

# Estimating the Other Party's Preferences and Trust in Trade Union and Employer Negotiations: A Comparison between NZ and Sweden

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## Abstract

The article reports on a study in which one hundred and thirty-six New Zealand and Swedish union and employer negotiators anonymously responded to a questionnaire containing a hypothetical negotiation scenario which depicted a variety of employment agreement issues, and required the negotiators to indicate how important they believed the issues were to the other party and to themselves. Union and employer negotiators from both countries made inaccurate estimates about the importance the other party placed on the issues. However, Swedish negotiators were significantly more accurate in their estimations and were more trusting of the other party than New Zealand negotiators, as predicted from the history of employment relations in the two countries.

## Introduction

Negotiation is the behaviour of two or more independent parties who are making joint decisions, but do not have identical preferences across decision alternatives (Pruitt, 1981). It has been suggested that negotiation is a rational process that leads to optimal outcomes, and that negotiators might behave in a rational manner by systematically searching all possible alternatives and objectively evaluating them to reach the optimal outcome (Nash, 1950; Raiffa, 1982). However, research shows that parties often fail to resolve disputes despite compatible interests, and outcomes are often sub-optimal (Bottom & Paese, 1997; Nisbett & Ross, 1980).

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### ***Assessing the other party's within-issue preferences.***

Sub-optimal outcomes may arise when negotiators do not have complete knowledge about their opponents' priorities because the necessary information has not been communicated or has been misunderstood (Pinkley, Griffith, & Northcraft, 1995). When judgements are inaccurate, the negotiation process tends to be distributive rather than integrative. In distributive bargaining, negotiators expect that their interests are opposed to those of the other party, and that the issues most crucial for themselves are also the most crucial for the other party. This is likely to result in sub-optimal win-lose outcomes or impasse. In contrast, integrative bargaining is a cooperative process where negotiators make trade-offs that may result in win-win outcomes, where each party gains what is most important to them (Bazerman & Neale 1992; Bazerman & Carroll, 1987; Olekalns, 1999; Pinkley et al., 1995; Walton & McKersie, 1991).

Each party in a negotiation usually has a settlement range, which is a range of possible outcomes that a party considers acceptable (Deeks & Rasmussen, 2002). It is common in employment relations negotiations that there is more than one issue to be negotiated. Some issues may have overlapping settlement ranges; other issues may not. To establish whether there are overlapping settlement ranges for different issues, the negotiators must assess the importance that the other side places on each issue, the "within-issue preference" (Pinkley et. al., 1995; Thompson & Hastie, 1990). Negotiators are more likely to reach optimal agreements and need less time to reach a settlement when within-issue preferences are clearly stated before the onset of negotiation (Keltner & Robinson, 1993; Neale & Bazerman, 1983; Thompson & Hastie, 1990; Thompson, Peterson, & Brodt, 1996). Thus, it might be beneficial for all parties to reveal their preferences and interests prior to bargaining. However, negotiators often fail to communicate and identify compatible interests (Harinck, De Dreu & Van Vianen, 2000; Thompson & Hastie, 1990; Thompson et al., 1996) because they tend to overestimate the transparency of their preferences. That is, negotiators presume their preferences and interests are more readily apparent to the other party than is in fact the case (Vorauer & Claude, 1998). Research also indicates that parties do not generally seek information from each other even if there are opportunities to do so (Thompson & Hrebec, 1996). It is important to note that highly experienced negotiators are generally more accurate in their estimations of the other party's within-issue preferences than those with little experience, and that negotiators tend to become more accurate in long-term bargaining relationships where the parties are frequently interacting with each other (Bazerman, Magliozzi, & Neale, 1985; Gulati, 1995).

