Developing Trust in Negotiation

R.E. Fells

Department of Industrial Relations, University of Western Australia, Australia

Introduction

One of the recurring themes in negotiation and workplace relations is that of trust. Trust between parties is viewed as an integral – if not central – feature of the effective and productive work relationships; a lack of trust between management and unions, or between employer and employee is often suggested as the cause of disputation and of an inability to work through problems to satisfactory solutions[1-5]. However, although trust appears to be highly valued it is not clear exactly what trust is, nor is it clear how trust can be brought about. In fact, the clearest thing about trust seems to be when it is absent. The purpose of this article is to examine the nature of trust in negotiation and to address the question of how negotiators can negotiate when at the outset they do not trust each other.

One element of trust relates to integrity, that the word of another can be relied upon; another aspect is a propensity to take statements at face value[6-8]. Going beyond the interpersonal level, trust is often so closely linked to co-operation that the two appear indistinguishable (see, for example[9-12]). Trust is viewed as an understanding that the other party is willing to co-operate in some way, both in negotiation and in the maintenance of good relations between management, employees and unions. But the practical difficulties remain. If a person or party is known to have integrity and is desirous of co-operation then obviously it is easy to do business but what about when you have no evidence of these? Can you negotiate with a party you cannot yet trust?

This article will seek to define trust in a new manner which does not rely either on an individual’s integrity or desire to co-operate. It will develop a perspective which is based on the premise that trust in a relationship can only be established in the context of the interactions between the parties in situations which call for trust. This allows for the evolution of trust within the negotiations and so addresses the difficulty of having to get to a point of trust when there is no trust to start with. Also, an attempt is made to identify the stage in the negotiation process where the building of trust should be the focus of attention. The notion of trust is a difficult concept to examine and the negotiator might be left wondering: “What should I actually do in order to develop trust?” To address this question, some constructive negotiation behaviours are identified and the article concludes with extracts from the dialogue of a negotiation to show how the development of trust might happen in practice. The focus of the article is on interaction through negotiation because any trust-building activity must eventually involve interaction.
between individuals. Attempts to build trust into a more formal employer-employee or management-union relationship will involve the same strategic and behavioural considerations.

Situations Calling for Trust

Situations calling for trust emerge where the eventual outcome is dependent on the actions of both parties. For example, an employer who is faced with a claim by the union on behalf of manual workers may realize that to resist the claim would only encourage employees leaving the company for higher paid jobs elsewhere. By agreeing to the claim this exodus would be prevented. With this outcome both management and union appear to get some benefit but the employee has to trust that the union will not then claim a similar rise for clerical workers. The union would benefit from doing this by gaining pay increases for a second group of members. The employer, however, would be faced with a negative outcome of additional, unplanned wage costs. In other words, trust is involved where, in order to get what you want, you are dependent on the other party not exploiting the situation to your eventual cost (see [13, pp. 199-203]).

The situation just described relates to the outcome of the negotiation. A similar dilemma arises when a negotiator is considering making a concession on the issue during the negotiations. Will making a concession be seen as a firm shift in ground calling for a response from the other side or will it be seen as a sign of weakness and cause the other party to lift its expectations as to what might be achieved out of the negotiations? This is known as the “negotiator’s dilemma”.

Situations calling for trust also emerge from strategies within the negotiation process itself. In a negotiation you may have a piece of information which you know the other side could use to exploit you; you also know that the information may open up the possibility of finding a solution to the issue. Should you divulge the information? In another example, the parties to a negotiation have been talking around their respective positions and getting nowhere. One negotiator may then feel that if he/she were to adopt a really firm and hard line approach then this would inject some urgency and sense of purpose into the negotiation and so bring both parties round to genuinely look for some compromise positions. However, if he/she did, the other side might walk out. Should he/she still try the hardline strategy? In situations such as these a negotiator can see a way to advance the negotiations which, if taken up by the other party, would help them both in moving towards an agreement. The need for trust arises because the other party might see an advantage and get the edge in the negotiations by reacting differently.

