role of incorrect assumptions in disputes involving sacred issues. Parties often make incorrect assumptions about the sources of sacredness of issues. For example, in the abortion debate, pro-choice advocates may incorrectly assume that pro-life advocates' beliefs come from affiliations with religious institutions (e.g., Catholicism) when in fact they may come instead from their understanding of biology and their beliefs about where life begins. Institutionally, these two groups are framing the issue in completely different ways and using completely different

terminology, which tends to perpetuate their intractability. Pro-choice advocates talk of women's rights and pro-life advocates talk of the protection of a child's life. While mutually compatible solutions may be possible, cultural and institutional barriers inhibit their discovery. In addition, parties often make incorrect assumptions about the extremeness or radical-ness of the other side. For example, all environmentalists do not endorse sinking whaling ships or spiking trees as a means to protect endangered animals. Similarly, all developers are not cold-hearted animal and tree haters. Both environmentalists and developers span a broad range of "radical-ness." However, when each side assumes that the other is more radical than they are likely to be, then positional behavior tends to be reinforced and the credibility of the other side is questioned, making negotiation proceedings even more difficult. These assumptions are embedded both within individual level values and societal level institutions. Each are interconnected, forming and being formed by the other (Giddens, 1979).

Related to the above discussion, there can also be immediate dislike of opposing parties on an interpersonal level based solely on their position on an issue. In other words, there can be incorrect assumptions about "the kind of person they are." Because of their position in the dispute and inferences made about their value systems, opponents judge each other's ethical nature in addition to credibility, trustworthiness, and legitimacy. This additional level of conflict on a more personal level can serve to escalate the dispute and lend further complexity to the resolution process. Thus, a direction for future research would be to explore the dynamics involved with different layers of conflict in ideologically-based disputes.

CONCLUSION

Ideologically-based disputes share many features with other types of negotiations, but also represent an interesting and complex constellation of unique characteristics, which we have discussed. We have outlined the key barriers encountered in ideologically-based negotiation that extend beyond those identified in the traditional decision analytic approach to negotiations. We believe our approach, which takes into account values and institutions, provides a better framework for understanding the dysfunctional and socially irrational outcomes in many ideologically-based disputes. Hopefully, this paper serves to help others better understand why wise agreements do not easily emerge in complex ideologically-based negotiations. The barriers to efficient resolution of these conflicts are large. However, an awareness of these barriers is crucial to moving toward solutions. We believe that the importance of ideologically-based disputes justifies special attention to their efficient resolution. Society has a powerful interest in seeing that conflicts involving social issues, such as the environment, are resolved as efficiently as possible.

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