

# **Ecuador: Fortalecimiento Institucional y Negociaciones Efectivas en el Escenario Internacional**

*Ecuador: Institutional Strengthening and Effective Negotiations in the International Arena*

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**RESUMEN:** las políticas económicas tomadas por el país en materia comercial, a sentir de expertos y una parte de la sociedad, se visualizan en la comunidad internacional con cierto nivel de desconfianza e inseguridad, por sus cambios normativos y de criterio que contrastan con la confianza en el propósito firme del Gobierno de impulsar la economía interna a través de un modelo endógeno, que posiciona también a una nación con decisiones soberanas. En este contexto, surge la importancia de las instituciones que, a criterio de North (1990), constituyen el factor clave en el desarrollo de un país. En ese sentido, el artículo discute las fisuras que esta polaridad de percepción genera en la imagen país, podrían superarse de manera efectiva resaltando el valor y credibilidad institucional que armonizados con acciones comunicacionales redunden como referente en efectivas negociaciones en el marco internacional.

**PALABRAS CLAVE:** instituciones, acuerdos, comunicación, medios, creencia.

**ABSTRACT:** the country's economic policies in commercial matters, according to experts and a part of society, are visualized within the international community with a certain level of distrust and insecurity, due to their normative and organizational changes; this criterion contrasts with the confidence in the Government's firm intention to boost the internal economy through an endogenous model, which also

positions a nation with sovereign decisions. In this context arises the importance of institutions that, according to North (1990), constitute the key factor in the country's development. The fissures created in the country's image by this polarity of perception can be effectively overcome by highlighting the institutional value and credibility, which are harmonized with communicative actions as a reference point in effective negotiations within the international framework.

**KEY WORDS:** institutions, agreements, communication, media, cultural beliefs.

## INTRODUCTION

The construction of a new country includes the application of internal and external policies, which have had a direct impact on the perception of Ecuadorians and the international community, regarding the country's image and the benefits they receive<sup>1</sup>. Ecuador has some experiences in which it has undergone positioning on the international scene, as well as on the commercial one (emblematic products such as: cocoa, banana), and in relation to strategic sectors with its proposal for a renewable energy matrix. Public opinion is divided -according to interests- between the discourse for the recovery of national identity, the strengthening of the productive matrix, and the discriminatory international economic measures that place Ecuador as a country -according to the criteria of some international experts and in stark contrast to the government discourse- as high context and low credibility.

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1 This document constitutes a contribution to the Economic Law Group (GI-Quito-012-2018). It is part of the activities of the external research project "Regulatory Improvement and RIA (Regulatory Impact Analysis) in Ecuador and Peru". It should be noted that the document's roadmap was drawn -initially- in 2016 (date of the collaboration between the authors) and includes aspects related to previous research on strategic communication modeling based on institutional strengthening as a generator of trust, legal-social legitimacy and credibility. This in order to evaluate the country image of Ecuador and the establishment of mechanisms for the promotion and realization of more effective negotiations in the international scenario. Therefore, it derives from the authors' attempt to generate a theoretical-conceptual synergy between neo-institutional analysis, law and strategic communication as areas of knowledge. We wish to thank Ms. Renata Yunda López for her participation as a research assistant.

But credibility and confidence do not arise as a result of the persuasiveness of messages, as this is based on public policies and their normative effects, which lead to institutional strengthening. Institutional actions are visualized as a paid benefit towards the citizens. This complex institutional meaning is then reflected in social action, through which individuals find purpose in community, and also being a participation mechanism where manifest interests are transferred.

This institutionality then becomes a public space for the interaction of individuals in community, in which they identify their interests, their problems and find a participatory form of social solution. Institutions thus legitimize themselves and continue thanks to the citizens, while at the same time being a democratic reflection. However, in structurally weak systems -and unfortunately, very much like the Ecuadorian one- institutions behave under their own canons, perpetuating themselves as autonomous entities, whose monopolistic tendency is carried by a line of social indifference that leads to a lack of credibility and a weak image.

As Mendez (2016) points out regarding institutionality, and in reference to North's theory (1990:24)<sup>2</sup>, in a context of globalization such as the current one, posed by a social market economic system, national borders are traversed by unavoidable economic, commercial, financial and monetary phenomena whose ratio has deep institutional implications and its own rules of the game. This *definition paper* thus presents a vision of variation in the beliefs of the citizenship out of the need for institutional strengthening as a basis in the consolidation of a consistent and credible image that benefits national interests in the international scenario. It is here where the analysis of institutional changes, and their proximity to the revitalization of a country image aimed towards negotiations and effective decision-making, is inserted.

## 1. BACKGROUND

The path traveled by Ecuador throughout its political and economic history, like the developing countries, marks a high and low within its various levels, affected by distinct instabilities arising from the economic, political and social spheres. Within the economic, identified with a seal of "third world," "dependent," "developing,"

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2 North (1990) emphasizes decision-making by considering those interests of others which are strategic to the problem

“raw material supplier” (v. Rodríguez and Massons. *World Economy and Development*, 1997:13, who establish concepts, measurement and limits of development) limited by power structures that impose the pace of growth and development. Decisions and forms of negotiation therefore have relevance in the face of the significant consequences on their internal performance and citizen welfare; and even more, facing a globalization process that -despite fears regarding its devastating pace-cannot be avoided. As a small nation it is submitted to negotiation tests in which the win-win game (v. Fisher & Patton. ¡Sí de Acuerdo! Cómo negociar sin ceder, 1991:83 in reference to negotiating according to interests) often results in a great disadvantage for the weakest.

In the social aspect, as a consequence of the economic sphere, there is a tendency towards slow development, which applauds medium or small economic advances--which, while they may provide some growth, do not achieve the aims of a fair and equitable increase of better living conditions. This situation paints a picture of intermittent disequilibrium, where isolated booms of hikes provide sporadic moments of consumerism at high costs, and with slight increases in employment and underemployment rates that dissipate and increase at the slightest movement of international markets. Within the reality of a generalized negative perception, according to official sources, of the working-age population, that is 69.8%, 67.8% are economically active, of which 94.7% are employed (Ecuador in figures, Inec, 2016); data which radically contrasts with that provided by the private sector, which point out that Ecuador closed 2015 with 357,892 unemployed, 13% more than in 2007, which came to 316,697. If the percentage of the unemployed is compared to the Economically Active Population (EAP) for both years there is no significant variation: the 2015 unemployment rate was 4.77%, while in 2007 it was 5%. (El Comercio, 2016).

In politics, Ecuador has created bias of mistrust and insecurity due to its intermittent and unstable measures in the global framework, where decisions in foreign policy have been made under the banner of the trade balance equilibrium, which in addition to demonstrating excessive internal paternalism in order to promote the local industry, factors of strategic separation with international markets are created, and it is possible to break possible nexuses of important interdependence with other countries or with integration blocks. From the perspective of Báez (2014) in his analysis of Ecuador in international trade, it is necessary to redefine policies in the context of international trade, which within the effects of free trade in a globalizing world facilitates exchange spaces

aimed at direct investment, which is the key element in the country's growth and development, since it allows the transfer of know-how and the transit of capital; thereby constituting the private sector as one of the relevant subjects in this production scenario. In conclusion, it is investment that provides opportunities for the country's growth, with it bringing an increase in employment and improvements in its different areas (Báez, 2014, p. 1).

A certain topography is thus given regarding the position that Ecuador should manage in international forums, based on globalization's significant influence in relation to the dominant threads. There is talk of a strategy which, in addition to taking prior measures to balance the country's participation in world markets, stresses the need for actions that agree with the free market based growth policy; but not the infamous, toxic free market as a society, but rather the one that would allow for arrival of new investments that project, along with internal growth, an increase in competitiveness, generation of industry, diversification, as well as a vision of fair distribution of wealth that is visible in better living conditions, increased employment, and the reduction of poverty.

The importance of openness in the global market lies in improving the levels of a trade balance that until 2015 showed a deficit of 3140 million dollars, disaggregated by USD 21,506 million in imports versus USD 18,366 million in exports (Efe, 2016), which are represented in low investments.

This opening and the consequent investments must come out of important negotiation processes, whose agreements effectively reflect the country's interests, of fellow citizens, and cease to represent only industrialized interests, or even those of corporations that concentrate power. It does not consist in the search for palliatives that superficially address society's interests; it is about building credibility for the country's image through the strengthening of its institutions. These are the reflection of the changes imposed by the social dialectic, they are part of the constant evolution, where their main function is to reduce uncertainty (v. North, Douglas 1990:16 who refers to changes in the institution).

## 2. CONTEXTUALIZATION OF THE PROBLEM

It can be established that “The global reality, despite growing heterogeneity, could be simplified into two antagonistic economic trends: industrialized and rich and the least developed and poor or poorer” (Rodríguez & Massons, 1997, pp. 13-16). It also coincides that many countries with low or very low incomes are located in the southern hemisphere; this situation was analyzed in a study conducted in 2013 by the National Bureau of Economic Research in the United States (NBER-The National Bureau of Economic Research) in which the relation between geographical location and economic development was highlighted. The international panorama then positions two lines of interests, that of the developed countries and those of the developing countries, among which are the countries of Latin America.

All societies’ sovereign aim is development, around which are framed the decisions and actions that lead to the reorganization of their production and insertion into markets, based on economic stimulation. In the case of the southern hemisphere countries, such as those of Latin America, these stimuli should be intensified because of their disadvantaged position on the international scene.

Cardoso and Faletto (1988) indicate in their study “Dependence and Development in Latin America” that:

Countries’ development policies should concentrate on two points: a) absorption of a technology capable of promoting diversification of the productive structure and increasing productivity; and, b) the definition of an investment policy that, through the State, creates the infrastructure required by this diversification. (Cardoso & Faletto, 1988, p. 5).

For Cardoso and Faletto (1988) it is thus essential to strengthen the instruments of action of the public power as a means of defending the export economy, while at the same time creating and strengthening public institutions to promote development according to growth expectations.

From the sustainability perspective, there is a correlation between economic growth and economic development. According to Aníbal Rovayo’s (2016) reflections on international economic relations, economic growth is translated as “the quantitative improvement of a country’s macroeconomic variables in a given period and in relation

to the immediately preceding period”; while economic development “in addition to considering economic growth, implies the qualitative increase of a country’s social variables within a period, which ultimately increases the nationals’ standard of living.” On the other hand, Rodríguez and Massons (1997, pp. 13-16) defines economic growth as:

The increase in the total production of goods and services over a period of time. That is to say, the increase of a country’s Gross Domestic Product (GDP) in the medium and long term (...) does not necessarily imply an improvement in social welfare and equality of opportunities. Rodríguez and Massons (1997, pp. 13-16)

Economic development is defined as:

A process of social change that refers to a deliberate evolution which pursues as its ultimate goal the equalization of social, political and economic opportunities in the social sphere and in relation to societies with higher welfare standards. Rodríguez and Massons (1997, pp. 13-16)

Every society focuses its efforts towards internal progress: that is to say, thinking about growth but with projection towards economic development, where benefits for all are offered together with equity in the rights and opportunities of the society’s members. It is thus necessary to open spaces for economic projection in order to foster economic relations within the framework of social development, fundamentally attending to processes for balanced interdependence in the international context.

**Table 1: Economic Growth vs. Economic Development**

Improvement		Variables
Economic Growth	Quantitative	<b>Macroeconomic</b>
		GDP Total Offer Total Demand National Income Total Investment National Savings
Economic Development	Qualitative	<b>Social</b>
		Employment Inclusion Health Education Inclusion Recreation

**Source:** Rovayo, A. (2016). Academic Considerations

**Elaboration:** By the author

In reference to Sunkel (2000) every nation's progress is linked to the constant incorporation of methods, techniques, modernization and strengthening of institutions; and these are sustained in the application of new technologies that allow the increase and improvement of productive activities. At present, the opportunity for the insertion of Latin American countries into the world economy lies in competitively confronting markets using innovation and creativity (v. Oppenheimer, Andrés ¡Crear o morir!, 2014:17. La esperanza de América Latina y las cinco claves de la innovación.).

In Latin American countries, there are common features within their identified development -or underdevelopment- process. However, there are geographical, natural and political peculiarities that can be exploited on a scale of competitive advantages in the face of the demanding international market.



The ever more complex international community, as a result of increasing globalization and the consequent increase of economies through the exchange of goods and services between nations, establishes commercial levels that are increasingly competitive. This forces the countries to align strategic actions that maximize their negotiation possibilities on the international stage, within the framework of free trade, which becomes a direct channel for investments that undoubtedly generate local growth.

It is essential to revive developing countries' economies by taking advantage of existing advantages and overcoming fears of commercial dynamics. It is necessary to intelligently identify and take advantage of the potential of internal resources: for example, natural resources and geographical location. In addition, openings should be sought to inject competitiveness into internal production, by reconciling technology in the optimization of resources, obtaining higher quality products and responding to external needs with innovation.

Ecuador knows and is recognized for its potential. In resource use, it has opted for high investment in strategic sectors, mainly the electricity sector, where it establishes its aim to strengthen the productive matrix, settled in the construction and transformation of a diversified energy matrix, with clean energy that primarily takes advantage of hydric potential; which, according to Arconel data as of March 2016 (2016), has allowed for "replacement of fossil fuel consumption by 51.78% in renewable energy production." However, this strength is contrasted and questioned by a series of external policies that block the opening and advancement in this investment cycle.

A WTO study carried out in 2009 regarding the advantages of opening up to the world market, points out the strong link between commercial growth and increased GDP. It clarifies that the foreign trade impulse directly affects improvement in production and growth; and that, conversely, the introduction of import barriers based on an endogenous model (v. Cepal 1998. *La Cepal y la teoría de la industrialización, en referencia al Modelo de Sustitución de Importaciones diseñado por Prebisch en 1959 como defensa del mercado interno*) leads to a restriction on imports with an increase in production costs.