The wider workplace context provides a variety of situations which call for trust – the delegation of decision making, the provision of sensitive information to employees or their union, the need to reach constructive agreements when previously this has not been possible. The elements are the same in that achieving a positive outcome is dependent on both parties and relies on handling issues and strategies within the process of their interactions, as opposed to simply holding an all embracing view that “we must all work together”. This latter view
does not indicate what either party should actually do, nor allow for the situation where the other party does not fully comply from the outset.

Trust
Trust is a willingness to take unilateral action which might lead to exploitation but which anticipates a non-exploitative response from the other person. In other words, I trust you when I expect you to co-operate and not exploit me. A person in a situation calling for trust first has to make a subjective assessment of the trustworthiness of the other person; this assessment of trust or suspicion then leads on to an appropriate action[14]. The choice “to trust or not?” takes account of the risks involved in the proposed course of action and, linked with this, the expectations of the other’s behaviour. This process of arriving at trust is not instant but incremental, and it may be more appropriate to envisage a person as building up a degree of trust of the other negotiator and possibly (though not necessarily) reaching that point of a willingness to take the risk and trust the other person. Trust is therefore not a “given” characteristic which the parties bring to the negotiation or to the relationship; nor is it possible to stop, build up some trust and then resume[8, p. 32]. Trust has to be built up within the interactions themselves.

This approach views trust as being situation specific, dependent on the structure and process of the negotiation, independent of the personality of the other negotiator or the negotiator’s own disposition. It puts minimal reliance on the “co-operation” element and does not rely on having joint goals to work towards. All that it does envisage is that at any point a negotiator can decide on his or her next move in the expectation that the other party will respond in a particular way, but taking the risk that they might not.

An example will show how this might apply in a negotiation. During wage negotiations with the union, the human resource manager feels he is being constrained in his flexibility by a “pay no more money” accountant. He decides to take the accountant to the next negotiating session and when the negotiations start he gives the union a really hard time – for the benefit of the accountant. He can do this if he can reasonably expect – can trust – the union negotiators to read what is going on and respond with matching firmness but not overreact. The accountant will then get the impression that the negotiations had best be left in the hands of the experts and that any outcome which the human resource manager reaches is going to be the best one in the circumstances.

The importance of the incremental nature of building trust becomes clear in those cases where a negotiator (based on past experience) might reasonably expect that any moves to accommodate the other party – to provide sensitive information or whatever – will be twisted around and used back. The fact that trust is incremental means that tentative moves can be made to explore if there is a basis for trust before any specific action on the issue has to be taken. This contrasts with Osgood’s[15] graduated reciprocation and tension reduction (GRIT) strategy which is suggested as an effective means of securing co-operation, with employing the “tit for tat” concession strategy[16,17] or expecting that trust and
co-operation will emerge through reaching agreement on procedural and minor issues[18, p. 68]. These strategies require either iterated negotiations or situations where issues can be split and concessions granted without jeopardizing the core of one's position. These conditions do not always apply – indeed it is often the absence of these conditions which leave the parties in deadlock with “nowhere to go”.

To summarize, reaching agreement through negotiation requires trust but this “trust” is very specific and relates to how negotiators expect the other party to react. Trust of this sort is needed when working through interaction strategies and when making concessions rather than relating simply to whether the agreement will “hold” once it has been concluded.

This may appear to be a somewhat complex view of trust but building trust is a complex business and it is important to develop a full understanding of trust and how it might be built because of the adverse consequences of getting it wrong. For example, a management which is seeking to raise the level of co-operation from the workforce may try and do this by being open and providing information about the company. This is a situation calling for trust and management would be offering trust to the extent it was accepting the risk that the employees/union might misuse the information, or at the very least not change their attitude on the issues. If the workers’ claims are not then moderated, management might feel let down or even betrayed: “We gave you all that information, we told you the full picture and still you won’t reduce your claims”. As a result, management’s behaviour and stance on the issues is likely to harden which, in turn, would only cause the employees to reinforce in their own minds the idea that the provision of the information was only a “con job” proving that management is not to be trusted. An action which sought to build trust ended up having the opposite result and reinforced the lack of trust.