When negotiators are not aware of the other side's priorities they tend to rely on their own preferences as a cue to the other side's priorities and expect that the other party's preferences will be completely opposed to their own. Research has investigated the ability of individuals to correctly assess opposing parties' within-issue preferences in ideological conflicts over such issues as abortion, racism and the death penalty, by measuring the ideological opponents' opinions on an issue and also their estimation of

the opposition's view. Results from these studies show that opposing parties believe the opposition to hold more extreme views than it does, and hence, they overestimate the extent of their disagreement (Keltner & Robinson, 1993, 1997; Robinson, Keltner, Ward, & Ross, 1995).

The prevalence of inaccurate within-issue preference judgments in employment relations negotiations has been investigated (Howells & Brosnan, 1972; Howells & Woodfield, 1970; Robinson & Friedman, 1995). Howells and Brosnan (1972) found that New Zealand union officers and managers in the woollen and worsted milling industry made inaccurate judgements about their employees' interests. Employers and union officers overestimated employees' concern for wages and underestimated their concern for safety and staff training. Robinson and Friedman (1995) examined whether union and employer negotiators in an actual employment relations negotiation in the USA were able to accurately estimate the other party's within-issue preference on different issues. In this study, the union negotiators overestimated the employer negotiators' concern for issues such as profit, control of the workers and work rules, and underestimated their concern for wages and benefits. Employer negotiators overestimated the union negotiators' concern for wages, control of union membership and work rules. Thus, union and employer negotiators do not always make accurate judgements about the other party's within-issue preferences.

The present study investigated whether the incorrect judgements about within-issue preferences that were found in Robinson and Friedman's (1995) study could be generalised to negotiations between union and employer negotiators in New Zealand and Sweden. We hypothesised that union and employer negotiators would often make inaccurate judgements about the level of importance the other party places on different issues presented in a hypothetical scenario.

### ***New Zealand and Swedish negotiators***

The different social climate between union and employer negotiators in New Zealand and in Sweden might affect negotiators' ability to estimate the other party's within-issue preferences. It appears that Swedish union and employer negotiators are more likely to have a cooperative relationship which facilitates mutual trust and information sharing (Sidorenko & Sklyarenko, 1999; Stjernholm, 1995), while the relationship between New Zealand union and employer negotiators is more competitive and adversarial (Deeks & Rasmussen, 2002).

Before 1938, the employment relations climate in Sweden was traditionally conflict-oriented with many strikes and a high level of mistrust. In that year, an agreement called the "Saltsjöbadsavtalet" was signed between the Swedish Confederation of Trade Unions (LO) and the Swedish Employers' Federation (SAF). This agreement started what is today internationally recognised as the 'Swedish model'. This framework agreement established a system where negotiations were made on a central level between the LO

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and the SAF who negotiated on behalf of their member organisations. The framework agreements were then modified to suit different industries and organisations at regional and local levels. There was a kind of power balance between the two parties and there was little government involvement. The key to the Swedish model was that it encouraged union and employer interactions to be collaborative and adversarial behaviours, such as strikes and lockouts, were not approved. For this reason, the conflict-orientated climate changed to a relationship with greater solidarity and trust. There were many reasons for the two parties to collaborate. By working together they could keep inflation down, ensure full employment and remain competitive on the international export market. In addition, strikes and lockouts were very costly for both parties (Lundh, 2002; Stjernholm, 1995). In recent years, there has been a trend towards decentralisation and greater independence of individual unions due to technological and economical changes, and movement to an economy based on the service industry and multinational companies (Abrahamsson, 1996; Kuruvilla, 1993; Lundh, 2002). Lundh (2002) argues that the relationship between unions and employers has become more competitive today. However, Swedish unions are still relatively powerful and union membership rate is among the highest in the world (Kjellberg, 2001; Sidorenko & Sklyarenko, 1999). Swedish unions and employees also have a strong influence on decisions made by employers. For example, unions have access to virtually all company documents; local unions may appoint representatives to the board of directors of most companies with more than 25 employees; and unions are represented in many advisory bodies within companies (Sidorenko & Sklyarenko, 1999). In summary, Sweden has a long history of cooperative union-employer relationship, which appears to have contributed to greater mutual trust and solidarity between the two parties (Swedish Institute, 2001).