In this analysis perspective, it is not enough to create production instruments that grudgingly meet internal demands; projection must be towards more competitive external levels. The country requires

economic incentives that stimulate investments and flow of capital. The State's role is decisive in stimulating production -private and public- through its policies and institutions. Thus, it is urgent that openness-allied mechanisms be created that encourage balanced participation in the framework of global interdependence and meet the challenge of globalization as an opportunity that will be exploited only with competitive insertion on the international market.

International treaties and agreements thus become instruments for validation and balance of the commitments acquired between nations, and the possible interests that may arise in trade movements; and it is understood that any change in countries' policies -mainly those of nearby and similar economies- can influence the trade balance equilibrium.

In the case of Ecuador, there are several external factors affecting the balance of import and export registries, including intermittent oil costs (WTI), with this being the main export product as of February 2016, according to data from the BCE (2016), it reported its lowest value in thirteen years at USD 26.21; and, the intermittent depreciations of neighboring currencies together with the dollar's appreciation (v. Paredes, Pablo Lucio. 2015:4 article on oil costs and the effect on Ecuador). Given this situation, the Ecuadorian government justifies safeguard measures as "protection barriers for the domestic economy and as an adjustment to the recession and low tax revenues" (El Comercio, 2016).

While downward variations in the price of crude oil on the international market, as Ecuador's primary source of income and foreign exchange, cut off the fiscal budget and have a negative economic and social impact; this situation is exacerbated by the implementation of protection policies that block access to capital and future investments, thereby further reducing investments, increasing unemployment levels, and lessening projects and services for collective benefit.

From the perspective of economic analysts, such as Pablo Lucio Paredes (2015, p. 4), tightening trade restrictions and perhaps adding limitations on capital movements is not terribly healthy; he poses as a more appropriate alternative for the economy: a reduction in public spending, which is one of the highest costs of the general state budget. This measure calls for more effective institutional policies with a significant reduction in resource costs.

In congruence with the new approaches to economic development, it is the institutions which, with the appropriate structure and policy, lead to greater integration in international markets, reducing the country's uncertainty and increasing credibility as a factor in internal and external decision-making.

From the institutional perspective, the Ecuadorian panorama requires strategic actions that position and strengthen the country's image, that is, how it is identified from the perspective of the international community, in order to obtain effective results in the context of the various negotiations that take place in search of maximum benefits for citizens.

Finally, it is necessary to correlate institutions' positions with respect to the effects on society, which, through their norms and behaviors, generates a series of values in citizens that lead to a significant component within collective action and beliefs (Méndez and Alosilla 2013:1 who refer to North's approach to beliefs). These beliefs encourage citizens to actively participate in decision making and generate incentives in their behavior to achieve objectives for social benefit.

### **3. JUSTIFYING THE ANALYSIS**

The world revolves around markets and businesses that function in this scenario known as the international market. We can not deny that the economies of different nations move based upon this worldwide interdependence -and dependence-. Dervis (2012, p. 2) through a study for the IMF notes that "the world economy entered a new era of convergence around 1990, when the average per capita income of the emerging and developing market economies taken together, began to grow much faster than in advanced economies" (Dervis, 2012, p. 11).

This is a globalizing world and one must learn to live in it. What is important is strategic preparation, in order to conduct oneself in the line of negotiations leading to effective results.

The approach arises from an understanding of our country's historical context in the process of long fragmentations, political weakening, democratic imbalances and normative instabilities, which have defined us as an unreliable country in terms of negotiations before the eyes of the international community.

This image places Ecuador at the negotiating table as an unreliable country, with results that, while they may be satisfactory, do not reach the maximum expected benefits. This country panorama is part of its economic, political and social history, in which, since its genesis in configuration as a state and during its democratic periods, it has been globally identified with ill-advised decisions, weak institutions and high corruption levels, which contributed to the perception of its negative reputation in the international context. At present, these indicators are externally viewed as factors of uncertainty that add to existing trade barriers and require macroeconomic adjustments that can reverse the slow economic projection.

In its Regional Economic Perspectives report, the IMF (2016) announced last April that the Latin American economy continues to decelerate. It notes that “while the global recovery continues to struggle to take hold, growth in Latin America and the Caribbean has once again been revised downwards” (IMF, p. 19) and “it is expected that in 2016 it will contract for the second year in a row” (IMF, p. vii), also clarifying that these weak perspectives are particularized “for countries facing lower raw material prices and a limited level of investment” (IMF, p. vii). Consequently, these indicators involve developing countries such as Ecuador, characterized as being primary exporters<sup>3</sup>.

There is a deterioration in the country’s policy and image, against which the State encourages measures and corrections that counteract the international market’s variations and effects. These are complemented by the internal factors of a society hard hit by its internal policies, corruption and by the battering of surprise natural occurrences.

It is notable then, to strengthen the economy, to face the game of other nations, under international norms that -with some uneasiness- we can call inequitable, due to the imposition of conditions by so-called centers of power; but these are the conditions in which countries on the world market coexist. The challenge then could be taking advantage of the globalizing conditions within strategic changes of direction to benefit the national position. It is necessary to establish an agenda that identifies actions and channels, and to look for a suitable opportunity to transform the country’s interests into concrete actions that can be seen in every negotiation process.

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3 Within this panorama and according to the Ecuadorian Central Bank (BCE), Ecuador had an economic slowdown of -1.5% for 2016 and very moderate growth of 3% in 2017.

It is very important to prepare the country strategically for negotiation scenarios--and still more so when dealing with possible conflicts that could affect commercial, economic and political interests or that could impact bilateral relations with other countries.

The consolidation of this image, reaches beyond a specific moment and implies more sustainable commitments with society. With gradual processes for the progressive credibility of citizens in the management of the State and its institutions, a culture of trust will be built that is reflected in individuals' participatory commitment. In this line, one would think that, under a long-term future vision, the country would find a group of individuals with values and beliefs that constitute a positive reference from the international perspective.

### **3.1. Institutions, economy and image of the country**

The institutions configured in a society play a role whose relevance lies in the ability to permeate and condition our forms of growth, development and existence. In recapitulating some previously reviewed concepts, the investment and innovation factors pointed out by Mazzuca (2013), mentioned in the article published on the page "Tribu Económica" (2015, p. 2), in which the institutional role is notably identified -mainly the role of public institutions- as key to the country's economic development. Institutional image represents a society's interests and needs and is therefore far more visible as an identifying element of what a country is in its economic and democratic systems. Institutions also constitute a benchmark for the country's guarantee of legal and political security in the international context. A country is visualized through its institutions, and it is inevitably a relevant factor in the terms for negotiations.

As result of that reviewed, Ecuador possesses an institutional insecurity that becomes a barrier to potential sources of investment and in turn, to negotiations. With the institutional complexity, we first examined elements of importance in institutional quality, according to Alonso and Garcimartín (2008, p. 162, 186), including security, credibility, legitimacy and social efficiency.

There is a clear relationship between the economy and the role of influence exercised by institutions within it, as indicated by the text by Méndez and Alosilla (2015, p. 2); that is why the different

perspectives on institutional quality in Ecuador were analyzed in order to understand their economic scope and projected image; and if it is one of the factors that has influenced the country's current growth and development conditions. In this understanding, we intend to identify the belief system as one of the factors determining institutional strengthening and credibility.

### **3.2. Significant Problems**

From the thematic context introduced, it is important to define questions that will lead to the solution of our most significant problems.

- a. The country's image in the international community is identified with low reliability, insecurity, high context and polychromatic.
- b. Institutions, as a factor in economic development, are reference points for credibility and trust in decision-making and collective action. We must reverse the country's weak image in the local and international context and cast aside institutional erosion and uncertainty.
- c. Negotiations lack continuity in their processes and teams to lead them, coupled with mistrust due to political uncertainty and corruption levels. It is necessary to raise the country's credibility and improve its perception, as a medium- and long-term process. In addition, the importance of the institutional role in the perception of the negotiating environment must be increased.
- d. Society's active participation as a credibility reference consolidates the country's positive image in the context of international negotiations, which marks an advantage in the search for better and greater results for collective benefit.

## **4. THE CONTEMPORARY DISCUSSION: ADVANCES**

This text begins with a background that allows for the identification of a problem related to the negotiation aspects, in which each of the elements convening the results unfavorable to country's interests are duly described.

In the current globalized context there is no room for autarchy. From the final four decades of the past century to the present, the world scene has been defined and conditioned to the changes imposed by new information technologies. The so-called Information and Communication Technologies (ICT) were significantly positioned in the global economy, contributing to what is now known as the “information society”<sup>4</sup>.

The advent of ICT arises from the technological convergence of three basic media: information technology, microelectronics, and telecommunications, which are interactive and interconnected, allowing for new communicative realities to be achieved (v. Cabero. *Tecnologías de Información y Comunicación (TIC)*. 1998:198 who defines ICT). Undoubtedly, the most representative element of new technologies is the computer, and specifically the internet. The internet constitutes paradigm-breaking element, which modifies the modes of the world order and the ways of relating between individuals and between countries. A true digital revolution is established, where border barriers, distances and connection times are overcome.

Globalization takes ICT as its main tool for interrelation, allowing the links between people, companies, sectors and nations to be constant and ever-growing. A new world economic order emerges, characterized by the informational as a key factor in commercial relations, and the global due to the scope of its production, consumption and circulation processes. The dizzying growth of the changes caused by the digital revolution, impose a new world market model, in which the growing interrelations define a dynamic between supply and demand that forces increased competitiveness levels based on quality, efficiency and costs. Here the search for economies of scale (cost advantages due to expansion) then leads companies to demand the opening of borders in search of greater benefits, by highlighting to

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4 The term “information society” began to be used in Japan during the 1960s, with the author Yoneji Masuda being considered the term’s disseminator, based on a work published in 1968. Thus, it will be the author Manuel Castells who, in a more descriptive than critical way, examines the characters of the new paradigm to coin not the notion of the Information Society, but that of the information age, with the Internet as the main foundation in this new form of social organization in areas as diverse as interpersonal relationships, labor forms or ways of building one’s identity. Taken from WordPress (online) *Information Theory*. Available at: <https://sistemas779.wordpress.com/acerca-de/sociedad-de-la-informacion/>. Consulted 14-07-2016.

the maximum the opportunity for comparative advantages (v. Ricardo D. 1817 on the theory of comparative advantage). Due to these markets' growth, the possibilities for exchange multiply, in turn increasing specialization. This means that production is no longer destined for internal consumption, but exclusively to the market which crosses borders. Globalization has its objectives aimed at strengthening internal economies through exchange.

The world economy has changed and is in constant transformation due to the entrance of the internet and constant changes, together with the new services in the global network. The headlong advance of exchange and its dizzying growth following the entrance of ICT created a sudden fear in societies, which felt an increased vulnerability when faced with the accelerated markets. Francis Fukuyama (1989) transferred those fears into his controversial book "The End of History and the Last Man," whose alarming content regarding a world of utopias between political forces and the free market following the end of the Cold War generated an impact and questions about this new economy's path.

This globalizing process does not stop, however--to the contrary, it evolves more every day, by embracing, within a neoliberal capitalist model, the opening of borders as an inevitable market structure for the development of internal economies. The socialization of international markets based on the need for exchange of internal products, encourages countries to gradually establish rules and negotiate their export and import conditions in on-going dialogues that have led to a global integration of common interests.

Negotiation processes in the context of foreign trade require a permanent increase in the country's commercial relations for its internal growth. In this way, Ecuador's role in the international market becomes important, with the aim of enhancing its internal capacities in the different production areas and projecting them abroad. Likewise observing the weaknesses as a country and analyzing opportunities for strategic alliances, creating a strengthened block for negotiation processes.

The positions are then retrieved from the international community and from within the country, as contrasting elements of criteria in this text's advancement. The country image is included in this study as an indicator of economic and productive projection, whose credibility and security factors have a relevant influence on the resolutions of the negotiation processes.



How can the credibility and security which are sought be established? The creation of country confidence arises as the result of a progressive social process. Community members must be empowered using access to information, knowledge, acceptance and assimilation of those issues of social interest that are linked to the negotiation processes.

In this line, beliefs in society emerge as another angle of interest affecting the determination of a country image based on credibility and trust; as well as the country's decision-making. The foundation of these notions established within a society, are based on the institutional base as representative of security and trust. The management of State policies falls within the institutions. What the State is and wants is reflected in its institutions, which is why they also serve as a reference on the international scene.

## **5. THE STATE AS ORGANIZATION**

The analysis of the problematic proposal allows the State to be conceived from the organizational perspective, with a description of its structure, typology and the characteristic condition of the public organization. Out of the public institution, aspects that link the State with conflict resolution will begin to open.

The practice of international negotiation is based on the understanding of national and international legal processes that must be followed in any negotiation. The application of the most effective negotiation strategies implies a deep knowledge of and respect for the counterpart's laws, customs and beliefs. From the following definition, we can say many things. The general culture we may have regarding a country is of great important, but so is knowing how to differentiate and having a clear knowledge of the rules and legal processes existing in a certain country. This will help to determine if as a company, individuals and country we can, or cannot, proceed with any type of negotiation.

In addition, the State constitutes society's main articulating element. Multiple debates have been generated regarding this concept. In general terms, when grouping the different versions, the State is understood as the political and legal organization of a people in a certain territory and under an authority that administers its resources and governs in function of the common welfare.

In other words, according to Sena (2012, p. 6) the State constitutes:

A political entity formed when, on a portion of the land's surface, a group of people organizes themselves legally, and seeks to maintain order under the command of a government. In addition, the State is based on the principles of popular sovereignty, tri-division of power, recognition of fundamental rights, and the representative character of authorities, legitimized and established by a constitution. (Sena, 2012, p. 6)

The State is the way in which society is organized in order to function better. It is the union of our population, the organizing public institutions, and our culture. It is thus important to highlight the existing correlation between the State and its institutions, since it is through these institutions that beliefs and image are defined and ratified.

The Ecuadorian State, in congruence with Article 1 of its Political Constitution of 2008, "is organized in the form of a republic and governs in a decentralized manner," promotes and guarantees citizen power through its Article 95, stating that "participation will be guided by the principles of equality, autonomy, public deliberation, respect for difference, popular control, solidarity and interculturality" (Constitution of Ecuador, 2008, p. 67). It is organized based on five powers: Executive, Legislative, Judicial, Electoral and Control and Citizen Participation.

