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Full Length Article

# Inter and intra organizational negotiation during economic recession: An essay on the promotion of cooperation

Cherine Soliman<sup>a,b</sup> Nicolas Antheaume<sup>b,c,\*</sup><sup>a</sup>*Pearl Negotiation, Cairo, Egypt*<sup>b</sup>*LEMNA, University of Nantes, France*<sup>c</sup>*School of Economics and Management, University of Nantes, France*

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## Abstract

The difficult economic environment in which we live has created a reality rich in conflict within and between organizations. The economic tension and the highly conflictual environment combination have resulted in an increase of competitive strategies in negotiation. This approach has increased the level of business environment complexity. This article defends the opinion that in such a context cooperative negotiation strategies might present a solution to ease the tension and create a powerful sustainable competitive advantage. In this article we try to explain why it is natural for competitive strategies to dominate in organizations today. We also try to explain why cooperation is shying away. Yet the focus of our work is to highlight the possible ways to promote cooperation in this same context.

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*Keywords:* Cooperation; Organizational performance; Negotiation; Social dilemma; Negotiator's dilemma

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## Introduction

Over the last decades professionals around the world have been managing their business in a context of constant economic downturns and recessions, in the face of unprecedented economic challenges. Globalization has been the answer to many business problems, enabling the realization of economies of scale through the creation of interdependent economic networks between countries, organizations as well as individuals. The positive side of globalization is that organizations have increased their effectiveness and efficiency in the fields of production, assembly, distribution and shipment around the world, at better cost, enabling competitive product prices to maintain and expand their market share. However there is also a downside to this. For global risk analysts interconnectivity and increased impact on the environment, which are a result of globalization, have also produced despair. The Global Risk Report ([World Economic Forum, 2016](#)), based on the contributions of 750 experts mentions how climate change, cyber-dependence and severe income disparity are already impacting strained societies and leading to more competition for scarce resources. Globalization has compounded the types and levels of business risks.

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\*Corresponding author at: LEMNA, BP52231, 44322, Nantes cedex 3, France.

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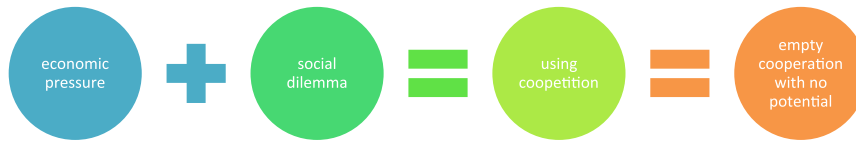


Fig. 1. The competition equation figure.

This new economic context has increased the pressure on the social dilemma with which managers are confronted. Should organizations cooperate for mutual and global posterity, or should they compete to ensure and maximize on their winnings in this particularly egoistic environment. Both sides of the equation seem very logical and debatable. What our review of literature shows is that in the face of this additional complexity, organizations have decided to cooperate competitively. Indeed, in the face of the economic pressure organizations cooperate through the creation of strategic alliances such as joint ventures, mergers, and acquisitions to increase their financial wealth, R&D potential, market access, and product portfolio. The aim of such cooperation might also be to minimize political and economic risk. Yet although they cooperate, organizations simultaneously compete to gain more than their partners from this cooperation. This has often been described as *coopetition*, a concept popularized by [Brandenburger and Nalebuff \(1996\)](#). Our belief is that it corresponds to a form of distorted cooperation, without any cooperative essence.

If we go back to the definition of cooperation in very simple words, we propose to frame it as follows: “I should deploy all my efforts to satisfy my needs then I will do all I can to help achieve satisfy yours (not at my expense, but through value creation).” ([Wheeler, 2003](#)). However today's organizations manage their cooperation in a way that we describe as follows: “I shall deploy all my effort to achieve my maximum potential ([Fig. 1](#)). As long as you are beneficial to me I will show a level of support and commitment, yet behind the scene I am getting ready to compete and win you over when and if needed”. We believe this corresponds to a distorted version of cooperation. It carries and delivers more competition than cooperation.

Our question thus becomes how to promote more “authentic” cooperation in this context. We address this question based on a review of the relevant literature and divide it into sub-questions. In part one, we ask why competitive strategies dominate in difficult economic conditions. In part two, given this context, we ask how organizations can make cooperation happen and identify the importance of individuals. In part three, we thus move from the organizational to the individual level. We thus ask how a negotiator can make the context more appropriate for cooperation.

Our research is conceptual in nature and is based on a review of literature. Relevant articles were identified using the following keywords: negotiation, competition, cooperation, social dilemma, negotiator's dilemma. First, the abstract of the articles identified were read and ranked as to their relevance to the theme of promoting negotiation between and within organizations. Articles which did not relate to business negotiation between and within organizations were not kept for further review. We read the articles we selected with our three sub questions in mind. The idea was to list the ideas that would enable us to answer our questions. We read articles until a stage where new articles did not bring new ideas but repeated ones we had already identified, giving us an indication that we had reached a point of saturation. For the more general articles on cooperation and negotiation, for each idea identified, we referred ourselves to the articles which were most cited and which were at the origin of the idea identified. For the articles which were more directly related to our questions (such as how to promote cooperation within organizations), not that many were identified and we did not have to exclude any.

### Part I: Why competitive strategies dominate in difficult economic conditions?

A first answer to this question might be that resources are scarce. If one wins alone one might just make it. If one shares the resources, both parties will be both uncompetitive compared to others who choose not to cooperate. This corresponds to the essence of all social dilemma. However, we will show that pursuing this logic leads to situations in which all parties are worse off.

By definition: “*Social dilemmas are situations in which individual rationality leads to collective irrationality. This is, reasonable behavior leads to a situation in which everyone is worse off than they might have been otherwise.*”

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