

# Escalation threatens strike resolution, say researchers

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New research has added more gloom to the threat of strikes by showing how the emotional strain of protracted negotiations can lock rivals on a path to mutual destruction.

According to experiments by experts at The University of Nottingham, the human [psychological factors](#) associated with “long-winded, escalating bargaining” increase the chance of disaster for both sides.

Behavioural economists from Nottingham University Business School reached the conclusion after devising a series of tests based on the well-known game of ‘chicken’.

Their findings come as union and government officials continue talks to prevent massive industrial action by public sector workers sparking an ‘autumn of discontent’.

Study co-author Dr. Swee-Hoon Chuah said: “Most people know

‘chicken’ as a game in which two cars speed towards each other until one driver swerves or both crash.

“Similar scenarios have long been used in experimental economics to explore people’s strategic behaviour in real situations — for example, superpower or industrial relations.

“But the ‘chicken’ game captures only the final stage of the brinkmanship and escalation that have gone before, which is why we developed an ‘escalation’ game.

“We wanted to see what happens when the risk level and the difference in outcomes between a player who relents and a player who doesn’t are gradually increased.”

The study, carried out by the School’s International Center for Behavioural Business Research, took place in a computer lab and involved hundreds of volunteers.

Subjects were put in pairs and asked to play either the ‘chicken’ game or the ‘escalation’ game, with the winners paid small cash amounts reflecting their performance.

Volunteers had to choose one of two options — A to back down or B to carry on — with the pay-off gap between winner and loser increasing as the game continued.

Researchers also devised two versions of each game — one featuring near-instant decisions, the other allowing players to plan strategies before being paired up.

The aim of the different approaches was to examine the respective influences of psychological/emotional factors and risk attitudes on how

players made their decisions.

In the simple single-round ‘chicken’ game 37 per cent of volunteers chose B and ‘crashed’ — compared to 79 per cent who reached the final stage of the four-round ‘escalation’ game.

In other words, despite the final pay-offs being identical in each scenario, players who went the distance in a drawn-out stand-off were more than twice as likely to crash.

Dr. Chuah, a Lecturer in Economics, said: “Our findings have implications for reducing disastrous outcomes in real bargaining scenarios such as industrial disputes.

“First and foremost, our results suggest that long-winded, escalating bargaining processes may trigger psychological phenomena such as ‘frog-boiling’.

“This concept is based on the premise that a frog placed in cold water that is then gradually heated will fail to recognise the danger and so be slowly boiled alive. By contrast, the theory goes, the frog would immediately perceive the danger and jump to safety if it were placed in water that is already hot enough to harm it.

“For us ‘frog-boiling’ is when decision-makers continuously adjust to a series of small changes that if revealed together at once would provoke a significant reaction. Thus players who repeatedly chose B in our ‘escalation’ game may have become gradually accustomed to the greater level of risk involved in successive stages.

“Similarly, those involved in drawn-out negotiations may fail to recognise how serious the situation is becoming and the potentially dire consequences for all concerned.

“Not unlike when neither driver swerves in a [game](#) of ‘chicken’, the outcome in ‘frog-boiling’ situations like these is likely to be detrimental to everyone involved.”

Britain faces the biggest outbreak of industrial action since the 1926 General Strike after unions representing public sector workers served notice of ballots over pension reforms. Announcing their decisions at the TUC conference, Unison, Unite and the GMB called for strikes to be coordinated in a bid to maximise pressure on the government.

Plans are being drawn up for a mass strike day followed by more sustained action in tactical and “smart” strikes that unions warn could continue until next summer.

Prime Minister David Cameron has called for “open and constructive dialogue”, but union officials have dismissed talks with the coalition as a “farce”.

Dr. Chuah, an affiliate of the Nottingham School of Economics’ Center for Decision Research and Experimental Economics, said the study underlined the need for a “fresh pair of eyes” in slow-moving [negotiations](#) with no apparent prospect of a breakthrough.

She said: “It goes right down to the individuals at the heart of the stand-off. After a while they believe people will think less of them if they’re seen to waver. In that regard another possible explanation for our results is that familiarity really does breed contempt — which in turn reduces the likelihood of a positive outcome.

“By contrast, a third party doesn’t have to justify or prove anything. They recognise the situation for what it is and see beyond that mutual refusal to back down.”

Provided by University of Nottingham

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