Fundamentos (2010, p. 1) explains that "the State's essential characteristic lies in the ability for self-organization, that is, organization in accordance with its own law." He adds that "the existence of political power is conditioned by that of an independent body, in charge of exercising such power" (Fundamentos, 2010, p. 1). In Ecuador, the highest expression of normative power is enshrined in the Constitution, or Magna Carta. It is, at the same time, the consolidation of the will of the citizenship.

The evolution of social groups, of the relations between their members, of power and authority, is also the evolution of the higher organization known as the State. The great importance of individuals within a community is thus reiterated, due to the modification or legitimation that they exercise over the State. In this regard Acosta Romero (1973) cites:

Since the most remote antiquity groups of humans have been recognized, acting even before nature, by means of the most primitive groups, in which there necessarily existed a certain organization and certain principles of order. History picks up the first permanent social formations in Egypt around the year 6000 BC; and it is from then on that a human group settled in a territory with a certain order and a certain activity and ends is known as a polis, city, empire, or republic. (Acosta Romero, 1973, p. 1)

There have been different forms of organization in humanity, which has evolved to define this grouping as a “State.” “In this way it is necessary to resort to the theories of the State, particularly those that seek to determine who will hold the monopoly to the legitimate use of power within a given territory, and who have the Constitution as the supreme norm” (Ramírez Millán, 2011, p. 5).

Among the most transcendental theories developed in the study of the State are the ideas of Plato, Aristotle, St. Thomas Aquinas, Thomas Hobbes, Locke, Montesquieu, Rousseau, Hegel, Marx and Lenin, Jellinek, Duguit, and Kelsen, among other thinkers who have wished to explain the relationship of public power and that between governors and the governed.

For his part, Ernesto Aldo Isuani (2010) examines some of the classic authors in the field of political theory, among which he highlights the principal concepts of State.

- a. The first concept of social contract theory and Max Weber’s theory offers two variants of the State as an association. In both, the State coincides with society and differs from the government institution. The State thus arises as result of an agreement made by individuals (social contract) or by a group that imposes itself on other social groups (Weber).
- b. The second concept was represented by Hegel, who proposed the State as an abstract dimension that encompasses other social dimensions. Here the state-civil society dyad acquires meaning.
- c. Finally, the State has also been conceptualized as a separate social apparatus that operates through its governmental, administrative and coercive institutions. (Aldo Isuani, 2010, p. 1)

Aldo Isuani (2010) concludes with three basic notions of State:

- a) “As an association or community including a government institution,
- b) As a dimension of society, covering or opposing other social dimensions; and,
- c) As an apparatus for government, administration and coercion”  
(Aldo Isuani, 2010, p. 2).

In a timely manner, Aldo Isuani describes the State as association and the theories of the social contract:

- a. The State as association or community: here societies, at some point in their historical development, exist as such only in the form of States. The State covers the inhabitants of a given territory and requires governmental, administrative and repressive institutions to protect such association from external threats and internal chaos. This concept covers two variants: the association seen from below -that is, the State emerging out of a pact between the members of a determined human community (theories of the social contract)-; and, on the other hand, an association seen from above -that is, domination in which certain groups control other groups (Max Weber’s approach)-.
- b. Social contract theories: according to the most prominent social contract theorists, individuals agree to create a social entity to overcome the disadvantages of a real or hypothetical “State of Nature.” To meet that goal, they execute a contract by which a “Civilized State” is created. After the “signing” of the pact, the new State becomes a compulsive association. Beyond the term “State”, other terms are used by different authors to designate the entity as an element that arises out of the social contract. Thus, Hobbes speaks of Civil State, commonwealth; Locke uses the terms “political society”, civil society, commonwealth, Peace State, community and society. Rosseau uses the words “Civil State”, “Social State” and “Civil Society”. The State should not be confused with the government. These two terms, their relations and the “State of Nature” are conceptualized in different ways by these authors. (Aldo Isuani, 2010, p. 3)

## 5.1. Concepts of State

The State is the way in which society is organized in order to function better. From the legal point of view the State “is a juridical person formed by a political community, settled in a determined territory and sovereignly organized in its own government with decision and action” (Ramírez Millán, 2011, p. 6).

From this concept, Ramírez Millán (2011, p. 6), in his contribution on the Theory of the State, disaggregates its aims framed in:

- a) Creating a necessary order,
- b) Ensuring social coexistence,
- c) Establishing means for cultural, economic, political, moral and social development,
- d) Generating the nation’s well-being; and,
- e) Creating social solidarity.

For Tedesco (2007) the development and adaptation processes have provoked a complex modification of the State and its concept. As he explains:

This complexity leads to the dynamics of new social relationships and forms of State. In the case of Latin America, the region has historically followed the patterns of European state development, as a consequence of colonial influences, from which certain identifying roots can be pointed out (Tedesco, 2007, pp. 1-28).

Tedesco also states<sup>5</sup>, “an evolution that goes from the transformation of the absolutist monarchical state with its maximum expression in ‘The State is I’ of Louis XIV to an impersonal state which changes from a private power to a public power” (Tedesco, 2007, pp. 1-28)

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5 It is pertinent to consider that for Tedesco (2007, p. 7) “the State can be analyzed as a historical process of conflicts over the creation and transformation of the rights and obligations of the institutions that promote them and which are indivisible from the social relations that gave rise to them.”

Gradually, the State as a set of institutions increased its objectives and functions through the power acquired in its formative process. At the same time, the state's social relations were changing rapidly to reflect the impact of new technologies on production, communications, transportation and armaments. The social contracts of the State changed to reflect the changes in social relations. (Tedesco 2007, p. 6).

Likewise, Méndez and Alosilla (2015, p. 9) enunciate the critical revision of the classic theories about the State. Specifically, of its capacity to generate incentives whose real effects encourage or hinder (high transaction costs, etc.) the establishment of functional and efficient political, social and economic relations: (i) vertical type, between the State and the individuals assigned to its jurisdiction, and (ii) of a horizontal type, between individuals in their daily interaction.

This topic becomes even more complex if we consider that while, on the one hand, a democratic government tends to produce socially efficient results (Olson, 1996), on the other, the State's capacity to design and achieve a system of this kind is very limited. "Not only because the relationship between democracy and growth is complex and controversial, but mainly because the ability to build institutions and impose them on society 'from the top down' can be considered naive (Easterly, 2003)" (Méndez Reátegui & Alosilla Díaz , 2015, p. 9). Añaden Méndez and Alosilla (2015, p. 9) that according to Ghersi (2005), "it can be pointed out that deliberate politically-directed institutional change is impossible."

Within this relationship between State and social relations, it can be understood that as a human work, the state has been built to serve the collective purposes of all members of a society. With this decisive collective participation regarding the State's structuring, the institutions are configured. "The conceptualization of the State as a set of institutions mainly refers to the structures of legality and control that express the social contract, and in particular the relationship between hegemony and consensus" (Tedesco, 2007, p. 8).

Likewise, for Tedesco (2007) "the concept of state-institution constitutes a system of domination through which society is organized." Thus arise "different forms of the State that reflect not only social structures, but also the norms, values and interests that prevail in a society at any given time" (Tedesco, 2007, p. 9). In the

case of Latin America, forms such as developmentalism, corporatism, populism, bureaucratic-authoritarianism and neo-liberalism have manifested themselves during the last fifty years.<sup>6</sup>

## 5.2. Constituent Elements of the State

In addition to explaining the State's existence, essence and purpose, the various theories have also applied their analysis to an identification of the elements which comprise the State. Thus, when evoking Ramírez Millán (2011, p. 20), two types of elements could be indicated in a general way: formative and subsequent.

The formative elements, understood as those prior to the State's creation as a legal entity, are: population, territory, sovereign power and the fundamental legal order; while the later elements, indispensable for fulfillment of the State's purposes, are: public power and the government. (Ramírez Millán 2011 p. 20)

In this way, when consolidating these two types of elements, the following are recognized as constituent elements of the State:

- a. Population: Set of inhabitants located in a determined or determinable geographic area.
- b. Territory: Portion of land, water and space delimited geographically or administratively.
- c. Government: Set of political bodies and people who run a state.
- d. Sovereignty: Quality of the power of the State that allows for free self-determination and self-governance without intervention by another power; in such way that the sovereign State dictates its Constitution and indicates the content of its laws. (Acosta Romero, 1973, p. 2)

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6 For the Ecuadorian case, the Constitution (2008, p. 16) establishes within the State's essential purposes, "to serve the community, promote prosperity, guarantee the rights and duties of citizens, facilitate the participation of the people in matters of the Nation, defend independence and territorial integrity and ensure peaceful coexistence as well as a fair order," among others.

The Political Constitution of Ecuador (2008, p. 16) in its Article 1 of Title I: Constitutive Elements of the State, states that:

Ecuador is a constitutional State of rights and justice, social, democratic, sovereign, independent, unitary, intercultural, plurinational and secular. It is organized in the form of a republic and governs in a decentralized manner.

Sovereignty lies with the people, whose will is the foundation of authority, and is exercised through the organs of public power and the forms of direct participation provided for in the Constitution.

The non-renewable natural resources of the State territory belong to its inalienable, sovereign and imprescriptible heritage. (Constitution of Ecuador, 2008, p. 16)

Also the Constitution of 2008 in article 2, determines “the flag, the shield and the national anthem as symbols of the fatherland; Castilian as the official language, and as the official languages of intercultural relations, Castilian, Kichwa and Shuar, guaranteed and respected by the State” (Constitution of Ecuador, 2008, p. 16).

The duties of the Ecuadorian State are defined in article 3 of the Constitution (2008, p. 16), which guarantees: the enjoyment of rights without discrimination, the defense of national sovereignty, national unity in diversity, the right to a culture of peace, security and to live in a democratic society, free of corruption. “The territory of Ecuador is inalienable, irreducible and inviolable. No one shall attack the territorial unity or promote secession” (Constitution of Ecuador, 2008, p. 17).

In addition, regarding the concept of sovereignty, Acosta (1973, p. 49) explains that this can be within and without; also known as supremacy and independence, which gives rise to the terms:

- a. Supreme and independent power.
- b. Legal and real capacity to decide.
- c. Absolute faculty of self-determination.



Sovereignty is therefore indispensable, both for the study of state organization, and the rules of constitutional law that govern it<sup>7</sup>. Finally, “autonomy” is another characteristic in the State, which represents the political organization of issuing its own norms and laws.

## 6. THE ROLE OF GOVERNMENT

Since there is often a tendency to confuse the concept of State with the Government, and as they are sometimes considered synonymous, a clear differentiation will be established between these two elements.

These two terms: State and Government, present a controversial conception from the perspective of State Theory. In previous sections, the nature of the State and its purpose before society have been clearly described. For its part, the Government arises out of the exercise of state power. It is a part of the State responsible for fulfilling the State’s purposes: that is, it exercises political power over society.

Contributions made by various authors, being a political actor as part of a statewide, could manifest conflicts in relation to the exercise of power. In Ecuador, the highest political power is exercised by the executive, as the central government; thus becoming the main executive-administrative institution, playing a central role in the management of the country’s decisions, policies and actions.

For Orlandi and Olivieri (1998, p. 15) the idea of Government “is one of those having the greatest antiquity and centrality in the history of political thought, with the reason being that it is closely related to the definition of politics.” In this sense, these authors cite Cotta (1995, p. 311) who in his contribution “The Governments” points out that “parties, parliaments, elections, and developed bureaucratic apparatuses may be missing, but not a government structure.”

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7 Similarly, as explained in *Fundamentos de Derecho* (2010, p. 1): The distinction between sovereign and non-sovereign states is usually formulated in this way: the former can by themselves, within the limits created or recognized by them, freely establish the content of their own competence; the latter, although rules may be given, only have such power within the limits of their state power. But these limits do not represent a self-limitation, as in the case of the sovereign State, but rather have their foundation in the legal order of the community of which they are a part. (*Fundamentos de Derecho*, 2010, p. 1)

In general terms, from the point of view of Castelazo (2007, p. 1) “it is accepted that the government is the organization that represents the State for the fulfillment of its objectives and goals.” He also affirms that “one more way to explain the government is by its function, and another is by its organic expression,” by noting that “the government’s effectiveness and depth depends to a large extent on how it is structured” (Castelazo, 2007, p. 1).

In this sense, it is fundamental that the government’s complexity be understood in the face of decision-making in congruence with the social group’s representation; by pushing its performance towards the generation of production of wealth and well-being, distributed in a fair and equitable manner.

## **6. 1. State and Government**

It is necessary to mark a differentiation between form of State and the form of Government.

The State is a legal institution, a legal person, endowed with legal personality, while the government is the set of State bodies that exercise the functions in which public power is carried out in the state entity to which it pertains (Ramírez Millán , 2011, p. 53).

Consequently, according to Ignacio Burgoa (2002) cited by Ramírez Millán (2011, p. 54)

The form of State is the mode or way of being of the state entity or institution itself, regardless of what its government is like; that is, notwithstanding the structure of its bodies and the nature and extent of the functions that each one of them completes within that structure. Thus, for example, the republic or the monarchy, which are forms of government, can exist indistinctly in a unitary State or in a Federal State, which are state forms. (Burgoa, 2002, pp. 367-368)

There is then a clear difference between “State” that is transmitted through its institutions, which has an continuity independent of its government, which responds to popular election in the legally defined periods.

For Garita (1999, p. 246), the problems in the Contemporary State arise from the analysis of the difficult coexistence of the forms of the Rule of Law with the contents of the social State.”

He adds that fundamental rights represent the traditional protection of civil liberties: personal, political, and economic freedom, and constitute a defense against State intervention. On the contrary: social rights represent participation rights in political power and in the distribution of the social wealth produced. Thus, the form of State oscillates between freedom and participation. (Garita, 1999, p. 246)

When considering the conceptualization of Garita (1999) , it is emphasized that “the functions of political decision are fundamentally carried out by the Government and by the parliament” (Garita, 1999, p. 253), thus establishing a clarifying difference of the competences between both forms.

