IS IT WORTH COMPETING AT THE BARGAINING TABLE?

Dr. Murillo de Oliveira Dias

1Coordinator of DBA Programs at Fundação Getulio Vargas, Brazil
1Corresponding e-mail: murillo.dias@fgv.br // agenda.murillo@gmail.com

Abstract

This article addressed social value orientation in Brazilian business negotiations. Is it worth competing at the bargaining table? The investigation is part of my doctoral thesis, and the results were attained through N=20 qualitative in-depth interviews combined with the naturalistic approach and Behavioral event interview. Raw data were coded and analyzed through content analysis. Key findings evidenced three critical moments for a given business negotiation: (i) before the negotiation, preparation stage; (ii) during the negotiation, and finally (iii) the closing negotiation stage. In twenty out of twenty negative failure cases, competition prevailed at the final negotiation stage. Discussion and Future research complete the present work.

Keywords: Negotiation, Social Value Orientation; Cooperation; Competition

1.INTRODUCTION

This article addressed social value orientation in Brazilian business negotiations. The issue under revision is part of my doctoral thesis (Dias, M.O. 2016), and is investigated here through qualitative, inductive research, combined with multiple methods approach, such as N=20 behavioral event interviews with Brazilian executives with more than 15 years' experience in business negotiations. This research was not focused on recent but relevant events. Findings suggested that social value orientation is a relevant factor to Brazilian business negotiations. However, a question remained: is it worth competing at the bargaining table?

First, social value orientation is influenced by past studies: Blake & Mouton's (1964) managerial grid. Messick & Mc Clintock (1968) defined social value orientation, through the following utility function:

\[ U(\pi_s, \pi_o) = a \cdot \pi_s + b \cdot \pi_o \]

Where:

\( \pi_s \) is the self's outcome, \( \pi_o \) is the other’s outcome, \( a \) and \( b \) are constant, meaning: \( a = \) own allocations, and \( b = \) others’ allocations (Messick & Mc Clintock, 1968).

According to Murphy, Ackermann & Handgraaf (2011), Social Value Orientation is a psychological trait, over parties’ willingness for resource allocation or distribution (De Dreu...
& Van Lange, 1995). The primary concern is that “people vary in their motivation or goals when evaluating the different resource allocations between themselves and another person” (Murphy, Ackermann & Handgraaf (2011, p.771). Social value orientation has been studied in the past decades: Griesinger & Livingston (1973), for the outcome of the other (y-axis), vs. the outcome of yourself (x-axis), on a two-dimensional plane (see Figure 1).

![SVO Ring framework](image)

Figure 1. SVO Ring framework. Adapted from Griesinger & Livingston, 1973. Reprinted under permission.

Liebrand & McClintock (1988), designed the *Ring measure*, based on Griesinger & Livingston (1973) past works. Van Lange, Otten, De Bruin & Joireman (1997) designed the *Triple-dominance measure*. Finally, the Murphy, Ackermann & Handgraaf (2011) presented the social value orientation *Slider measure*. Figure 1 illustrates social value orientation correspondence in the following expression (i):

(i) SVO Ring $\theta = \arctan (\sum P_O / \sum P_S)$

Where $\sum PS$ is the sum of payoffs allocated to the self and $\sum PO$ is the sum of payoffs selected for the other subject. The vector’s angle indicates the social value orientation measure, for instance, (i) altruistic (50,100), and (ii) competitive (85, 15), as depicted in Figure 1 (Griesinger & Livingston, 1973).

Later, Van Lange, Otten, De Bruin & Joireman (1997) came up with the triple-dominance, based on the decomposed games (Messick & McClintock, 1968). Figure 2 illustrates the triple dominance measure’s possible outcomes:
Finally, Murphy, Ackermann & Handgraaf (2011) devised a continuous scale, rather than using nominal motivational groups, the slider measure test, which consists of 15 items, six primaries, and nine secondary items. In each item, the individuals are supposed to indicate their most preferred allocation vs. the other's allocation, regarding nine options. Slider measure's consistency is of 89 percent, while the Ring measure is of 68 percent, and the Triple-dominance measure is of 70 percent (Murphy, Ackermann & Handgraaf, 2011).