In contrast, Deeks et al. (1994) characterise the employment relations climate in New Zealand as predominately conflict-based. Despite efforts by the New Zealand government to promote collaboration and mutual trust, there has never been a well established model of cooperation as in Sweden and there is little union involvement in organisational decision making. The *Industrial Conciliation and Arbitration Act* was established in 1894 to reconcile and regulate the competing interests of employers and unions. Industrial disputes were settled by conciliation and arbitration to avoid strikes and lockouts. Wage negotiations were undertaken on a national level between unions and employer federations, and the unions were very powerful because they received certain privileges in return for some restrictions and scrutiny of their activities by the government. In addition, union membership was compulsory for employees between 1936 and 1962. As a consequence of this structure, the relationship between unions and employers was competitive and the two parties often mistrusted one another (Rudman, 1994; Scollay & St John, 1996). This did not change when the *Employment Contracts Act* was introduced in 1991. This Act emphasised efficiency in the labour market to ensure productivity and stability between the two parties (Deeks & Rasmussen, 2002; Scollay & St John, 1996). Negotiations were decentralised and employers and employees could bargain directly with each other without the necessity of union involvement. The

government's involvement in the wage negotiation was removed and the power of unions weakened (Deeks et al., 1994; Rudman, 1994; Scollay & St John, 1996). The Act aimed to settle disputes through peaceful negotiation or mediation, but disputes were often settled through adjudication and Court hearings, which may have adversely affected relationships between employees and employers (Deeks et al., 1994).

The *Employment Relations Act of 2000* was another attempt to build a relationship of mutual trust and cooperation between employees and employers (Deeks & Rasmussen, 2002). Under this Act, the unions have regained some power and collective bargaining is encouraged. Mediation is the preferred option and, as a rule, 'employment relationship problems' should be dealt with in compulsory mediation before matters may be referred to the Employment Relations Authority and the Employment Court. In addition, negotiation between the two parties must be in 'good faith'. That is, the parties may not mislead or deceive each other and all relevant information must be supplied on request (Rudman, 2003). In summary, the new legislation aims to change the traditionally adverse relationship between employers and unions to a relationship of cooperation and trust. It is yet to be seen whether this objective will be achieved as it takes time to change peoples' attitudes and perceptions (e.g., Smith & Mackie, 2000).

There are two key areas of difference between the New Zealand and the Swedish employment relations systems which might influence union and employer negotiators' ability to assess the other party's within-issue preferences. Firstly, it appears that Swedish unions interact more with employers and have a stronger influence on the decisions made by employers than New Zealand unions. Research indicates that the greater the frequency of contact between opposing groups, and the more institutionalised their relationship, the more accurate are their perceptions of each other (Levine & Cambell, 1972). Secondly, Swedish union and employer negotiators may trust each other more than their New Zealand counterparts. Unsurprisingly, research shows that trust is more prevalent in cooperative relationships than in competitive relationships (Beersma & De Dreu, 1999; Walton & McKersie, 1965). Thus, we hypothesised that Swedish negotiators would be better at discerning the within-issue preferences of the other party, and that there would be more trust between union and employer negotiators in Sweden than in New Zealand.

## Method

### *Participants and Procedure*

A total of 136 New Zealand and Swedish employment relations negotiators, who negotiate employment relations issues on behalf of employers or union members, completed questionnaires. There were *four different groups of participants*: New Zealand union negotiators, New Zealand employer negotiators, Swedish union negotiators and Swedish employer negotiators.

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*New Zealand union sample:* New Zealand union negotiators were recruited through the Council of Trade Unions in Christchurch. Fifty-six questionnaires were sent out to union organisers and union delegates and 32 were completed and sent back, giving a 57% response rate. Of the 32 union negotiators (28 organisers and 4 delegates) who participated, 17 were male, and they represented 14 different unions. The average age was in the 41-50 year age range. The amount of time the union negotiators had been negotiating employment relations issues on behalf of union members ranged from two months to 26 years and two months, with an average of 12.5 years.