According to the Fundamental Principles of the Magna Carta, Article 1 establishes that “Ecuador is a constitutional State of rights and justice, social, democratic, sovereign, independent, unitary, intercultural, plurinational and secular. It is organized in the form of a republic and is governed in a decentralized manner” (Constitution of Ecuador, 2008, p. 16), by explicitly establishing a differentiation between state, government and republic.

## **6.2. State and Government: classic power structure**

In order for the State to reach its goals and achieve its functions, three branches of public power have been created: the legislative, executive and judicial branches. These branches are made up of different bodies with different functions, but they must always be coordinated and collaborated in order to WORK better and achieve those ends. In Ecuador, beginning with the Constitution (2008) these branches extend to the electoral power and the power of citizens.

Political institutions, as part of the State and in the administration of a Government, are the instruments that, based on autonomy, establish the norms with which actions are internally regulated and channeled according societal demands,

According to Benalcázar (2000, p. 25) in his contribution “Analysis of the Economic Development of Ecuador” there are six forms of power that have been manifested in the history of humanity:

Priestly power, Naked power or Physical force, Power of kings, Revolutionary power, Economic power and Legal power; which have been adapted to the context and according to the reality that the individual has constructed. In the Ecuadorian nation, the forms of power have been adopted as a reflection of the prevailing reality, which arises from somewhat diffuse facts -according to historians- which shows a certain difficulty in understanding processes. (Benalcázar, 2000, p. 25)

In the following years, a social, political and economic structure in the country has been progressively contributed to, which has had a tripartite constitutive state during its long history: Executive, Legislative and Judicial; however, since 2008, two new pillars have been implemented for State functions, which are currently five: 1) Executive Function, 2) Legislative, 3) Judicial, 4) Electoral; and, 5) Transparency and Social Control. (Constitution of Ecuador, 2008, p. 108)

### **6.3. Institutions and State**

From a basic definition, and known as universal coexistence principles, “institutions are mechanisms of a social and cooperative nature, which seek to order and normalize the behavior of a group of individuals of any size, up to coinciding with the whole society” (Convivencia, 2013, p. 1). “In its broadest sense, an institution becomes either the foundation or establishment of something, or what has been instituted and founded” (Definiciones, 2013, p. 1). Similarly, throughout his book “New Institutional Economics,” San Emeterio (2006) includes institutions that preeminently play a role of public interest. San Emeterio (2006, p. 71) thus cites North (1993) and states:

One of the most-used definitions in the literature of the new institutional economy regarding the meaning of institution is established by Douglass North in his book “Institutions, Institutional Change and Economic Performance” (1993). It is a broad definition that extends the concept of institution to all “the rules of the game in a society” or, as he says, “more formally, they are the limitations devised by man that shape human interaction” and

by consequence, “they structure incentives in human exchange, be it political, social or economic.” (North, 1993, p. 13)

With reference to the classic German historicists, Alonso and Garcimartín (2008, p. 33) as pioneers in institutional doctrine, cite Schmoller (1900, p. 149) who defines the institution as “a set of habits and rules of morality, customs and laws that is at the center of a common goal, which is shared among all these elements and constitutes a system;” in turn, by marking a difference, “by organization, the personal side of an institution is understood.” In short “for Schmoller (Schmoller, 1900, p. 61) the institutions offer firm foundations for shaping social actions over a long period of time,” as explained by Alonso and Garcimartín (2008, p. 35).

Alonso and Garcimartín (2008, p. 35) also refer to an important aspect that merits highlighting in Schmoller’s position (1900, p. 61) regarding the distinction:

As part of the institutional framework between the rules of customs, those of morals and those of law: the force of custom rests upon public opinion; of moral, upon the conscience of the people; and, that of the Law, upon the State’s power. (Schmoller, 1900, p. 61)

From the criterion of American institutionalists such as Veblen (1899), enunciated by Figueras and Moreno (2013, p. 24) “institutions are, in substance, the habits of thought and action dominant in a social community” (Veblen, 1899, p. 196). In this sense:

They form two components: on the one hand the instincts, which are fragrancéd through humanity’s biological and social history, which can be either beneficial or negative for the social collective; and, on the other hand, habits, which are ways of thinking and acting manifested in societies’ evolution. (Veblen, 1899, p. 196)

Opposite to Veblen (1899) is John Commons (1934), cited by Alonso and Garcimartín (2008, p. 37), who establishes a concept of institution from the categories of active organization, activity rules and collective action.

The individuals belong to very diverse organizations, which are able to unfurl their activity in the economic, political and cultural fields. The State will be the supreme example of an organization. Within

each organization there are rules of action that can be spontaneous, or conscious and deliberate. (Commons, 1934, p. 648)

For Commons (1934), cited by Alonso and Garcimartín (2008, p. 38) “institutions can be understood as the collective action that controls individual action.” The authors explain that “the relationship between institution and individual action is, however, complex, since while the first encloses the field of the second, it also facilitates that the latter be deployed in a context of greater certainty” (Alonso & Garcimartín, 2008, p. 38). More precisely:

Institutions restrict the freedom of individuals but, on the other hand, they grant them a certain security, since when setting rules of conscious activity, they reduce the margin of discretion for reciprocal responses. Institutions end up turning ‘events into present actions’. Therefore, society, which is unpredictable in its evolution, can be controlled to a certain extent by penetrating vision and collective action. (Commons, 1934, p. 648)

According to the studies carried out by Hayek (1899-1992), cited by Alonso and Garcimartín (2008, p. 38), of the Austrian school of economics, “the notion of institutions is associated with those of order and rules.” He likewise explains that “for him, there are orders suggested spontaneously (kosmos) and those which are organized and deliberate (taxis). The organized order is concrete, while the spontaneous order is abstract’ (Alonso & Garcimartín, 2008, pp. 38-39).

According to Alonso and Garcimartín (2008, p. 162), Hayek (1899-1992) agrees with other theorists by presupposing that “growth and development should occur outside of social, historical or cultural differences.” Understanding that institutions are the true cause of growth and development, then, “the ethnic diversity of a historical-social context is necessarily an obstacle to the growth and development of a country governed by a monocultural State and its institutions” (Alonso & Garcimartín, 2008, p. 162). Ecuador defines itself as a pluricultural State, whose degree of social participation, duly fostered and coordinated, would constitute a pillar of credibility and institutional strengthening, which under Hayek’s criteria would allow for a positive evolution.

Two types of institutions can be generally identified: public and private. As State institutions, public institutions have the responsibility

to normalize relations in society. They are fundamental organizations of a State or Nation. On the other hand, private institutions respond to particular interests and are constituted by people - natural or legal - who independently carry out productive activities.

A typology by José Antonio Alonso, in his article for ECLAC entitled “Inequality, Institutions and Progress: a debate between history and the present” (Cepal, 2007), divides institutions into two categories: formal and informal.

Informal institutions are those that do not have an express definition and are based less on laws and explicit norms than on beliefs, traditions and cultures. Whereas formal institutions are open to public scrutiny and provide a framework of incentives (and penalties) recognizable to society as a whole. (Cepal, 2007, p. 70).

A contribution by José Antonio Alonso for ECLAC (2007) identifies the differentiating characteristics of institutions:

Informal institutions are more difficult to identify, partly because their stimuli (and penalties) are less explicit and partly because they can be highly specific responses to a particular social group’s conditions (a community, for example) and not of the society as a whole. While the former are based on impersonal relationships, giving rise to preferably universal (or multilateral) frameworks of agreement, the latter tend to be more interpersonal, more tacit and based on customs. (Cepal, 2007, p. 70).

For his part, in his contribution to ECLAC (2007) José Antonio Alonso explains the gradual replacement of informal institutions with formal ones:

The historical process of societies’ modernization and the market’s progressive dominance tend to lead to a progressive substitution of informal institutions with those having an explicit and formal existence. (...) In a less commercialized economy, as in poorer countries, or in the agricultural sectors of these countries, these types of informal institutions can be relatively efficient, as they are based on customs, knowledge and trust between the agents involved. In this way, they significantly reduce transaction costs, but at the cost of limiting market expansion and the deepening of productive specialization (Cepal, 2007, pp. 70-71).

Furthermore, “In a democratic state, institutions act as mechanisms for social order and cooperation whose primary purpose is to normalize the behavior of the inhabitants of a society living under so-called democracy” (Definiciones, 2013, p. 1).

In this order of ideas, Méndez and Alosilla (2015) in their joint contribution “New Economic History, Institutions and New Institutional History: A brief retrospection” point out that:

The concept of institution goes beyond the mere mention of an organism, mandate or social group which is lasting, which pursues the realization of common goals and purposes. From the matrix contribution of North (1990), it can be argued that institutions represent the set of arrangements, habits, customs or norms through which individuals in some societies govern their social and economic relations. (Méndez Reátegui & Alosilla Díaz, 2015, p. 2).

These authors cite that according to Hayek (1964, p. 340) “this conceptual relaunch has served to explore the evolutionary character of the institutions and the fundamental importance of the time factor as a determining variable in social change and evolution.”

In response to the foregoing, it can be concluded that all states, without exception, have their own institutions in order to establish their relationship with the population, and at the same time to be instruments for decision making and execution of the society’s demands.

The division of powers arises: in the case of Ecuador, fundamentally the executive, legislative and judicial powers, which have complemented each other since 2008 with the electoral, control and citizen participation powers.

This division of powers gives rise to the formation of institutions that allow the execution of actions in response to the society’s demands in function of the state economy’s consolidation.

It is important to note that the good functioning of public institutions depends on their image and reputation. We must therefore remember that institutions are managed and administered by human beings and this frequently makes them vulnerable to decisions and manipulations that respond to the individual rather than the collective will. Thus,



the institutions' image and reputation will depend on how and by whom they are administered.

### **6.3.1. The State as Institution**

The State is the basic institution of every society: "an institution on which much of the rest of a country's institutional framework rests" (Alonso & Garcimartín, 2008, p. 32). "Of the multiple functions performed by this institutional framework, fundamentally those related to the promotion and development of the markets," Alonso and Garcimartín (2008, p. 188) focus on five of these that correspond to the State:

- a. Provide and guarantee the basic economic rights that make up the normative space in which agents operate. In a market economy, this regulatory framework is articulated around the defense of property rights and the promotion of the legal security of contracts.
- b. Promote competition, correcting those distortions that affect adequate market competition. In this area, the State must avoid the formation of monopolies, regulate public services and encourage competition in order to allow the market to function properly.
- c. Promote the coordination and promotion of markets, correcting failures related to the existence of externalities, imperfect information, problems of coordination and indivisibility of investment and provision of goods that are by nature partially public. In this area, the addressing of environmental problems, financial and insurance regulation, technological promotion and industrial policy is considered.
- d. Guarantee the conditions of macroeconomic stability, so that cyclical disturbances are reduced and the possibility of crisis is removed, allowing a continuous process of improvement of society's welfare levels.
- e. Promote social cohesion and conflict management by bringing the distribution of income and wealth closer to that considered socially desirable, through mechanisms to promote social cohesion, redistribution of the fruits of progress and security for those facing adversity. (Garcimartín 2008, p, pp. 188-189)

**Table 2: Institutions for market development**

Fundamental axes	
<b>Institutions for market development</b>	Definition and protection of basic economic rights.
	Promotion of competition in markets.
	Correction of coordination problems and of other market failures.
	Promotion of stability and economic growth.
	Social cohesion and effective management of distributive

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), based on data from the World Trade Organization (WTO) and the International Monetary Fund (IMF)

**Elaboration:** CEPAL

Along the same lines, the text by Méndez y Alosilla (2015, p. 1) points out “the homogenous tendency that economic history has followed since the mid-century, which has been clearly influenced by the introduction of what North (2005) defines as a heterogeneous belief system.”<sup>8</sup>

The system of beliefs or ideology and cultural differences, and their influence on growth, is of great relevance. Méndez and Alosilla (2015, p. 4) refer to North (2005) in relation to this ideology:

Belief systems are made up of organized and integrated, and more or less coherent, explanations and of the world around us. But these systems are more than an attempt to reason from the particular to the general (...) because they contain a normative element. Not

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8 According to North (2005), human beings manifest a clear propensity to build beliefs about the nature of the reality of their social system. This appreciation also applies to the construction of an economic-political system; that is, a positive and normative model. Those beliefs that acquire a dominant character will represent the institutional matrix of a society or system that establishes the guidelines for performance of the social fabric.

only do they set out to explain the world around us, but also to explain how the world ought be ordered. (Méndez Reátegui & Alosilla Díaz, 2013, p. 4)

Méndez and Alosilla (2015, p. 4) they also point out that the New Institutional Economy (NEI) interprets “the relations between governors and the governed as exchange relationships in which the sovereign power tries to maximize income and stay in power, while its subjects try to maximize profits from their economic activities, and maintain their freedom of trade.”

In conjunction with the New Growth Economy, little by little we identified which variables had historically determined certain countries’ economic growth. Following this argument, it has been emphatically determined that institutional framework is the best explanation of the current differences in income between countries. (Méndez Reátegui & Alosilla Díaz, 2015, p. 6).

Establishing the importance of institutions for the market process and cohesion of the social fabric not only broadened the research spectrum. “The progressive interest in the empirical testing of the relationship between institutions and growth led to an excessive use of aggregate indicators, some of them arbitrary” (San Emeterio Martín, 2006, p. 71).

The interest in a “holistic”<sup>9</sup> conception of development is thus manifested, something far more complex than the interaction of economic variables, which incorporates difficult-to-quantify elements into the analysis, such as good governance and the creation or reform of institutions.

With reference to the document by Alonso and Garcimartín (2008, p. 142) for a developing country, whose institutional building must be supported on fragile bases, the process is particularly serious. While it is possible to initiate development even though some institutions do not respond to an optimum of efficiency, there is a danger that the institutional inefficiency in critical areas can inhibit stimuli to sustain

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9 Holistic The RAE defines it as belonging or relative to holism, which is described as a doctrine that advocates the conception of each reality as a whole distinct from the sum of the parts that comprise it.

medium-term development. Some identify this as the “start” of the development process and its “sustainability” over time.