On the other hand, negotiation has been studied over the last decades, under different perspectives (Raiffa, Richardson & Metcalfe, 2002; Rubin and Brown, 1975; Fisher, Ury & Patton, 1981; Salacuse, 2003, 2006; Lax and Sebenius, 1986; Shell, 2006; Dias, M.O. 2016; Bazerman and Moore, 1994; Neale & Northcraft, 1991; Thompson, 2001; Moore and Woodrow, 2010; Patton, 2012). Negotiation is defined here as a joint decision process, by which two or more parties seek to advance their interests on substance to reach a satisfactory agreement.

Dias, M.O. (2016) defined business negotiations “as the social interactions between two or more persons, regarding their interests, and dedicated to reaching an agreement on making, buying, or selling goods or providing services in exchange for money, or part of a job” (p.30).

Business negotiations have been widely studied under different scenarios, such as mining industry (Dias, M. O., & Davila, 2018); e-business negotiation (Dias & Duzert, 2017); carmaker industry (Dias, M. O., Navarro and Valle, 2013, Dias, M. O., et al., 2014; Dias, M. O., et al., 2013); retail business (Dias, M. O., et al., 2015; Dias, M. O. et al., 2015, 2014); aircraft manufacturer industry (Dias, M., Teles, and Duzert, 2018; Dias, M.O. and Duzert, 2018); cooperative societies in general (Dias, M.O., Ribeiro and Albergarias, 2019; Dias, M.O. 2019h Dias, M.O. & Teles, 2019; 2019b; Dalacosta, Dias, M.O, Meirelles, 2019; Dias, M.O., 2018; Dias, M.O & Craveiro, 2019; Dias, M.O. Krein, Streh, Vilhena, 2018; Dias, M.O. & Ramos, 2018; Dias, M.O & Teles, 2018); business negotiations role-play simulations (Dias, M.O. 2019, 2019a; Dias, M.O. and Albergarias, 2019, 2019b; Dias, M. O. & Teles, 2018).
Finally, this article is beneficial to scholars, negotiators, mediators, agents, third parties in general, buyers, sellers, managers, and other practitioners in general. Dias, M.O. was the Interviews took 45 minutes' average and were conducted in calm places, without external noise or disturbance that could interfere in the interviewees' answers. Disclosure information was signed; ethnographical data was collected previous the interviews.

2. METHODS AND RESEARCH LIMITATIONS

This research is qualitative, inductive, following an interpretive and naturalistic approaches, idiographic and cross-sectional studies, combined with comprehensive literature review. N=20 behavioral event in-depth interviews (McLelland, 1973, 1976), semi-structured (Myers & Newman (2007), supported by and Goffman’s Dramaturgical theory (1959).

Invitations were sent by e-mail with 100 percent response rate. The sample was purposive, criterion, snowballing, and convenient sampling techniques were applied (Dias, M. O. 2016). Out of the N=20 interviewees, N=15 male, and N=5 were female, depending on the availability of the participants, who were contacted first by phone or face-to-face, then receiving formal e-mail communication.

Interviews took 45 minutes’ average and were conducted in calm places, without external noise or disturbance that could interfere in the interviewees answers. Disclosure information were signed; ethnographical data was collected previous the interviews. Interviews were audio and video recorded in both Brazilian Portuguese and English languages, then transcribed and coded, Raw data were analyzed through content, cluster, contrast, timeline analysis, following Miles, Huberman and Saldaña (2014).

This research was limited to Brazilian business negotiations. Other countries should be investigated in separately, because of multicultural issues (see Future research section). Also, this study refers to limitedness of the N=20 interviewees’ perceptions. In other negotiations, such as peace or diplomatic negotiations, for instance, parties involved may behave differently.

To avoid elite bias, low, middle and top level managers were interviewed. To avoid confirmation, and social desirability biases, naturalistic approach was employed. NVivo 11 was used for processing raw data.
3. FINDINGS

The 20 interviews took 21 hours and 45 minutes or 1,305 minutes, or approximately 65 minutes per interview in total (Dias, M.O., 2016). The interviewees were told to tell N=20 successful and N=20 failure negotiation cases. Purposive sampling is illustrated in Figure 3, as follows:

![Figure 3: Purposive Sampling](image)

The interviews, transcriptions, translations, corrections and codifications total 66 days, or 1,584 hours of working, from August 4 to October 8th, 2015 (Dias, M.O., 2016). Coding results are illustrated in Figure 4:

![Figure 4: Coding Process](image)

<table>
<thead>
<tr>
<th>Code</th>
<th>Positive Outcome</th>
<th>Negative Outcome</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>First Cycle</td>
<td>Second Cycle</td>
<td>Third Cycle</td>
</tr>
<tr>
<td>Holistic</td>
<td>20</td>
<td>zero</td>
<td>zero</td>
</tr>
<tr>
<td>Attribute</td>
<td>20</td>
<td>zero</td>
<td>zero</td>
</tr>
<tr>
<td>Structural</td>
<td>76</td>
<td>zero</td>
<td>zero</td>
</tr>
<tr>
<td>Process</td>
<td>196</td>
<td>zero</td>
<td>zero</td>
</tr>
<tr>
<td>In Vivo</td>
<td>174</td>
<td>zero</td>
<td>zero</td>
</tr>
<tr>
<td>Eclectic</td>
<td>zero</td>
<td>431</td>
<td>zero</td>
</tr>
<tr>
<td>Pattern</td>
<td>zero</td>
<td>431</td>
<td>zero</td>
</tr>
<tr>
<td>Open code</td>
<td>zero</td>
<td>zero</td>
<td>123</td>
</tr>
<tr>
<td>Total</td>
<td>486</td>
<td>862</td>
<td>123</td>
</tr>
</tbody>
</table>

Observe in Figure 4, the results of the coding process, conducted in three cycles: (i) pre-coding; (ii) holistic; (iii) descriptive; (iv) structural; (v) process; (vi) in vivo; (vii) eclectic; (viii) pattern, and (ix) open codes. N=3058 codes and sub codes were employed in total, respecting each coding phase.
Observe in Figure 5 that cooperation and competition are represented respectively by the sub-codes svo-pself (social value orientation pro-self, or competitive traits), and svo-psocial (social value orientation pro-social, or cooperative traits). Note that the outcomes were divided in three phases: before negotiation (preparation phase); during negotiation, and after negotiation. These results were achieved through structural coding (see Figure 4), used to separate negotiations according to their phases. Regarding SVO (social value orientation) in Figure 5, observe that in the positive outcomes, a different phenomenon can be noted: competition (svo-pself) decreased while cooperation (svo-psocial) increased in positive outcomes. The very opposite occurred in the negative outcomes: while cooperation (svo-psocial) decreased, competition (svo-pself) increased. In both circumstances, cooperation and competition were detected. Word cloud is depicted in Figure 6, as follows:

![Word Cloud](image)
Observe in Fig. 6 the word “trust” as the highest frequency word. These findings are analyzed and discussed in the following sections.

4. ANALYSIS

Past studies were followed on the analysis (Blake and Mouton, 1964; Van Lange, Otten, De Bruin & Joireman, 1997; Griesinger & Livingston, 1973; Pruitt & Rubin, 1986; Liebrand & McClintock, 1988; McClintock & Allison, 1989; Murphy, Ackermann & Handgraaf, 2011). Raw data was coded and further analyzed, according to Schreier (2012). Conceptually-clustered, combined with contrast analysis, resulted in the following Table 1, as follows:

Table 1

<table>
<thead>
<tr>
<th>Conceptually clustered matrix</th>
</tr>
</thead>
</table>

Analysis of findings regarding Dias, M.O. (2016) evidenced two critical issues to be further discussed regarding Brazilian business negotiations: (i) cooperation (PSOCIAL), and competition (PSELF) were present in 100 percent of the overall results (interviews). (ii) Content analysis revealed also increasing degrees of competition and decreasing degrees of cooperation in failure negotiation cases and pointed the opposite in positive outcomes: increasing cooperation and decreasing levels of competition in business negotiation cases reported.

The analysis also suggests a correlation between competition and failure cases, as well as cooperation and success cases. Evidence suggests impacts on the relationship, as well. One conclusion is that negotiation outcomes affected somehow trust in this study: in the adverse outcomes, somehow breaking trust; in the positive outcome cases, reinforcing trust within the relationship.
In the cases of failed negotiations, high levels of distrust were reported, as well as broken trust, for instance, as a cause for adverse outcomes, which consequences we reported as a loss of respect and trust, for example.