*New Zealand employer sample:* Human resource management professionals and managers/supervisors who negotiate employment relations issues on behalf of employers in various industries were recruited from The Human Resource Institute of New Zealand. Thirty-seven questionnaires were posted, and 32 returned (22 from human resource professionals and 10 from managers/supervisors) to give a response rate of 87%. The participants' average age was in the 41-50 year age bracket, and 19 of them were male. Participants had negotiated employment relations issues on behalf of employers for between one and 26 years, with an average of 9.2 years.

*Swedish union sample:* Swedish union negotiators were identified on trade union internet sites and contacted via e-mail. Forty-nine questionnaires were sent out, and 37 were returned, for a response rate of 76%. The 37 local, regional and central level union negotiators (28 organisers, 7 delegates and 2 not responding) were from 16 different trade unions; 23 were male; and the average age was in the 41-50 year range. The average time the union negotiators had been negotiating employment relations issues on behalf of union members was 13.2 years, but ranged from one year to 26 years.

*Swedish employer sample:* Employers' association negotiators, human resource management professionals and managers/supervisors who negotiate on behalf of employers were identified from internet sites and through professional contacts. Thirty-eight questionnaires were posted to those who responded positively to an email, and 35 of these were returned for a response rate of 92%. As a result, 35 local, regional and central level employer negotiators took part in this study (21 employers' association negotiators, 11 human resource professionals, 1 manager/supervisor and 2 not responding); 20 were male; and the average age was in the 41-50 year range. They had been negotiating employment relations issues on behalf of employers between two and 31.2 years, with an average of 13.5 years.

### **Questionnaire**

New Zealand employer negotiators read the following scenario:

"You are a manager at a State Owned Enterprise called IT Direct. At present, you are representing IT Direct in negotiations with the union representing the organisation's computer programmers. The aim of these negotiations is to renew the programmers'

collective employment agreement and to allocate a pool of money to their remuneration package. The issues discussed in your negotiations include wages, benefits and work hours.

1. Wage increase: The programmers have not had a wage increase in two years and in the light of this the union is claiming a minimum of a 5% wage increase to cover rises in the cost of living due to inflation. IT Direct's position is that a 5% increase is excessive considering the organisation's low profits in the last year.
2. Benefits: A flexible benefit scheme has also been tabled, which would allow the programmers to choose between a medical insurance scheme, superannuation saving scheme or a student loan repayment scheme. The union and IT Direct must agree upon the monetary values for these flexible benefits.
3. Hours of work: Flexi-time has been suggested to give the programmers an opportunity to balance their home and work life in a more effective manner. IT Direct recognizes how flexi-time would benefit the programmers, but they are concerned about the actual logistics and the reduced control they will have over their employees."

Respondents were asked to "provide their initial reactions" to questions about the scenario. Each reaction was given on a seven-point rating scale ranging from 1 (not important at all) to 7 (very important). Twelve (6 X 2) separate questions asked them to rate the importance of the wage increase, the flexibility of the benefit scheme, the value of the flexible benefits, control of programmers' work hours, IT Direct's level of profit, and the programmers' level of job satisfaction to both the union and to IT Direct.

The questionnaire also contained two other scenarios (not reported here), and requested demographic information (age, sex, etc.). The final question asked the respondent to rate his or her trust in negotiators representing the other party on a scale from 1 (no trust at all) to 7 (fully trust).

Questionnaires presented to New Zealand union negotiators were identical, except that the first two sentences of the scenario directed them to take the perspective of a union negotiator representing the programmers. Swedish questionnaires were identical in content to New Zealand questionnaires. (English questionnaires were constructed first and translated into Swedish by the first author, similarity of meaning was checked by having another person proficient in both English and Swedish translate the Swedish version back into English.)