It is important to highlight that a developed country is endowed with institutions with strengthened characteristics. The role of public institutions is preponderant to the country’s economic development, since it is the institutions that should generate the ideal conditions for good living, sustained in growth and social development. Alonso and Garcimartín (2008, p. 156) explain perfectly what occurs in real world institutional building. On the other hand, they emphasize the “continuity of development”, which allows society to experiment and improve institutions.

In this way, it is essential that institutions be consolidated under a politically firm structure, based on credibility and stability; elements that strengthen them before a belief system that positions their image and reputation. To carry this out effectively, it is necessary to establish tools, such as communication, that allow the institution to be established and positioned at said level of credibility to face any scenario -including that of negotiation- which projects a harmonious, social growth.

## **7. PUBLIC IMAGE AND REPUTATION**

To speak of an image in regards to a referent, in any situation, must be based on understanding the identity and culture. Thus, within the scope of the organization, the group is included within the idea of recognition of its identity to go through the empowerment and involvement of the group to attain an organizational culture that results in the image of a consolidated and credible institution.

In the social context, a country’s image is constructed from its intrapersonal nucleus; that is, starting from the individual’s interior, and expanding to the influence of various factors regarding the family, social, economic and academic environments, which come together in appropriation of the territory, and define individual and societal behavior. Recognizing oneself in the essence of one’s roots, within a territory in which the satisfaction of needs is attended to, contributes in assuming the identity of a nation, which in turn leads to an acceptance of its diverse forms, habits and customs, which create a unified view of the country, its culture and manifestations. In Ecuador, an intense campaign has been implemented to build the

country's identity and culture. Various persuasive elements have thus been used to bolster the country brand "Ecuador, Love Life"<sup>10</sup>. Several definitions of image have been presented over time, but they share common ideas. Sanz de la Tajada (2003, p. 43) states that the image is:

The set of mental representations, both affective and rational, that an individual or group of individuals associate with a specific brand of a given product; this representation is the result of the experiences, beliefs, attitudes, feelings and information that said group of individuals associates with the brand in question. (Sanz de la Tajada, 2003, p. 43)

Jiménez and Rodríguez (2007) in their book "Communication" present some important definitions about image; among them they quotes Aaker (1997, p. 100) who believes that "the image is the way in which the brand is perceived by consumers" (Jiménez & Rodríguez, 2007, p. 44). "Aaker's model (1997) revolutionizes the conceptions of image management through marketing, considers brand value as a combination of knowledge, loyalty and brand associations that add up to increased value" (Jiménez & Rodríguez, 2007, p. 44).

For authors such as Kotler and Keller (2005, p. 50), as explained by Jiménez and Rodríguez (2007, p. 44), "the image is the way the public perceives the company or its products." From the criterion of Cerviño (2002, p. 28) "brand image focuses on how the target audience imagines the brand, how it perceives and decodes the discourses transmitted through its products, services, communication, logos, etc."

Jiménez and Rodríguez (2007) understand the image as:

The result of an accumulation, evaluation and association process developed in the minds of individuals. The image allows the subject's cognitive structure to be configured, and orders and gives meaning to a wide set of unconnected information that, from different sources, have as a common point being relative or related to the brand or name of the company or product. (Jiménez & Rodríguez, 2007, p. 45)

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10 "Ecuador, Love Life". In 2001, Ecuador's first attempt to become a brand, called "Life in a Pure State." A natural image of the country was created; however it was not used to its full potential and people were not able to clearly remember the brand.

To paraphrase Jiménez and Rodríguez (2007) a positive organizational image -understanding the State as an organized system of interaction- will increase the probability that the subject will develop a favorable attitude and a loyal behavior towards the organization and its products.

In the opinion of Peralta (2004, p. 1) “for people, companies, institutions, parties, and organizations, it is very important to note the impact of their public image, as this represents a fundamental aspect of the strategic communications established by the communicative actors.”

The public image is understood as “the dominant perception that a community establishes with respect to an actor, institution or cultural reference, based on the impressions and public information received” (Peralta, 2016, p. 2).

It is thus necessary to understand the level of relevance of the public image and the inherence of communicative intervention for its success in social perception. Planning, coordination and production then requires the communicative elements that will seek an effective response.

From the perspective of Peralta (2016, p. 1) regarding the concept of public image, it is essential that three aspects be kept in mind:

- 1) The image represents an internal effect in which some external factors, conditioning a sense of expressivity, intervene,
- 2) The public image represents a judgment of cultural value; and,
- 3) The development of a public image involves a process of directed communication. (Peralta, 2016, p. 1)

In addition, it is understood that public image depends on who administers it and how it is administered; it then develops between “two possible scenarios: personal image and institutional image. Intervention in the public image forces the repair in some aspects that ultimately determine the image of credibility: physical image, professional image, verbal image, visual image, audiovisual image and environmental image” (Peralta, 2004, p. 2).

From the psychological point of view, certain differences arise between personal image and institutional image which affect the public image. Based on temporality, the reputation carried by a personal

image (individual) is thus much more vulnerable to being forgotten and supplanted with the passage of time in contrast to the institutional image, in which image determines a reputation which is much more difficult -and in some cases impossible- to transform, change or improve.

Institutional image represents a group of people and the influence of their actions and covers an entire society in their interests and needs; its degradation is thus far more exposed to general questioning and can be perpetuated by the absence of strategic actions.

An organization, as well as a nation through its governments, implements image sustainability and strengthening mechanisms; an acceptable image for their publics. They establish strategies and tactics that contribute to the positive reputation, and which allow for closeness, credibility and trust.

Also “The concept of corporate reputation, which does not differ from the concept of organizational reputation, is subsidiary to the idea of stakeholders”<sup>11</sup> (Freeman, 1984, p. 25). For Freeman (1984, p. 25) “the stakeholders are any group or individual that can affect or be affected by achievement of the company’s objectives.”

For Charles Fombrun (1996) of the Stern School of Business in New York, cited by Villafaña (2015, p. 2), “reputation is always associated with its stakeholders: it is the consequence of the ability to relate to them, the rational and emotional union between the company and its stakeholders.”

Villafaña (2015, p. 2) refers to Antonio López, director of communication and image for BBVA, who points out that “reputation” “results from the harmonious relationship between corporate identity and image, that is, it is the result of the consolidation of the image.”

It is important to emphasize that the consolidation of a positive reputation allows for an image’s balance and strengthening. Joan Costa (2010, p. 10), creator and director of the Corporate Reputation

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11 Stakeholders, English term used for the first time in 1708. Employed and modified by Freeman who proposes two definitions. A broad definition that includes groups that are friendly or hostile; and, a broad definition that identifies any identifiable group or individual that may affect the achievement of an organization’s objectives or that is affected by the achievement of an organization’s objectives (interest groups).

Course - Dircom, points out that “reputation, credibility and trust are in question in the economic, political and institutional spheres. And the fact that big companies and institutions appear in reputation rankings is still striking.” He also shares that “corporate reputation is today a strategic asset of primary importance for companies and organizations, both public and private. Like all intangible assets, Reputation management is a tributary to the company’s Identity, Organizational Culture and Public Image” (Costa, 2010, p. 10).

It is thus of great importance that the country brand “Ecuador, love life,” as a national identity element, stimulates and increases a positive reputation both internally and externally, thereby serving as a benchmark for trust and certainty.

In addition, “Reputation improves economic results, as numerous and recent investigations conclude. Thus, according to Vergin and Qoronfleh (1998, p. 62), cited by Villafañe (2015, p. 3), “there is a direct relationship between reputation and stock market value. This study examines the stock market trends of the companies on Fortune lists from 1983 to 1997.” They analysis, he explains, “reflects that the future stock market behavior of these companies is directly related to reputation” (Villafañe, 2015, p. 3).

## **8. NEGOTIATIONS IN THE INTERNATIONAL CONTEXT**

It is important to enter into the negotiations framework, with start in international relations. By going through the mainly European historiographic currents, which allowed for advances to be made in the conceptualization of international relations, it is understood that their identification and formation have their roots in the European scenario. Out of this conceptualization, we can understand the progress and the current situation of international relations. Thus, a contrast is made from the retrospective to the present regarding theories that, in addition to a conceptualization, allow for a clearer understanding of the international scenario.

From the twentieth century onwards, the idea of international relations reflected a larger and more complex social universe, which could no longer be reduced to “interstate relations”: the classic axial axis of international relations, according to Raymond Aron. In effect, from that point on, the already classic “international relations” will be



developed, that is, the relations established between individuals and groups belonging to different nations; and “transnational relations”, established across borders, which are conditioned by groups or organizations not necessarily linked to a political entity.

International relations encompass the set of social relations that make up international society, both those of a political nature and those that are non-political, be they economic, cultural, humanitarian, religious, etc.; both those occurring between States and those that take place among other actors of the international society, and between these and the States. In this way ... it can be said, in principle, that international relations is the science which deals with international society. (Villalobos & Fernández, 2005).

Juan Carlos Pereira (2001, p. 3) asserts that the history of international relations:

... should be the scientific and global study of the historical relations that have developed between men, states and supranational collectivities within the international society, from which we intend to outline the place that corresponds to History in that very aptly called “science of international society.” (Pereira Castañares, 2001, p. 12)

Celestino del Arenal (1991) complements this perspective and explains that:

International law, the first scientific discipline that in the field of international relations is configured as such, starts only from the sixteenth century onwards. International law will follow diplomatic history and, in parallel with this, if indeed modestly, diplomacy will be developed, understood by some authors as science. (Del Arenal C., 1991, p. 45)

This refers to diplomacy understood as one of the bases for international relations and negotiations, leading to a common goal between states. The second decade of the twentieth century had its main matrix within this diplomatic history, beginning with the Treaty of Versailles and developing during the context of the post-war 40s. As stated by Celestino del Arenal (1991, pp. 45-65) “from the First World War on (...) the studies begin to become aware of important changes.”

As previously summarized regarding the difficulties presented by institutions; at the time that these international relations come into existence and gradually increase, states create contrapositions and difficulties which trigger certain controversies and conflicts; it is here that the application of diplomacy as a strategy to negotiate agreements gains relevance.

Celestino del Arenal (1983, p. 501) states that “the traditional consideration of international relations as in a state of nature, as opposed to the state of order that is considered to characterize state society, has further accentuated the power game in international life...”

Del Arenal (1983, pp. 501-502) explains that “the two main lines of thought which have traditionally dominated the consideration of international relations, the realist and the idealist, have always revolved around the phenomenon of power.”

Del Arenal (1983, p. 515) in his article on power and international relations “observes as antagonistic the notions of ‘conflict’ and ‘cooperation’, and states that “power refers only to situations of conflict, with its most radical and simplifying manifestation in the conception of power as a zero-sum game.”

This dichotomy between conflict and cooperation is not admissible, since, as numerous authors have pointed out, there are no pure situations of conflict or cooperation, but in reality all situations simultaneously contain elements of conflict and cooperation. (Del Arenal C., 1983, p. 516)

## **9. INSTITUTIONS, CONFLICTS AND INTERNATIONAL CONTROVERSIES**

The role of institutions as a factor in economic development calls for the divergence of interests and therefore creates difficulties in relationships that can lead to conflicts. According to Fernando Milia (1985), cited by Durán Sáenz (2010):

Conflict consists of a confrontation, clash or intentional disagreement between two entities or groups of the same species that manifest a hostile intention against one another, in general in regards to a right and those who, in order to maintain, affirm

or reestablish said right, try to break the resistance of the other, eventually resorting to violence, which may eventually lead to the physical annihilation of the other. (Durán Sáenz, 2010, p. 1)

Javier Gobbi (2006, p. 1) enunciates Julien Freund (1968) who explains the existence of “the relationship of command-obedience; the public-private relationship; and the friend-foe relationship. The first constitutes the basic budget in general policies, the second instead concerns domestic policy, and the third, foreign policy.

From a controversial point of view, Durán Sáenz (2010, p. 1) referring to the command-obedience relation, “divides the human universe into two categories of men: those who rule and those who obey. The public-private and friend-enemy couplings have a role, somewhat different.”

Durán (2010, p. 2) mentions Raymond Aron’s position (1996, pp. 266-267), who points out that “not only the class struggle explains the state’s conflictive behavior; there are socio-cultural and ideological variables that also play an important role.”

Durán Sáenz (2010, p. 5) identifies three types of conflict:

1. *Non-violent conflict*: neither side resorts to violence, explicitly or implicitly.
2. *Para-violent Conflicts*: force is not used in the actions taking place, but can be taken into account as a valid alternative.
3. *Violent conflicts*: in this case, at least one of the sides employs violence, dynamically or structurally.

The author stresses, in all cases, that it is interesting to note that the transversal language as the primary solution mechanism is “communication”, since the dialogue allows the parties’ positions and needs to be understood, which leads to a balance point in the participation and decision.

When referring to communication, language emerges as a key aspect in the effective solution to differences, controversies or conflicts, since it makes the message of communication even more effective, and responds not only to interests but also to the permanent search for solutions and peace.

Communication has come to break traditional paradigms, and nowadays it is a highly effective instrument in conflict resolution. This is mainly promoted through the new Information and Communication Technologies (ICT) that revolutionized the world by overcoming barriers and distances; and which modify interpersonal language, imprint a metalanguage that promotes and facilitates participation and conflict mediation and resolution. That is, a new world order has been established.

For Durán Sáenz (2010, p. 3) in the new world order, without borders or ideologies, conflict could be contextualized as follows:

1. Commercial methods have displaced militaristic methods.
2. The conflict's logic will be expressed by the grammar of commerce.
3. Territorial distribution becomes temporal distribution.

In this new scenario, Durán Sáenz (2010, p. 3) states that "in line with the post-industrial society, knowledge management or knowledge society of the third wave, the strategic military axis has ceded territory to valoration of the economic axis."