**Trust: A Process Context**

So much for theory. If trust has to be made to happen and negotiators have to develop situations of trust within the negotiations, how might this be done? Using a basic three-phase model of negotiation (see, for example[19,20]) it is possible to provide a context for the development of trust in negotiation. The opening phase of a negotiation consists of each party establishing its own position and exploring the position and commitment of the other side (see Table I). Trust in the limited sense of integrity can be established - by not acting outside the normal conventions of behaviour - but trust in the sense of being willing to take unilateral action will not exist. The reason for this is that in the early stages both parties will be convinced of their own position and expect any unilateral action (in the form of making concessions) to come from the other side.

Having established their own positions and fully understanding the other side’s position, the point will come in the negotiations when both sides realize that they need to move into an exploratory phase in order to seek ways of reconciling their incompatible positions. However, the transition from the differentiation to the exploration phase is one of the most difficult periods in a negotiation; it is unlikely
## Table I. Simplified Model of the Negotiation Process

<table>
<thead>
<tr>
<th>Phase</th>
<th>Dominant behaviours</th>
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<tbody>
<tr>
<td>Phase 1</td>
<td>Differentiation</td>
</tr>
<tr>
<td></td>
<td>- finding out each other's true position</td>
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<tr>
<td>Phase 2</td>
<td>Exploration</td>
</tr>
<tr>
<td></td>
<td>- looking for ways to resolve the issue</td>
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<td></td>
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<td></td>
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<tr>
<td>Phase 3</td>
<td>Termination</td>
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<tr>
<td></td>
<td>- reaching a final decision</td>
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</table>

Source: [21]

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to be sudden but will involve a change in emphasis and in the dominant behaviours of the negotiators. The former phase is concerned primarily with information exchange about the parties' positions and is quite likely to be defensive and conflictual as each side tries to find out the other's true position. The exploration phase involves looking for solutions which might resolve the issue; it is much more tentative and involves a greater degree of risk.

The difficulty facing each negotiator is that if he starts to make such an exploration unilaterally and suggests other options which might resolve the dispute then the other side may well take this as a sign of weakness, firm up on its original position and be less willing to explore options openly. In the absence of mutual trust it is difficult to generate alternative outcomes to the dispute, leaving pressure tactics as the only remaining option. Therefore it is at this point that the negotiators need to focus on the establishment of trust rather than concentrate on the issue itself (see Figure 1). Once a level of trust has been achieved, then the parties can make proposals on the issue and work towards developing an understanding of what is going to be the basis of the solution which will resolve the matter. This understanding enables the concession-making process to be undertaken and agreement to finally be reached.

Rather than trust being a generalized characteristic which negotiators should bring to the negotiation, building trust becomes a specific activity in the process of reaching agreement. A willingness to engage in the risky business of exploring options does not automatically evolve; it has to be established. It is not simply that each party separately comes to the conclusion that it has got to take a new initiative in order to fend off an emerging deadlock; to come to that conclusion does not help a negotiator to actually make the next move. However, if a situation is established where each negotiator could reasonably expect that if he made a
suggestion then it would not be taken as a sign of weakness but would be reciprocated by the other side - a situation of mutual trust - then the negotiators have the necessary protection and confidence to move into the exploration phase.

**Trust Behaviours in Negotiation**

Since trust is situation-specific it cannot be presumed to exist in the other negotiator and so generating trust must come, in the first instance, from one's own behaviour. This is done in part by establishing one's integrity in the manner in which conciliators have to[22], but earning the trust of others is not the same as being able to trust them. (Indeed, getting the trust of others can be the first step in an exploitative strategy!) In any event individuals are much more willing to respond to trust than to initiate it[23, p. 343]. Meeker[24, p. 242] suggests that the trust may be associated with the need to motivate the other person rather than just respond to the other's behaviour. Violation of expectations can break moves towards trust[25, p. 179] so it is necessary to send clear signals about one's intentions and what the other party might expect.

An indication of a sound approach in building trust can be seen from what would happen if the parties took their dispute to conciliation. At conciliation the situation might be that, although the parties state their positions firmly when in the presence of each other, they might be prepared to indicate areas of flexibility to the conciliator. One party might even have a proposal to put to the conciliator.
who would then gradually “sound out” the other side as to its acceptability. Only when the second party indicates that it is willing to respond positively does the conciliator know that there is a measure of agreement and that the process has reached a position where the parties can begin negotiations again. In the joint session the first party can now formally put its proposal in the knowledge that the second party will not take advantage of the offer. This sequence is portrayed in Table II. It is not always as simple as the Table might imply but no matter how much “to-ing and fro-ing” the conciliator has to do the basic sequence is always the same. What is happening here in terms of trust is that the conciliator is firming up Party A’s expectations that Party B will respond in a non-exploitative way.