## Results

Descriptive statistics and t-tests were conducted on the importance ratings the participants assigned to the 6 questions, assessing how important the participants perceived the issues to be for each party.

**TABLE 1: Means (standard deviations) and t-values for the New Zealand union and employer negotiators' actual and estimated importance ratings of the six different employment relations negotiation issues.**

<b>How important is this issue to the New Zealand union negotiators?</b>			
	What union negotiators <b>actually</b> reported (N=32)	What employer negotiators <b>estimated</b> (N=32)	Comparison of means (t-value)
Wage increase	6.00 (1.91)	6.22 (.79)	-.87
Flexible Benefit	5.19 (1.55)	4.38 (1.34)	2.24*
Value of benefit	5.22 (1.29)	4.78 (1.45)	1.27
Control of work hours	5.69 (1.69)	3.84 (1.59)	4.46**
Level of profit	4.88 (1.34)	4.47 (1.16)	1.30
Level of job satisfaction	6.28 (.85)	4.67 (1.15)	5.19**
<b>How important is this issue to the New Zealand employer negotiators?</b>			
	What employer negotiators <b>actually</b> reported	What union negotiators <b>estimated</b>	Comparison of means (t-value)
Wage increase	5.03 (1.33)	4.28 (2.02)	1.75
Flexible benefit	4.53 (1.27)	3.91 (1.61)	1.72
Value of benefit	5.09 (1.25)	4.47 (1.57)	1.76
Control of work hours	5.59 (1.01)	6.41 (.80)	-3.57**
Level of Profit	6.47 (.62)	6.78 (.49)	-2.23*
Level of job satisfaction	5.66 (.75)	4.94 (1.29)	2.72**

Note. Results of t-test: \*p<.05, \*\*p<.01



**TABLE 2: Means (standard deviations) and t-values for the Swedish union and employer negotiators' actual and estimated importance ratings of the six different employment relations negotiation issues.**

<b>How important is this issue to the Swedish union negotiators?</b>			
	What union negotiators <b>actually</b> reported (N=37)	What employer negotiators <b>estimated</b> (N=35)	Comparison of means (t-value)
Wage increase	6.56 (.65)	6.40 (.60)	.40
Flexible benefit	3.41 (1.79)	3.74 (1.70)	-.82
Value of benefit	4.00 (1.78)	4.71 (1.62)	-1.78
Control of work hours	4.19 (1.94)	3.66 (1.59)	1.27
Level of Profit	5.43 (1.07)	5.11 (1.26)	1.16
Level of job satisfaction	6.43 (.73)	5.86 (.81)	3.17**

  

<b>How important is this issue to the Swedish employer negotiators?</b>			
	What employer negotiators <b>actually</b> reported	What union negotiators <b>estimated</b>	Comparison of means (t-value)
Wage increase	4.59 (1.74)	4.57 (1.71)	.05
Flexible benefit	5.17 (1.30)	5.46 (1.63)	-.83
Value of benefit	5.68 (1.17)	5.24 (1.50)	1.35
Control of work hours	4.37 (1.61)	5.62 (1.55)	-3.36**
Level of Profit	6.94 (.24)	6.84 (.37)	1.42
Level of job satisfaction	6.31 (.72)	5.19 (1.13)	5.02**

Note. Results of t-test: \*p<.05, \*\*p<.01

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The results of Table 1 show that employer negotiators in New Zealand underestimated the importance the union negotiators placed on the flexible benefit scheme, the control of employees' work hours and the level of job satisfaction. However, the New Zealand employer negotiators were accurate in their estimations of the union negotiators' preferences regarding the importance of the wage increase, the value of the benefit scheme and the level of profit. The New Zealand union negotiators overestimated the employer negotiators' concern for the control of work hours and the level of profit, and underestimated the importance employers placed on employees' job satisfaction.