With the advance of telecommunications, space seems to transmute into the notion of time. The market is no longer the site in which bidders and petitioners converge, but the moments in which they make contact. The war is not body to body, speed is winning the race. The space no longer exists; but rather depends upon the speed. (Durán Sáenz, 2010, p. 3)

What is important in conflict resolution is that it emerges as an alternative for mutual agreement, that occurs in the shortest possible time. The dilation of time also leads to dialation of the problem, and can lead to a more permanent crisis situation.

Crisis handling is a measure in many aspects parallel to the limited war. It includes both the positive, or traditional, aim of securing national objectives, as well as the negative purpose of ensuring that the situation does not get out of hand and lead to war.

Today, due to the danger of a rapid internationalization of conflicts, on the one hand, and the sophistication of weapons, on the other, the

emphasis is on crisis control. Control of a crisis situation generally turns to communication as an immediate, lower cost tool, which has a greater degree of effectiveness. However, crisis situations focus on two levels of resolution: either being an opportunity for change to increase tactical possibilities, or a definitive fall into a situation of chaos that can lead to the need to start from scratch.

## 9.1. Conflicts and Resolution Mechanisms

Public International Law or the Right of the People, according to Gobbi (2006, p. 2), “today offers seven means of peaceful solution for disputes between States: negotiation, good offices, mediation, survey, conciliation, arbitration and legal settlement.”

The first five have extrajudicial character, as they are practiced outside of any pre-existing jurisdictional authority. All can be used by the States themselves, in their sole capacity as members of the international community, or with the intervention of the United Nations Organization or other intergovernmental organizations. (Gobbi, 2006, p. 2)

Gobbi (2006, p. 2) states that “the most widely used methods for the peaceful settlement of disputes could be classified into three types”:

1. *Diplomatic*: the solution is achieved with the agreement of the parties; this can be negotiation, good offices, mediation, investigation and conciliation.
2. *Jurisdictional*: the settlement is dictated by an independent third party and is mandatory.
3. *International organizations*: these represent the mediation mechanism.

It is important to clarify that in the specific case of Arbitration, as a mechanism for resolving conflicts, according to Gobbi (2006, p. 3) this is a quasi-judicial procedure in which the parties designate who will analyze the parties’ approach, and reach a binding decision called the “arbitration award” which is unappealable and mandatory. There are differences between these mechanisms: in negotiation a third party does not intervene, but in the other two it intervenes, making it a type of mediator and/or conciliator. All mechanisms imply that the State

parties can interrupt the process at any time, and the final decision will be in the form of a report, therefore making it non-binding. They can therefore be classified as non-binding mechanisms.

Progressively influenced by globalization and ICT, interdependent relationships in the world are increasingly dynamic, and with this, so are their conflicts. That is why -fundamentally- in the last two decades this same dynamic has generated more frequent and diverse difficulties among the states that have demanded short-term solutions. As a result, courts are saturated by the rapid increase in cases to be reviewed, in the process of analysis, and pending resolution.

In the eighties, both experts and managers rated Alternative Dispute Resolution (ADR) as a reasonable and economical way to prevent companies from going to court and keep them away from the kind of litigation that devastated winners and losers alike.

Initially, there were certain drawbacks with the way in which ADR was applied, due to the excessive procedures: motions, reports, discovery, statements, and lawyers, which brought into question ADR's effectiveness; however, due to the changes made, it currently represents one of the best options for companies to resolve conflicts and reduce the costs of legal procedures. Currently, not only are peripheral conflicts resolved, but also those having relevance in relations and negotiations.

Gradually, this practice has become almost a requirement on the part of companies, which state that their commercial contracts must include a clause specifying that ADR will be the initial and preferred method to resolve any disputes that may arise. Companies are organized according to conflict resolution, which allows for the appearance of a company ombudsman with specific training in problem solving, conflict avoidance, negotiation and litigation resolution, who registers and oversees all claims arising both in favor of and against the company. Each case is initially analyzed to determine if it is liable to be assigned to an arbitration or litigation process. Performance indicators ensure that the procedure is effective. (Schmidt, et al., 2001)

## 9.2. International Negotiations

According to the diplomat Hernán Escudero (2015), in one of his lectures on international negotiations, the entire nineteenth century functioned with the concept of the existing balance of power, based on alliances; and this came to an end when the First World War broke out, leaving 40 million victims. Negotiations take place at the 1919 Conference of Paris, following the armistice in 1918, in which 27 states participated and which was based on the 1919 Treaty of Versailles. The main powers at the time represented the  $\frac{3}{4}$  of the world's population. It was the first foreign trip for a sitting United States president.

A central aspect from the viewpoint of ideological conceptions is that which brings US President Wilson to the Paris Conference, under an idealistic vision. He made this proposal based on a plan developed as a result of the disaster that was the First World War<sup>12</sup>.

The rules of the game of international relations between states should be changed, which meant moving from a policy privileging certain groups of power, towards a vision in which the principle of “collective security” prevails, expressed from an international organization, with participation of all the free and independent states.

For Escudero (2015) negotiation “is the process by which two or more parties meet to discuss or establish a contract, define the guidelines of an employment relationship, resolve differences, establish costs, and formulate a schedule, among other activities.” It also describes certain characteristics.

1. Negotiating is informing oneself and communicating, even before arguing. In order to be well-informed, it is necessary to know how to formulate the questions and answers.
2. Closed questions are those that try to provoke specific answers, which leave the interrogated party with few choices. What's your name?
3. Open questions solicit opinions and invite the speaker to express themselves regarding a common thread contained by the questions, with very little coercion.

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12 Another important aspect of Wilson's fourteen points was that of “Free determination of peoples.”

Fisher and Ury (1991, p. 20) in the book “Yes, Agreed! How to negotiate without giving up” point out that “negotiation is a method by which you get what you want from the other” and to achieve this result it is important that several interdependent factors be developed.

Obtaining what is wanted from the other will depend to a large extent on the way in which the parties involved in a negotiation apply these factors, and how they are identified within each of the issues.

Driven by the globalization process, human beings individually and collectively, as states or societies, continually seek to obtain something from the other. For some this result is easier, while for others the interlocutor’s skill and dexterity can complicate the goal.

Likewise, “In recent decades, States have gone the direction of on-going negotiation processes with other States, or with large and small corporations, in search of eliminating trade barriers, obtaining mutual benefits and exchanging capital, technology, knowledge, products and services” (Fisher, Ury, & Patton, 1991, p. 50). This allows experience and skills to be obtained that lead to more effective results.

Fisher and Ury (1991) establish the individual’s negotiating character:

In the world, negotiations occur every day, and people negotiate even when they do not realize what they are doing. Negotiation is a basic means to achieve what we want from others. It is a two-way communication to reach an agreement when common interests are shared, but there are also some opposites. (Fisher, Ury, & Patton, 1991, p. 9).

There are different moments, circumstances and scenarios in which negotiation is required. The differences between people -and states- require timely and effective negotiation criteria for resolution. Clearly, each negotiation is different, but the basic core is maintained. This is why models are easily adapted, such as the one presented by Fisher and Ury, of the Harvard school.



## 10. MODELS AND TYPES OF NEGOTIATIONS

The types of negotiations are directly linked to styles imposed by their cultural nature. The motivating orientations for negotiators can derive from cultural values, and this in turn is reflected in an entire society's objectives. These reasons could identify the characteristics identified in the Latin American, European, Asian, North American, etc., negotiation styles. There are thus certain theories that define being particularizations at the moment of negotiation.

It is important to highlight the valuable contributions made by the theorists Geert Hofstede (1983) and Edward Hall (1989) during the 60s and 70s, who delivered an identification of cultures through an investigation which "showed five dimensions applicable to all of the world's cultures" (Sapienza, 2006, p. 2).

- a. High Context - Low Context
- b. Power - Distance
- c. Colectivista - Individualista
- d. Female - Male
- e. Evasion of Uncertainty

Consequently, Hall (1989), cited by García Prince (2010, p. 1), defines two types of cultures depending on the context:

1. *High Context Cultures (CCA)*. They are those where the context is more important than the words. In these type of cultures, the word is not decisive and legal documents are used less; that causes negotiations to be slower. Social position is determinant, as is the knowledge about it.
2. *Low Context Culture (CCB)*. In these cultures, messages are explicit and words convey most of the information. Los documentos legales se consideran indispensables. For Hall and Hofstede (2006), explained by Sapienza (2006, p. 2) "Low context cultures assign primordial meaning to the communication's objective message, and secondarily to the context's meaning, and emphasize speed, accuracy and efficiency in communication".

Within the contextual, according to Hall and Hofstede (2006) negotiations have a both a monochromatic and a polychromatic meaning in relation to time.

It should also be considered that “In the monochromatic culture, time is perceived in a linear way. Monochromatic (or monochromic) cultures are organized around a calendar, and emphasize punctuality. Low context cultures tend to be monochromatic” (Sapienza, 2006, p. 2).

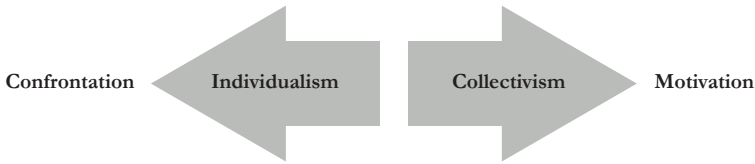
In polychromatic cultures, there are many things that happen at the same time. Events are organized and recalled in a circular way. In certain polychromatic societies, the past is not something that should be forgotten, but rather, past events continue to evolve and develop in the present. Polychromic cultures tend to be high context. (Sapienza, 2006, p. 2).

On the other hand, Mauricio Alice (2010), cited by García (2010, p. 1), points out with regard to the theories of Hall and Hofstede (2006) that “from other visions the relationships between culture and negotiation are analyzed from the perspective of the predominant values of individualism and collectivism, and egalitarianism versus hierarchy in the intercultural parts”.

Thus, García Prince (2010, p. 1) explains that “individualist cultures emphasize self-interest, while collectivist cultures emphasize the interests of the whole. These polarities are added to the previously mentioned low and high contexts for the analysis.”

Individualism vs. collectivism distinguishes the cultures that place individual needs above the collective needs, from those cultures that give priority to the group’s needs over those of individuals. In individualistic cultures, norms promote the interdependence of individuals by emphasizing social obligations. Members of individualist and collectivist cultures differ in many ways. The figure suggests that behaviors of both confrontation and motivation can arise out of this cultural value. Consequently, resistance to direct confrontation in a negotiation can derive from the emphasis on cooperation in collectivist cultures. (García Prince, 2010, pp. 1-2)

### Diagram 1: Negotiation “Individualism vs. Collectivism”



Source: Garcia Prince (2010)

Elaboration: By the autor

The negotiation models are specific types that, having their own characteristics, differ from each other. Among others, some models enunciated by Aldao-Zapiola (2014) stand out in the document on negotiation and components, provided in the catalog of the International Text Organization, in its chapter XII: “Competitive and Cooperative Models” (Aldao-Zapiola, 2014, pp. 241-242) which can be shared with each other when applied by different types of negotiators.

- a. Win at all costs (H. Cohen)
- b. Win-Lose
- c. Clausewitziano (C. Aldao-Zapiola)
  - Negotiate Without Giving In (R. Fisher and W. Ury) BATNA
  - Effective Negotiation (D. Seltz and A. Modica)
  - Eight Step Model (G. Kennedy; J. Benson and J. McMillan)
  - Win - Win (F. Jandt and P. Gillette)
  - Effective Negotiation (Huthwaite Research Group).
  - Negotiating social satisfacción mutua (H. Cohen)
  - Cooperative Model (G. Nierenberg).
  - Systemic Negotiation (M. Schilling). (Aldao-Zapiola, 2014, pp. 241-242)

For Aldao-Zapiola (2014, p. 242) the different models can be grouped into “two very defined styles, which constitute the basic archetypes of how to negotiate: the competitive model and the cooperative model.”

**Table 3: Negotiation Models”**

Group	Subgroups
<b>Competitive Model</b>	Win at all costs Win-Lose Clausewitziano
<b>Cooperative Model</b>	Negotiate Without Giving In Effective Negotiation Effective Negotiation Negotiate for Mutual Satisfaction Win-Win Eight Step Model Cooperative Model

**Source:** Aldao-Zapiola (2014)

**Elaboration:** By the autor

According to Cohen (1983), as explained by Aldao-Zapiola (2014, p. 243) in order to develop both models -competitive and cooperative- they are respectively described under the terminology “win at all costs” and “negotiate for mutual satisfaction.”

### 1. Competitive Model

This model has been described by Cohen (1983) as “winning at all costs.” It characterizes negotiation as a zero-sum game. “The win-lose competitive approach occurs when an individual or group tries to achieve their objectives at the expense of an adversary” (Aldao-Zapiola, 2014, p. 5).

### 2. Cooperative Model

On the other hand, Aldao-Zapiola (2014, pp. 247-248), reflects on that defined by Cohen (1983) in relation to the cooperative, and identifies it as the model called “win-win” or “mutual satisfaction.”

“It basically consists of the negotiators reaching an advantageous agreement for both parties and a total or very important victory of one over the other. Both should feel that they have won something and the result of the negotiation should provide benefits acceptable to both parties” (Aldao-Zapiola, 2014, p. 247).

In addition, “Win-win in negotiation involves getting the parties to a negotiation to invest all their skills and means to collectively obtain benefits that they would not achieve on their own” (Aldao-Zapiola, 2014, p. 248). Within the models of negotiation mainly applied, is that of Harvard, set forth by Fisher, Ury and Patton (1991) who in their book “Yes, Agreed! How to negotiate without giving in” identify two styles of negotiation: soft and hard. “According to principles developed in the Harvard Negotiation Project, this negotiation method (...) is hard for arguments and soft for people, does not use tricks or poses” (Fisher, Ury, & Patton, 1991, p. 10).

1. Soft Negotiations: “Use a soft and friendly form in position-based negotiation, makes anyone who plays the hard version vulnerable, since in this class of negotiation, the hard game dominates the soft” (Fisher, Ury, & Patton, 1991, p. 16).
2. Hard Negotiations: “o to the substance, in order to present proposals for the resolution of the conflict” (Escudero, 2015)

Likewise, according to Escudero (2015), the negotiation and exchange process has two sides:

First, integrative negotiation: processes that seek the best agreement.