The aim of negotiators should be to try and create for themselves the situation which the conciliator tries to create. The two main elements of trust, namely expectation and risk, give an indication of what would be appropriate behaviour. A negotiator should seek to build an expectation around the negotiating table that co-operative moves could be offered and would be reciprocated and at the same time minimize the risk of any such moves being exploited. This requires a trust-building strategy to be pursued and the following negotiation behaviours are suggested as a way in which this might be achieved.

Show Willingness to Trust
It is possible to give some indications of one’s own growing propensity to trust, first, by not exploiting any moves made by the other negotiator and second, by sending signals of one’s own intention to trust because of the benefits which

<table>
<thead>
<tr>
<th>Party A</th>
<th>Party B</th>
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<tbody>
<tr>
<td><strong>In joint session</strong>&lt;br&gt;Both parties hold firm positions when face-to-face</td>
<td></td>
</tr>
<tr>
<td><strong>In separate sessions</strong>&lt;br&gt;Party A indicates a concession to conciliator but wants something from Party B in return</td>
<td>Conciliator tests Party B’s reaction.&lt;br&gt;<em>In time, Party B indicates to conciliator that it is willing to respond positively to Party A’s proposal</em>&lt;br&gt;Conciliator tests out Party B’s response on Party A. In time, Party A indicates its acceptance of Party B’s position</td>
</tr>
<tr>
<td><strong>In joint session</strong>&lt;br&gt;Party A makes its proposal, knowing it is broadly acceptable to Party B</td>
<td>Party B responds positively, knowing that it is committed to doing so</td>
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Table II. Development of Trust through Conciliation
might accrue to one's own side from doing so. At the same time it would be necessary to continue being firm on one's position as this reduces the risk that the indications of trust are not interpreted as a sign of weakness.

As an example of not exploiting the other side[26], if the opposing negotiator is seen to have been given some information by his own side which he has used in presenting his case but now knows it to be wrong, do not press the point. Similarly, if he makes a mistake let it pass. If the other side's negotiating team appears vulnerable to the "divide and conquer" approach, avoid the temptation. The more positive side of showing a willingness to trust is to emphasize benefits to one's own party of achieving a negotiated outcome. This could be done by weaving into one's comments something like the point that though both sides can get a resolution by going to arbitration that it is usually better when they have worked it through to a negotiated settlement.

**Check Understanding**

A further step in the development of trust is to check the understanding of the other negotiator that the "trusting" signals are being correctly interpreted. This does not mean that the other negotiator has to respond by becoming trusting, only that he or she understands that the first negotiator is willing to offer trust. Again, this protects against the risk of exploitation on the issue which could arise if there was not a common understanding across the negotiating table. This checking of understanding could be done through an explicit request for feedback, which might be something like: “Look, a few minutes ago, I suggested that we both ought to think about a little give and take but you did not come back to me on that. I’m not looking for anything specific but is that where you think we could be at?”

**Reinforce the Other Party's Willingness to Trust**

In a similar way, moves can be made to progressively work towards increasing the preparedness of the other party to offer trust rather than be exploitative. Signals should be sent indicating an expectation that the other negotiator will be responding positively rather than negatively because of the benefits which would result to them if they do. This can be indicated through comments to the effect that: “We are working on the assumption that you are here and work to resolve this one because you have always managed to get an outcome which you are happy with by taking that approach in the past”. A second element of reinforcement is to reflect positively on any indications of a willingness to trust made by the other side and this can be done by responding with indications of one's own willingness to trust rather than be exploitative.

An example can be seen in a situation where the other negotiator responds less forcefully on a particular point (which is often the first way a softening in attitude is demonstrated). He may have been arguing that the 20 redundancies are non-negotiable but later say that agreement has got to be reached on the issue. One response is to pick on this immediately (“before it was non-negotiable, now you want agreement – the only way you will get agreement is to agree with us”)

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which would be interpreted as a competitive response. Alternatively, the union could continue to restate its own position on the issue but build in that an agreed outcome is far preferable to an imposed one. This would acknowledge the company’s shift in ground and reinforce its willingness to try and work the issue through.