Similar statistics for the Swedish union and employer negotiators' actual and estimated importance ratings of the different issues are presented in Table 2. The Swedish employer negotiators were quite accurate in their estimations of the union negotiators' preferences for five of the six issues, but underestimated the importance union negotiators placed on the job satisfaction issue. The union negotiators overestimated the importance employers placed on the control of work hours and underestimated the importance the employers placed on the job satisfaction issue. Yet, the union negotiators correctly estimated the importance employers placed on the wage increase, the flexible benefit, the value of the benefit and level of profit issues.

These results suggest that the Swedish negotiators were more accurate than the New Zealand negotiators in their estimations of the importance the other party placed on the issues. To compare whether Swedish union negotiators were in fact more accurate than their New Zealand counterparts in judging the employers' importance ratings, difference scores between the union negotiators' estimated employer importance ratings and the employer negotiators' actual importance rating means were computed and compared between the New Zealand and Swedish union samples. Table 3 presents these difference score means, standard deviation and t-values for the six issues. The closer the difference score means are to zero, the more accurate were the union negotiators' estimations of the importance the employers placed on the issues. The difference score means for the Swedish union negotiators were significantly smaller than the difference score means for the New Zealand union negotiators for the flexible benefit, value of benefit and level of profit issues. There were no significant differences between the difference score means for the two union samples for the wage increase, control of employees' work hours and level of job satisfaction issues. Thus, the Swedish union negotiators were more accurate than the New Zealand union negotiators in their judgments about employer negotiator priorities for three of the six issues.

**TABLE 3: Means (standard deviations) and t-values for the difference scores between the New Zealand and the Swedish union negotiators' estimated employer negotiator importance ratings and employer negotiators' actual mean importance ratings.**

	New Zealand union negotiators (N=32)	Swedish union negotiators (N=37)	Comparison of means (t-value)
Wage increase	- .75 (2.02)	-.02 (1.71)	-1.62
Flexible benefit	-.62 (1.61)	.29(1.63)	-2.34*
Value of benefit	1.32 (.80)	-.44 (1.50)	5.93**
Control of work hours	.82 (.80)	1.25 (1.55)	-1.43
Level of Profit	.31 (.49)	-.10 (.37)	3.97**
Level of job satisfaction	-.72 (1.29)	-1.12 (1.13)	1.37

Note. Results of t-test: \*p<.05, \*\*p<.01

**TABLE 4: Means (standard deviations) and t-values for the difference scores between the New Zealand and the Swedish employer negotiators' estimated union negotiator importance ratings and union negotiators' actual mean importance ratings.**

	New Zealand employer negotiators (N=32)	Swedish employer negotiators (N=35)	Comparison of means (t-value)
Wage increase	.22 (.79)	-.16 (.60)	2.21*
Flexible benefit	-.82 (1.34)	.33 (1.70)	-3.05**
Value of benefit	-.44 (1.45)	.71 (1.62)	-3.06**
Control of work hours	-1.85 (1.59)	-.53 (1.59)	-3.36**
Level of Profit	-.41 (1.16)	-.32 (1.26)	-.32
Level of job satisfaction	-1.31 (1.15)	-.57 (.81)	-3.06**

Note. Results of t-test: \*p<.05, \*\*p<.01

Similarly, to establish whether the Swedish employer negotiators were more accurate than their New Zealand counterparts in judging union negotiators' priorities, difference scores between the employer negotiators' estimated union negotiators' importance ratings and the union negotiators' actual importance rating means, were compared between the New Zealand and the Swedish employer samples. Table 4 displays the difference score means, standard deviation and t-values for the six issues. The difference score means for the Swedish employer negotiators were significantly smaller than the difference score means for the New Zealand employer negotiators for the wage increase, flexible benefit, control of employees' work hours and level of job satisfaction issues. In contrast, the difference score mean was significantly smaller for the New Zealand employer negotiators than the Swedish employer negotiators for the value of the benefit issue. There was no significant difference between the Swedish and New Zealand employers' different score means for the level of profit issue. Thus, the Swedish employer negotiators were more accurate than the New Zealand employer negotiators in judging union negotiators' priorities for four of the six issues. However, the New Zealand employer negotiators were more accurate about the union negotiators' importance ratings than the Swedish employer negotiators for one issue.