Second, haggling or distributive negotiation (tug of war). Process by which each party seeks the best agreement for itself. Social Spangler (2003, p. 1) “The distributive negotiation model, also called ‘claiming value’, ‘zero sum’, or the ‘win-lose’ negotiation, is a competitive negotiation strategy used to decide how to distribute a fixed resource, such as money.” In addition, distributive negotiation, says Escudero (2015), is important because there are certain differences that can not be resolved any other way, and which are inherently zero-sum. He explains that if risks are high, these conflicts can be highly resistant to resolution. For example, if budgets in a government agency should be cut to thirty percent, and people’s employment is at stake, such a decision is likely to be very difficult.

However, if the cuts are small enough that the impact on employees will be smaller, this type of distributive decision can be made more easily. According to Escudero (2015), even in cooperation negotiations, distributive negotiation will come into play. Distributive negotiation and integrative negotiation are not mutually exclusive negotiation strategies. Integrative negotiation is a good way to make the pie (joint value) as big as possible; but ultimately, the parties must distribute the value created. If they are able to expand the pie sufficiently, distribution is easy; it becomes complicated, however, if it is not possible to give each side what it wants. The pros and cons of distributive negotiation. Some conflict resolution theorists believe distributive bargaining to be unnecessary. Any conflict, they argue, can be resolved cooperatively through integration negotiation. For example, in his book *Getting to Yes!*, Fisher, Ury and Patton (1991) argue that, creatively, litigants can almost always work together to “expand the pie” and create results benefiting both parties. The parties make the decisions together so that they obtain the best possible result. Distributive negotiation has also been criticized because it tends to lead to destructive actions and sometimes forces the parties involved to focus too much on their differences. If people want to maintain a good relationship with others, they should take a comprehensive approach to distribution, as well as expansion of the pie. (Spangler, 2003, p. 2). However, there are cases in which the “negotiator wants to maximize the value obtained in one area and in which the relationship with the other party is not important” (Escudero, 2015), where the tactics of distributive negotiation can be very useful.

### **10.1. Other Models: Negotiation according to the Harvard Model**

The negotiation model presented by Fisher, Ury and Patton (1991, p. 10), known as the Harvard Model, “defines the most appropriate mechanisms to reach a favorable resolution between parties that have a win-win goal. It is translated as the management of differences of mutual benefit. It is a third alternative that is neither hard nor soft.”

The negotiation method according to principles developed in the Harvard Negotiation project is to establish the problems based to their merits, instead of deciding them through a bargaining process focused on what each party says they will or will not do. This method is hard for arguments and soft for people. Does not use tricks or poses. It shows how to obtain rights in the negotiation while at the same time being decent and fair. (Fisher, Ury, & Patton, 1991, p. 11).

Fisher, Ury and Patton (1991, pp. 12-51) establishes certain conditions presented in the Harvard model:

1. Do not negotiate based on positions

Whether a negotiation refers to a contract, a family disagreement, or a peace treaty between nations, it is common for people to negotiate based on positions. Each side assumes a position, argues in its favor, and makes concessions to reach a compromise. (Fisher, Ury, & Patton, 1991, p. 12)

2. Separate the people and the problem

Unless you have good reason to trust someone, do not trust them. This does not mean calling the other a liar; it means that negotiation must be conducted independently of trust. Do not let anyone interpret your doubts as personal attacks. (Fisher, Ury, & Patton, 1991, p. 109)

3. Concentrate on interests, not positions

Since the problem seems to be a conflict of positions between the parties, and since their goal is to agree on a position, they naturally tend to think and talk about positions; and in doing so, they often reach an impasse. The difference between positions and interests is fundamental. Interests define the problem. (Fisher, Ury, & Patton, 1991, p. 39)

4. Come up with mutual benefit options

The problem is common. It seems that none of the possible ways of distributing the pie will satisfy both parties. The ability to come up with options is one of the most useful for a negotiator. (Fisher, Ury, & Patton, 1991, p. 51)

5. Insist that criteria be objective

If the attempt to solve differences of interests based on will has such high costs, the solution is to negotiate based on something independent of the parties' will - that is, on the basis of objective criteria. (Fisher, Ury, & Patton, 1991, p. 70)

## 11. ECUADOR: IMAGE AND INTERNATIONAL PERCEPTION

In the analysis carried out in the book *“Comercio exterior: Alternativas para Ecuador”*, edited by Javier Ponce Leiva (2005, p. 72), the “urgent need for Ecuador to have specialized technicians, although this implies a long-term objective”, is clearly stated; and, a negotiation strategy that allows for obtaining maximum results and benefits at the negotiation table.

Various experts agree with this opinion, and thus it is important to separate negotiating teams from political decisions, which would lead to a progression and understanding regarding the topics to be discussed; at the same time, it would encourage and facilitate short-term preparation of Ecuadorian representatives prior to each negotiating meeting, in order to avoid any type of improvisation in the enunciation and defense of the national position.

In his book, Ponce Leiva (2005, p. 72), includes the criterion created by Luis Espinoza Salas, who in his analysis makes an interesting “country perception”:

One of the non-quantifiable elements that can most harm participation in international forums is the international perception of a country. In the case of Ecuador, widespread corruption, recurrent political instability, poor government management (regardless of who exercises the government), and the generalized economic crisis, are all factors that clearly destroy national image and lead to the perception of Ecuador as a *banana republic*. Without denying that these perceptions may have a basis in reality, it is nonetheless true that there is a certain facility to punish countries with little response capacity which, like Ecuador, can serve to exemplify the application of certain international qualification parameters that are not always objective. An example was the evaluation made by the United States for the year 2004, according to which Ecuador was classified at the third level (the classification’s lowest), as one of the ten countries in the world making the least effort to fight human trafficking. In this sense, in addition to the necessary internal text to reduce these type of negative factors, it is also important to work on the international image to be projected (Ponce Leiva, 2005, p. 72).

Likewise, the country’s international image is spoken of as a key factor in the determination of the conditions for the peace negotiations



between Ecuador and Peru. A text edited for the Flacso by the academic Adrián Bonilla (1999, pp. 13-247) describes, from the perspective of several experts, the reality of the solution of a conflict based on the pillars of history, communication, culture, politics and the impact of the media upon public opinion. The search and consolidation of a culture of peace also has its strategies and is not only constructed by the volitions that were massively advocated. In this field of bilateral negotiation, we must recognize that the political and institutional strength of one state prevailed over another, revealing the influence exerted--not only in that moment, but in the historical trajectory.

Thus, this position also demonstrates the desire of a society, expressed by the people. Each person can share nearness and concurrences, and form this into a single will; but these are also stimulated by the identity transmitted from the representative power centers. What a State says or does -as an expression of its people- radically influences the oversight from all areas of that will. A question then arises: is the power in negotiation decisions determined by the State's ability to transmit its citizens' explicit will, with the use of media resources to generate an effective acceptance in the general context?

The analysis in the text by Ponce Leiva (2005, p. 73) assumes a country reality of little force in the international context. It must thus add all the strategies and tactics that imply a better positioning in this arena, with commitments that reflect the idea of a nation which is secure and faithful to its commitments.

On the basis that Ecuador is a less politically weighty player, given the size of its economy and its participation in international trade, it is highly unrealistic to think that it could rock a multilateral negotiation. The country's participation in the world economy is less than 0.1%. However, efforts should be concentrated on the search for areas in which the country has greater options for commercial participation; always taking into consideration that, multilaterally, even countries with less political weight have a certain margin for action, which it is difficult for them to use when negotiating bilaterally. (Ponce Leiva, 2005, p. 73)

In a general way regarding how Ecuador handles its negotiations, it can be pointed out that the characteristics identified are complemented by certain highly unique aspects, inherent to its culture.

Ecuadorian culture is very sociable. They start off with an affable greeting that can be a handshake, eye contact or a smile. Lack of punctuality is a disadvantage, since it is considered by various societies to demonstrate a lack of formality and seriousness. Ecuadorian's informality, in addition to time, is evident in their team's lack of preparation and knowledge prior to negotiating appointments, as well as in the scope of their decisions and commitments, which are generally made by higher levels and not by their delegates. It is a warm and courteous country. Its people can be very touch-oriented, and it could be said that they are focused on body language and on non-verbal communication. Ecuadorians use a communication that is casual and simple; they are positive and diplomatic, though not very formal.

From an international perspective, through a document titled "How to do Business with Ecuador" published in the digital library of the Chamber of Commerce of Bogotá (2013), differences are established in negotiation between the coast and the mountain regions. The profile notes that "Ecuadorians consider that agreements are made more with people than with the companies they represent, therefore changes in negotiating teams are not recommended" (CCB, 2013, p. 32).

Thus, the need arises to modify an image in function of larger and more successful multilateral negotiations. Therefore, the aspect of "multilateral perception", according to Ponce Leiva (2005, p. 64), focuses on bargaining power, understood as the capacity of a country with limited international political power to cut its losses when negotiating with a more powerful country. Luis Espinosa explains that "In practical terms, there are mechanisms through which negotiating equality can be achieved which, while not constant, is at least valid for certain specific phases of a negotiation" (Ponce Leiva, 2005, p. 74).

In the context of Ponce Leiva's book (2005, p. 76), Luis Espinoza outlines in detail the advantages of consensus decisions:

It is necessary to take advantage, for example, of the fact that one of the advantages of decisions made by consensus in the WTO is that, in theory, even countries with limited international power could resist if their interests have not been taken into account. It is understood that there will be consensus if no member formally objects to the proposed decision during the meeting in which such decision is made. Thus, even one member may prevent consensus (Lal Das, 1999, p. 429). (Ponce Leiva, 2005, p. 76)

Luis Espinosa continues and explains that “in this scenario, Ecuador’s primary task, through not only the chancellery but various public institutions, is a serious, multidisciplinary and multisectoral approach regarding its objectives, national interests and priorities” (Ponce Leiva, 2005, p. 79); but also to establish serious and effective strategies to reconcile the society’s acceptance (as a belief system) through effective mediated channels, which will result in identity and institutional strengthening as a country that influences negotiating conditions. No strategy will be valid without these points of support.

### **11.1. Ecuador’s Image**

“Everything depends on the eye of the beholder.” This statement could be used to describe the idea of Ecuador’s image from the internal and external vision, which moves pendularly according to the angle, sector, organization or region. It is undeniable that the economic and political swings have reinforced an image of distrust and insecurity in the various spheres.

The image comes from an idea, from the imaginary that is reproduced based on the elements and values that stand out regarding a thing, an individual or a group of individuals. Often, the fragility of collective memory is questioned when in decision-making, actions that sentenced politicians in the past are neutralized or forgotten, allowing to jump back into the electoral arena in the present. Paraphrasing authors like Le Bond (2005) regarding mass psychology, it is argued that this memory’s fragility responds to conscious and unconscious reasoning regarding the image of an individual compared with the image of a group of individuals represented by a organization, with a better retention for the organizational image; that is, it is much more complicated to reconstruct a group or organizational image than it is to ignore errors at the individual level, without exempting the impact on reputation. This allows us to understand in some way why, although sentenced by the people in the past, there are currently public figures that are resized as a political solution. We must take into account that memory configures what we are and what we feel. It is also selective, and it allows you to forget certain pains; oblivion heals many wounds, relieves pain, helps to forgive grievances and even recover self-esteem. Perhaps in that sense it can be understood how our subconscious turns towards protective actions when failing to assess the present in terms of the painful social past, product of our errors of political choice.

“Forbidden to forget” was a constant reminder of former President Correa, as a colloquial slogan evoking the past to a present consciousness that forgets the abuses and corruption experienced in society; nevertheless, man by nature is the only animal that trips over the same stone more than once. From our history, it is possible to see the way in which the electoral game buries and revives images of political characters that were judged and expelled in the past, but who then appear as new messianic faces. In conclusion, in our memory the collective tendency is imposed over individual perception.

The syllogism of these premises allows us to understand, in the social context, the strength of former president Correa’s presidential image on the Government and State, and even on his party group Alianza País, which at the moment clearly feels the lack of changeability in leadership. Considering mass psychology, the undisputed leadership of the president positions him as a figure with great influence on society. His controversial public image, the debate between the popular charisma, the media resistance and the opposition of the economic power groups. Much of Correa’s persuasive power lies in his discursive capacity, for which many recognize his skill with linguistic resources, the strength implicit in his messages, and his ability to send this set of signals in a timely context seeking the desired effects in his audience.

Public media such as the Andes Agency (2014) coincide and echo this presidential image and project it internationally, stressing that “Ecuador elevated its reputation on the international political scene” thanks to its Chief Executive’s actions. This is added to the credit of the “international recognition of his management model and the strengthening of relations with the governments of Mexico and Honduras,” as added by Professor Mayra García (2014) in the same article.

However, countering this there is the opinion of some opposition public figures who emphasize the impacts to the Ecuadorian reputation due to a series of political decisions that have influenced disturbances among certain groups<sup>13</sup>.

Indeed, when describing Ecuador as a developing country (PVD), direct reference is made to its capacity to produce and export primary products, raw materials or simply commodities such as oil. Following discovery of the first oil well in the early seventies, Ecuador radically

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13 This causes a constant polemic between two poles that have the media in the middle.

modified its agro-export economic model and developed great expectations with the high yields from an increased, constant flow of income. The oil created a new growth and development perspective, linked to the commodity's high demand on the world market. This subordinated the country's subsequent budgets and economic programs to income projections based on barrel price.

From the first oil boom in 1972 to the most recent in 2014, growth in the Ecuadorian economy showed an encouraging increase, as reflected in macroeconomic indicators such as balance of payments, trade balance and gross domestic product (GDP). But this dependence brought with it high public spending, fiscal deficits, a larger public and private external debt, and a weak institutional structure, which would trigger the high social cost known as corruption. Thus, corruption becomes the identifying face of Ecuador and other countries of the Southern Cone.