*Indicate the Adverse Consequences of a Failure to Respond*

Finally, and only if all the previous moves have failed to generate a willingness to offer trust, the negotiator should send signals as to the adverse consequences of trust being offered by him and not reciprocated by the other negotiator: “If you are looking to me to put a proposal on the table and then all you are going to do is tear it to pieces, that is going to put me back right where I started but dug in even harder”. Such comments should always be linked with a statement of the beneficial consequences of responding co-operatively to provide a way out of getting locked into competitive interactions.

*Establishing Mutual Trust: An Example*

The sequence of behaviours indicated in the previous section is an ideal list; in practice, negotiation does not follow such a strict logical pattern. In an attempt to bridge the gap between theory and practice, the following extracts from a negotiation[27] indicate the manner in which a situation of mutual trust might become established. The negotiation is between management and unions over pay and other conditions of employment. The company’s agenda is to secure a cut-back in the number of employees, pending a move to a new location. The parties understand each other’s positions and in terms of Table I are in the transition from the first into the second phase. The transition has to be made to happen or the parties will stick at restating their positions, increasing the likelihood of an emergence of destructive behaviours and becoming deadlocked on the issues. The extracts open by showing competitive behaviour as the parties keep up the pressure across the negotiating table:

**Union official:**

We have been to the shopfloor delegates and we can report to you that they just do not like your attitude and the way in which the negotiations are being conducted. They have presented us with claims which we have presented to you and you have ignored those claims... (denotes the negotiator was interrupted).

**Company negotiator 1:**

It is a completely different thing, we’re looking at corporate survival here, if changes aren’t made your workers aren’t going to get 8 per cent then in fact, they’re not going to get anything. Because we are operating in a whole new arena here, we have become part of an international market since the changes and it is not the cosy little relationship that used to go in the past it is just not possible any more.

**Union official:**

Now, now we appreciate your...

**Company negotiator 1:**

We are going to have to cut back on the number of manual workers we have. The company is just not going to survive...
As indicated in the earlier discussion, the difficulty the negotiators face is that to make a suggestion or proposal might be taken as a sign of weakness. To overcome this "negotiator's dilemma", they begin to sound out the reaction of the other side focusing on the process of negotiation while holding their positions firm. This is not easy; in practice the first, tentative moves will probably get squashed. In the extract which follows the interactions are still competitive but one of the union negotiators attempts to see if there is any basis for trust by exploring if there would be any likelihood of co-operation rather than exploitation. This is done by suggesting that they might try and introduce some flexibility. The initiative gets blocked:

Union official:
If you've got a case, you haven't presented the case to us.

Company negotiator:
The capital investment in this new plant is evidence itself that we believe what we are doing is the correct way to go. We don't invest this kind of money in building new plant just, you know, just for fun.

Union negotiator:
I... I... think...

Company negotiator 1:
It is the reality of the matter.

Union negotiator:
I think we understand our differences now, is there any possible way we could introduce a little flexibility to achieve our goals? I mean... (emphasis added)

Company negotiator 1:
It's... it's not that flexibility, it is work flexibility.

Company negotiator 2:
Look, I mean the other thing is its viability. Really, the bottom line is it is going to be better that fewer people still have a job than no one has a job.

This sequence of events – an attempt to signal a move towards co-operation being blocked – may happen more than once but, in time, negotiators on both sides begin to make the same sort of signals, as will be seen in the next extract. One negotiator talks about the need for agreement; another of finding the middle position. Neither of them relate their comments to any specific issue – they are both trying to signal the need to build some understanding of trust around the negotiating table:

Union official:
Our membership are faced with your fait accompli and you say to them, well, it is in your interests to go to the new plant, it is in your interests to accept redundancy...

Company negotiator 1:
The fait accompli is that if we do not do it we are out of business. It's not something derived by us, it's a commercial reality.
Union official:  
Well where are your figures?

