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At the Core of Social Science Research in the Johnson School Is the Study of Cooperative and Ethical Behavior

With corporate malfeasance so much in the news these days, many people have been quick to indict the MBA training received by America's corporate leaders. The same critics might thus be surprised to learn that faculty in the nation's leading business schools have long been at the forefront of social science research into the foundations of cooperative and ethical behavior.

At Cornell’s Johnson School, for example, literally dozens of faculty are actively pursuing research in this area, and many of their findings have made their way into the MBA curriculum, both here and at other schools. Two examples are David F. Sally and Kathleen M. O’Connor.

At the core of Sally’s research is a series of studies that advance thinking about cooperation in the one-shot prisoner’s dilemma, a simple game in which each player must choose whether to cooperate or defect. From a social perspective, cooperation is the preferred choice, for if each player cooperates, each will receive a higher reward than if each defects. Yet from each individual’s perspective, there remains a compelling temptation to defect, for that choice yields a higher reward irrespective of the choice made by one’s partner. As in the familiar stadium metaphor, each stands to get a better view, yet no one sees better when all stand than if all had remained seated. Because the prisoner’s dilemma encapsulates the incentives that often explain the conflict between individual and group interests, it is perhaps the most intensely studied game in the behavioral sciences. Examples of prisoner’s dilemmas include corporate earnings reporting, military arms races, environmental pollution, and overfishing of coastal waters.

Traditional rational choice theory predicts universal defection in one-shot prisoners’ dilemmas. Yet as Sally observes in a careful meta-analysis of scores of empirical studies, cooperation is actually quite common. This inconsistency is one of the most important puzzles of modern social science.

Sally’s attempt to resolve it rests on a disarmingly simple proposition. In essence, he argues that people will cooperate with one another in prisoner’s dilemmas if they can manage somehow to identify and sympathize sufficiently with one another. Sally cites one study, for example, in which a group of confederates had separate conversations with two groups of subjects—a control group in which the confederates interacted without special inhibition, and a treatment group in which the confederates consciously did not mimic the postures and other movements and expressions of their conversation partners. Subjects in the treatment
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The implications of Sally's work extend well beyond cooperation in social dilemmas. In other papers, for example, he has explored sympathy's role in our ability to discern meaning in everyday language. No statement, he notes, conveys a uniquely clear message independent of the context in which it is uttered. Yet context itself is often ambiguous. To make sense of what people tell us, we must adopt their perspective if we are to choose intelligently among competing interpretations. Sally's work in this area challenges several core propositions in game theory, among them the celebrated irrelevance of "cheap talk."

Most recently, Sally has embarked on an ingenious set of experiments designed to test his theories on the role of sympathy in communication. These experiments were inspired by a research strategy employed by neuroscientists, who attempt to discover how a specific brain region works by studying people whose brains have lesions in that region. Sally's adaptation is to study the behavior of autistic subjects in laboratory experiments. The analogy stems from the insight that although autistic persons are often extremely intelligent, they are also often unable to solve even the simplest problems that require taking the perspective of another. Sally's strategy in his new series of experiments is to illuminate the role of sympathy in normal communication by examining communications breakdowns involving autistic subjects. Preliminary results from these experiments confirm his conjecture that taking the perspective of your partner is indeed an important step in resolving one-shot prisoner's dilemmas.

Failure to achieve cooperation in social dilemmas is a tax on the human spirit. David Sally's work has deepened our understanding of the forces that influence cooperation in such settings, and in so doing has put us in a much better position to harness these forces for the common good.

While David Sally studies the forces that explain why cooperation often emerges spontaneously, his Johnson School colleague Kathleen O'Connor studies the forces that often contribute to its breakdown. In the field of dispute resolution, practitioners and scholars agree on one thing: negotiating a mutually beneficial settlement is better for the relationship than either sabotage or continued struggle. Yet breakdowns in negotiations are all too common. Do the obvious costs of failing to reach agreement, which can include not only important benefits forgone but also the disruptions of a prolonged dispute, have any lasting effects on how the negotiators behave in future encounters?

In a series of studies, O'Connor and co-author, Josh Arnold, addressed these questions by comparing how negotiators' behavior changed in the wake of either a successful agreement or an impasse. They paid particular attention to how negotiators' initial levels of confidence in their own abilities might affect their reactions in the two cases.

In keeping with their hypotheses, they found that negotiators who reached an impasse often interpreted their own performance as unsuccessful, experienced a great deal of anger and frustration with both the process and their outcomes, and developed negative perceptions of their counterparts. In terms of how they planned to behave in future negotiations, many reported that they were less willing to work together with other parties, planned to share less critical information with them, and planned to behave less cooperatively. Perhaps most discouraging, failure to reach agreement in a particular negotiation led many to lose faith in negotiations generally as an effective means of managing conflicts.

The silver lining in this research is that negotiators who had high levels of negotiation-related self-efficacy to begin with were buffered from some of these negative outcomes. In other words, negotiators who believed they had the skills to negotiate effectively viewed their failure at the table as no more than a temporary setback. They did not consider this experience to be diagnostic of their true abilities, and thus were more optimistic about their future successes and more willing to get back to the table to resolve their disputes.

O'Connor's research highlights the potentially useful contribution implicit in formal training of the sort she offers in her Johnson School courses. Negotiating is a skill that can be learned like any other. The better people become at it, the better they will be able to weather the occasional setbacks that confront all negotiators.

Robert H. Frank
Henrietta Johnson Louis Professor of Management

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