A t-test was calculated to establish whether the New Zealand and Swedish negotiators differed in their level of trust for the other party. The mean for the Swedish negotiators ( $M=5.31$ ,  $SD=.96$ ) was significantly higher than the mean for the New Zealand negotiators ( $M=4.16$ ,  $SD=1.43$ ,  $t(134)=5.56$ ,  $p<.01$ ). Swedish union and employer negotiators trust each other to a greater extent than New Zealand union and employer negotiators. There were no significant differences in the level of trust between the Swedish union ( $M=5.24$ ,  $SD=1.09$ ) and the employer negotiators ( $M=5.37$ ,  $SD=.81$ ,  $t(70)=-.56$ , ns) or between the New Zealand union ( $M=4.03$ ,  $SD=1.56$ ) and employer negotiators ( $M=4.28$ ,  $SD=1.31$ ,  $t(62)=.70$ , ns).

## Discussion

It was hypothesised that union and employer negotiators in both Sweden and New Zealand would make inaccurate estimates about the level of importance the other party places on different employment agreement issues. This hypothesis was supported by the results. New Zealand and Swedish employer negotiators both underestimated the importance the union negotiators placed on employees' level of job satisfaction. The New Zealand employer negotiators also underestimated the importance of the flexible benefit and the control of work hours issues. Union negotiators from both Sweden and New Zealand underestimated the importance the employer negotiators placed on the employees' level of job satisfaction and overestimated their concern for control of employees' work hours. The New Zealand union negotiators were alone in overestimating the importance of the issue of profit. Both countries' union negotiators were accurate in their estimations of the wage increase, flexible benefit and value of benefit issues.

A detailed comparison is possible between these results and those from Robinson and Freidman's (1995) study. The union negotiators in the earlier study made inaccurate estimations for all five employer issues they considered, while the employer negotiators were incorrect in three of the four union issues they estimated. In the present study, the New Zealand union and employer negotiators made inaccurate estimations for three of the six issues, the Swedish union negotiators were inaccurate in their estimations for two issues, and the Swedish employer negotiators made inaccurate judgements for only one of the six issues. Overall, then, the negotiators in the present study were more accurate than the negotiators in Robinson and Friedman's study, a difference which might reflect either the American setting of Robinson and Friedman's study or that this study was conducted during an actual dispute.

As hypothesised from our consideration of the differing histories of New Zealand and Swedish employment relations, Swedish negotiators were more accurate than the New Zealand negotiators in their estimations of the importance the other party attached to different aspects of the negotiation. We also found more trust between Swedish union and employer negotiators than between New Zealand union and employer negotiators. Overall, our negotiators were often inaccurate as to the importance the other party placed on different employment agreement issues. The comparison of Swedish and New Zealand negotiators suggests that greater understanding of the other party's within-issue preferences is possible in a less conflict-oriented employment relations environment where there are more opportunities for interaction and collaboration between the two parties. Awareness of the other party's within-issue preferences is important to establish whether they have overlapping settlement ranges that can make optimal agreements possible (Pinkley et al., 1995).

### Conclusion

Our study shows that New Zealand and Swedish employer and union negotiators tend to make inaccurate judgements about the other party's within-issue preferences in regard to different issues negotiated in a collective employment agreement negotiation. Our research also indicates that Swedish negotiators appear to be better at discerning the within-issue preferences of the other party and to trust each other to a greater extent than New Zealand negotiators. The different employment relations climate and history in the two countries may have caused this divergence in the accuracy of preference judgements and trust.

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