Shop steward:  
Listen, I mean I'll be honest with you, we have spoken to the guys and they are not happy, they're not happy at all, but we have got to come to some agreement, we are just getting nowhere here. They want an agreement at the end of the day.

Company negotiator 1:  
But you... it's...

Company negotiator 2:  
Well look... OK...

Company negotiator 1:  
It is not really an issue...

Company negotiator 2:  
We both see where we are, we are long way apart, but I guess, really, the next step is to try and see if there is somewhere in the middle, somewhere that suits both of us that we can come together and start talking some turkey. Otherwise, we are going to get nowhere.

Union official:  
Well I think the ball is in your court to start with. We have presented these claims and all we have got is a sort of obtuse rejection of them, saying, well, it is only worth 30 per cent, we can't afford it, no figures down . . .

It can be seen that there was a mix of responses from the company side with the indication of the need for agreement finally coming through from company negotiator 2. In both cases the signal of flexibility was set in the context of not making any progress in the negotiations but in neither case did the negotiators show any weakness in their positions or lose any ground on the issues. The mood did not change suddenly to one of co-operation and harmony; the union official still responded by adopting a firm position. There is, however, the beginnings of a jointly-held recognition of the need for some moves to be made on the substantive issues. In terms of the model (see Figure 1) the parties are getting into a situation of trust beginning to be established which forms the basis for them to make proposals which might resolve the issue and not run the risk of those proposals being exploited by the other side.

Conclusion  
This article has sought to examine the nature of trust in negotiation and present a perspective which distinguishes it from personal characteristics and from a close association with an assumption of co-operation. Trust is situation-specific but is not implicit within a negotiation, it is a feature which has to be developed to resolve the issue. The process of building trust means that it is first necessary to create an environment within which negotiators can indicate a willingness to trust. The negotiators can then make moves on exploring ways to reach agreement. In the absence of this trust between the negotiators, the moves to explore options and linkages may be so risky that they would not be made, leaving the negotiations in deadlock. Specific action in the overall context of the negotiation has to be
taken to build trust and certain behaviours can be identified which assist this process. In reality, as the transcribed example showed, the process of building trust is fragmentary and does not follow the strict patterns and logic of models, theory and research findings. This makes it even more important for negotiators to pay specific attention to establishing trust through careful interaction rather than through grand or idealized strategies which are based on the assumption that it is in everybody's interest to work together and co-operate.

The same principles of building trust apply in the development of effective working relationships between employer and employee, management and union. Much of what employers, employees and unions seek to achieve can only be done through some form of negotiation and therefore the points discussed in this article are directly relevant. Further, the evidence which shows that wherever there is a good relationship then trust is present leaves open the question of how that trust was developed in the first place. If trust is viewed as a precondition for a good relationship then the attitudes of the parties will tend to rely very heavily on the adverse consequences of not establishing a working relationship, the “we have got to trust each other otherwise we will not survive” line of reasoning. This is a negative basis for a relationship whereas viewing trust as incremental gives the opportunity for trust to be built up through the interactions. The attitude here might be expressed as “We can interact even though we don’t yet trust each other but we can also do some things along the way which might later form the basis of trust and a more effective relationship”. This approach is based on the perspective of trust which has been developed in this article and provides a sound basis for the development of trust in workplace relationships.

**Notes and References**

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17. The GRIT - graduated reciprocation and tension reduction - strategy is based on demonstrating one's intention to co-operate through a series of small unilateral concessions coupled with clear signals that the other side must respond positively for any subsequent negotiation to take place. If the concessions are reciprocated, then larger, more risky concessions are offered. However, the process can also degenerate into a strategy of appeasement if the offering party is unwilling to hold firm if the initial series of offers has failed to gain any response from the other side. The "tit for tat" strategy requires a negotiator to match any concessions of the other party with concessions from one's own side and to match firmness with firmness. It does not offer an interaction strategy for getting out of a position of matching firmness.
26. The examples given are only suggested as indications of how the principle might be applied in practice; they are not exclusive and certainly are not to be viewed as a checklist of “winning tactics” or specific phrases to repeat.
27. The transcript is taken from a negotiation conducted by experienced industrial relations negotiators as part of their postgraduate studies at the University of Western Australia.