The volatility of the price of oil and the weight of that product in Ecuadorian exports did not allow for the stable growth that should be projected by a developing economy. The easy and rapid income generated by oil sales expanded the levels of manipulation by private over public interests, further staining the country's reputation. This external image of corruption conditioned the different forms and scenarios for world negotiation. The terms at international roundtables -possibly until 2007, with the arrival of the Government of the Citizen Revolution- were reasons for imposition, not negotiation.

But upon the equilibrium of this balance of opinion regarding the country's image, there is a certain group within the country that believes that this position of confrontation with the traditional centers of power vindicates the condition of submission imposed on Ecuadorian society throughout its history. The long neoliberal night is once again evoked, with a sequel of commitments and obligations to the hegemonic countries and international organizations such as the International Monetary Fund (IMF) and the World Bank (WB), whose policies at the time brought plunder to the country.

In effect, this is the virtue of a leader whose populist government has known how to exalt the emotions of a society whose middle and lower class exceeds 70% of the population, and constitutes the pillar of democratic decisions. As previously mentioned, the leadership

capacity of former President Correa in the Government, the majority social groups, and also within the Alianza País<sup>14</sup> party, is recognized.

Consistent with the theory of persuasion proposed by Cialdini (1999), former President Correa generates a positive response in the masses through messages that are stimulated mainly by reciprocity, authority, social validation and sympathy, the latter aimed mainly at the popular masses. In fact, it possesses geographic and climatic conditions that mark it as one of the richest countries in terms of biodiversity; but its wealth has not been well-managed, and this has led to external abuses, expropriations, and exploitations that have affected the forms of sustenance for an agrarian and agro industrial system. The former Government -even as recognized by the opposition- has been one of the administrations that took greatest advantage of these natural resources as a pillar for strengthening the productive matrix, through prioritization of strategic areas such as electricity, telecommunications and oil. No previous government has invested so much in the construction of the energy matrix, boosting water capacity as reflected in emblematic projects such as Coca Codo Sinclair and Manduriacu.

## 11.2. Credibility and Uncertainty

The minimum influence exerted by the country's image in the negotiating context can be considered; however, it is understandable that a State's reputation arises from its degree of confidence. It could be inferred that its opportunities increase or decrease depending on its economic trajectory, the degree of credibility and uncertainty. If a country presents an image of legal insecurity, for example, its possibilities of opening towards others become uncertain.

- a. What, then, influences the perception of a country? Based on certain considerations of the Baloglu and McCleary model (1999), cited in the article by Andrade Suárez (2011) published for the magazine Scielo, it is possible to determine some factors that affect the country's image and correlate them with the local:

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14 Alianza País. officially Movement Alianza PAIS - Patria Altiva i Soberana is the name of the Ecuadorian political movement that serves as a political organization for the Citizen Revolution promoted by former President Rafael Correa. The political organization was formally launched in Quito on February 19, 2006

- b. Personal factors: characteristics of the individual directly related to their psychological and social aspects. In this case, former President Correa established a strong and populist profile; he had a great affinity with the majority of the population, which defined his legitimacy in three popular elections; very much in spite of the fact that the media showed him as an arrogant and imposing leader.
- c. External factors: caused by information and previous perceptions. The country's history characterizes it on the international stage: it defines its reputation as a state in underdevelopment, primary and submissive, against which its situation and conditions were permanently marked by the impositions of power. This took a radical turn with the government of former President Correa, since he was seen as a messianic leader by the majority masses, allowing him to make decisions with popular support.
- d. Internal factors: determine a perception of credibility or uncertainty according to that State's characteristic policies. In this case, application of the endogenous economic model and fiscal policies define an antagonistic country profile. On the one hand, the majority middle-low classes feel redeemed in their condition against the business groups (including media) and upper-middle classes that have read from the perspective of productivity dynamics; a situation that has generated uncertainty in the international context, which affects possibilities for negotiation and investment. (Andrade Suárez, 2011, p. 2)

Mistrust and legal insecurity have been identifying characteristics of the country in the international context. Fluctuating administrations result in government policies that pass from left to right, generating visible economic instability. This is obviously in the country's capacity to generate and sustain strategic relations with a view towards investment and greater economic dynamism.

The permanence of this distrust in the country image becomes riskier the longer it lasts over time. While this perception is the result of the individual's influence factors in society; it is therefore important to modify these stimuli with clear actions that favor a closer approach and better credibility between citizens and their institutions and representatives. This process does not happen overnight, as a society's behaviors and beliefs require years to be modified through a gradual and systematic

process; however, the guidelines to be followed that are to be progressively identified and assimilated by the citizens must be established.

Recall that other related aspects, such as the Ecuadorian miracle, have been affected by a lack of foresight and projection, which envisages a panorama of alliances and strategies alongside the previous presidential elections in 2017. This lack of foresight, demonstrated in the savings capacity and the opening of investment, was further lacerated by the natural disaster that, following the earthquake of April 16, 2016, devastated important populations and tourist areas of the coastal provinces, mainly Manabí. This situation was added to the various factors affecting the Ecuadorian crisis; before which there was no emergency plan and no fiscal fund to cover the multiple needs demanded by this serious scenario. The Government's decisions led to fiscal measures that, once approved in May by the National Assembly, entered into force as of June 2016.

These measures were intended to raise between USD 650.00 and USD 1500.00 million to recover from the losses caused by the natural tragedy, of around USD 3000.00 million. The Law on Solidarity and Citizen Responsibility for the Affectations of the Earthquake in Ecuador, which entered into force starting on June 1st, according to the information issued in a note from the Andes agency (2014) "aims to raise funds to finance reconstruction of several towns in the coastal provinces of Manabi and Esmeraldas, the provinces most devastated by the 7.8 earthquake of April 16th, through various tax and solidarity actions."

There is a fiscal deficiency in the administration of the State; this new scenario requires decisions to facilitate mutual collaboration in public-private partnerships that allow for the country's economy to be reactivated in order to generate and increase the productive dynamic. The measures announced do not foresee this alliance and instead taxes and tariffs have been increased.

From the perspective of Good Living, the vision of productivity goes hand in hand with the use of new technologies. The globalized world economy has as its main instrument the Information and Communication Technologies (ICT) which have opened a new development panorama to societies. The appearance of telecommunications networks facilitates communication between human beings and shortens distances, the world looks smaller and greater interaction between nations is



permitted. A new perspective arises and without doubt, it is the internet that creates this new paradigm.

ICT addresses all the technologies found in information and knowledge societies. We see an incredible evolution of the ways of communicating between human beings and this, of course, opens up new and important forms of exchange, communication, negotiation and commercialization from different angles of the world. These technologies determine, to a large extent, a country's image in regard to its levels of development, productivity mechanisms and security aspects.

Ecuador is a country of primary production, with an incipient industry, where technology lacks investment and development; meaning that we are basically consumers of technology imported from the advanced nations. The insertion and technological use in the country requires investment, but also cultural processes for empowerment in which people identify technology as a safe and effective tool.

However, recognizing the Ecuadorian efforts to enter into technological areas from the different financial, productive and economic spheres, a contradiction arises between the foundations of a productive matrix that establishes greater investments, and a closed Ecuadorian market, whose tax measures limit technological inclusion, which impose high costs on the entry of technology.

## **12. NEGOTIATIONS AND NEGOTIATORS: INTERNAL AND EXTERNAL INTERESTS**

In terms of negotiation, the country lags far behind. This can be observed from the internal and external interests. There is no doubt that there are many reasons that converge to become visible in this result, and that today it constitutes a significant problem to be solved. The size of the Ecuadorian economy and its degree of participation in international trade, identifies the country as a lightweight player; however, as stated by Ponce Leiva (2005, p. 10) "the strengths to be used as opportunities must be visualized". In this sense, applying David Ricardo's theory of comparative advantage, beyond oil, Ecuador should increase the degree of specialization regarding products that being very highly appreciated, can still potentiate their competitiveness in the international market, to take advantage of our geographical and natural conditions.

But in addition to what can be offered as a country, how it is offered also affects negotiations. In this aspect three identifying elements of the Ecuadorian negotiators converge: culture, skill and knowledge; which have a decisive influence on negotiation results. Diplomacy is immersed in these elements as one of the bases in international relations and negotiations. This important aspect has been key in the strategic approach between nations; it should be remembered that it was a diplomatic conflict that was the trigger that led to the First World War. But likewise, diplomatic methods are the path for agreements between parties. Among these can be: negotiation, good offices, mediation, arbitration, investigation and conciliation. In this same way, due to globalizing commercial processes exchanges increased dramatically, as did differences, controversies and conflicts, which following the saturation of the courts found a faster and cheaper route: the Alternative Resolution of Conflicts (ADR).

One often hears about Ecuador's benefits: its nature and diversity, its climate and its warm and courteous people; however, there is a paradoxical description of a poor country whose people are known -specifically in negotiation scenarios- as informal, with little credibility and knowledge; whose verbal and non-verbal language sends signals to the counterpart as being an opportunity for advantage. As previously reviewed, the characteristics of the Ecuadorian negotiator visualize him/her as weak and insecure in the positions to be defended on behalf of his/her compatriots. This disadvantage increases with a society of continuous criticism and opposition, which ends up isolating the person or negotiating team, leaving them lacking support within their own country.

Definitely, power in the negotiation decisions is also reflected in a society's integration and consolidation. Based on the conceptualization of the State, negotiators serve as spokespersons for the interests of a human group; therefore their positions to be negotiated are the positions of their compatriots. Therefore, it is the Government's duty to involve citizens in negotiating expectations so that they are the ones who endorse the decision-making process for their own benefit. In this sense, the media become channels for the manifestation of that will.

Negotiations thus also constitute a mechanism that channels the end of the State; and in this sense Aldo Isuani's premises can be replicated in an analogous manner (2010, p. 2) in which he states that the State converges in several ideas regarding its purpose: a) create a necessary order, b) ensure social coexistence, c) establishment of means for cultural,

economic, political, moral and social development, d ) the welfare of the nation; and, e) social solidarity. All these represent reasons why the path of effective negotiation contributes to an increase in investment and this consequently leads to productivity and collective welfare.

In effect, this factor is one of the causes for the ineffective results in negotiations. The lack of consecutiveness reduces the experience and limits the skills and abilities with which the negotiating team will face the counterpart. As a consequence, we find inconclusive negotiating processes due to conflicts, disagreements, lack of persuasiveness; or those processes that never even start, in spite of the commercial interest, due to resistance due to uncertainty, political-economic insecurity and the lack of credibility in institutions.

As can be seen, the transversal axis as a mechanism for solution is communication; since this is a process of information exchange, it can be understood that the small number of effective results in negotiations is due to the absence of a clear and persuasive message, and to a lack of credibility that is given by the reputation forged through the country image that has been transmitted internationally. This communication is the fundamental axis in the new order, in which globalization is generated and strengthened through the so-called ICT, becoming an effective instrument in exchange, production, negotiation, and resolving conflicts on a global scale, which facilitates greater participation and overcomes barriers and distances.

It should be remembered, then, how Durán Sáenz (2010, pp. 2-3) in his article for the digital magazine “Caei”, contextualizes the conflict in a society without borders and ideologies:

- a. Commercial methods have displaced militaristic methods.
- b. The conflict’s logic will be expressed by the grammar of commerce.
- c. Territorial distribution becomes temporal distribution.

The responsibility then of negotiating and of the negotiator then is enormous; in the case of international negotiations, in addition to that described in the lectures of Dr. Hernán Escudero, expert negotiator and professor, is also a process that translates and defends the interests of an entire community in its benefit and growth. To negotiate is thus to be properly prepared; it is to inform oneself and know how

to communicate, in order to understand how to obtain that hoped for from the counterparty and achieve the proposed result. Paraphrasing Fisher and Ury (1991) negotiation is a means for feedback and effective communication, in which the agreement becomes evidence of the party's interests in proportion to the capacity for persuasion at the table, where in addition to the negotiator's knowledge, experience and skills, the timing, circumstances and scenarios also have an influence.

As has been mentioned, the negotiating team's positions reflect the interests of a social group through the representation of the State, in which the utilitarian principle prevails to ensure the benefit of the majority. For this, it is important to have prior community socialization policies, in which the community knows and accepts the aspects to be addressed and defended in the international context, so that the integrated society becomes a strength in the negotiation process. Throughout its history, Ecuador has maintained, a disintegrated image in permanent opposition, without the consolidation of ideas and interests that are led with support, both internal and external. These are cultural forms rooted for some, but from the point of view of beliefs, constitute generalizations of behaviors that can be modified in schemes of continuous participation. It is not an immediate response action, because like all social-cultural processes, time is required for understanding, assimilation and change. The idea is to involve the community more in those processes whose cause, form and purpose are of social interest.

It is imperative to change the belief-directed behavior structures, where the society's factor of despair and the desire for change are constant, where they transmit a negative, insecure and disintegrated image of ourselves, one that forcefully affects what we project as a society around the world. As a nation and society, we must rescue and allow to prevail virtues to improve our relationships, recognize and modify failures, and build new commitments that are identified in our beliefs. These weak points in our beliefs require motivation and inspiration which will allow them to be modified, in addition to having clear and convincing channels that make them sustainable through effective messages; and this is where the media plays an important role in said transformation.

### 13. CONCLUSIONS

The situational analysis of the country shows a gradual loss in its positive image at a national and international level, which is reflected in the growing lack of credibility and insecurity in its regulatory policy. Based on theoretical approaches and diverse opinions of representatives of society, a direct relationship between the country's image and its growth opportunities is reached.

The country image is affected by a deterioration in political processes, institutional level and the lack of citizen identity and empowerment. In addition, the country's reputation has been stigmatized by the generalized idea of "third world country" or "developing country," which has been further affected by the implementation of economic policies such as tariff barriers.

From the institutional position it is important to work together with the mass media on the impact of so-called agenda setting, with the purpose of modifying the criteria on which they discriminate the information to be presented to the society, and offering alternative content, truthful and of social interest, to exercise an influence that fosters these institutions' greater acceptability and credibility.

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