These findings implicate correlations between trust and social value orientation regarding Brazilian business negotiations. One implication to negotiators in general regards the desired outcomes in negotiation: parties, by definition, seek to advance their interests to reach a joint solution (Salacuse, 2006). In this context, increasing levels of competition seemed to drive the negotiator out of an agreement in the overall N=20 negotiations. Evidence also implicated the opposite: fostering trust somehow correlates with cooperation, and in consequence, positive business negotiation outcomes.

In other words, answering the research question posed in the introduction, too much competition is prejudicial to both negotiation process, outcome and relationship, affecting somehow trust, mainly if concentrated in the end of the negotiation, when parties usually are closing their deals.

5. DISCUSSION AND IMPLICATIONS

Analysis of findings regarding Dias, M.O. (2016) evidenced two important issues to be further discussed regarding Brazilian business negotiations: (i) cooperation (PSOCIAL) and competition (PSELF) were present in 100 percent of the overall results (interviews). (ii) Content analysis revealed also increasing degrees of competition and decreasing degrees of cooperation in failure negotiation cases and pointed the opposite in positive outcomes: increasing cooperation and decreasing levels of competition in business negotiation cases reported.

Analysis also suggests correlation between competition and failure cases, as well as cooperation and success cases. Evidence suggests impacts in the relationship, as well. One conclusion is that negotiation outcomes affected somehow trust in this study: in the negative outcomes, somehow breaking trust; in the positive outcome cases, reinforcing trust within the relationship.

In the cases of failure negotiations, high levels of distrust were reported, as well as broken trust, for instance, as a cause for negative outcomes, which consequences we reported as loss of respect and trust, for example.

These findings implicate correlations between trust and social value orientation, regarding Brazilian business negotiations. One implication to negotiators in general regards the desired outcomes in negotiation: parties, by definition, seek to advance their interests with the objective to reach a joint solution (Salacuse, 2006). In this context, increasing levels of competition seemed to drive the negotiator out of an agreement in the overall N=20 negotiations. Evidence also implicated the opposite: fostering trust somehow correlates with cooperation, and in consequence, positive business negotiation outcomes.

In other words, answering the research question posed in the introduction, too much competition is prejudicial to both negotiation process, outcome and relationship, affecting somehow trust, especially if concentrated in the end of the negotiation, when parties usually are closing their deals.
6. FUTURE RESEARCH AND LIMITATIONS

This research is limited to Brazilian business negotiations. Negotiations in other scenarios or countries should be investigated in separate. Negotiation performance being affected by social value orientation is worth investigating.

Future research is encouraged on investigating what extent competition is prejudicial to a negotiation outcome since the evidence was found of competition present in all negotiations, as well as cooperation. Evidence suggested, however, that increasing the levels of competition should be investigated in separate or together with levels of trust, to be a predictor in the case of failure/success cases in business negotiations. Also, the impact of cooperation both in relationship and substance should be investigated in the future as predictors of negotiation outcomes. These studies could be conducted together or in separate, quantitatively.

References


Dias, Murillo de Oliveira; Albergarias, Raphael (2019b). Role Play Simulation on Farm Debt: Brazilian Case. In: SSRG International Journal of Humanities and Social Science 6(4), 84-93., ISSN 2394 - 2703. DOI:10.112/gsj.2019.08.26384; DOI: 10.13140/RG.2.2.33770.88000


Paradela, V. C.; Dias, Murillo de Oliveira; Assis; Kamila Barbosa; Oliveira, Joana Aparecida; Fonseca, Rafaela K.A.,(2019). Preparing Managers for NGOs: a Field to be Explored. SSRG International Journal of Economics and Management Studies 6(3), 1-10; ISSN: 2393-9125; DOI: 10.14445/23939125/IJEMS-V6I3P101


GSJ© 2019
www.globalscientificjournal.com


Dias, Murillo de Oliveira; (2018). Seven supportive Theories on Negotiation In: Global Journal of Research Analysis, 7(11), 493-494. ISSN 2277-8160; DOI:10.15373/22778160. DOI: 10.6084/m9.figshare.7834349


Dias, Murillo de Oliveira (2016). Factors Influencing the Success of Business Negotiations in the Brazilian Culture (Doctoral Thesis). ESC Rennes School of Business, France. DOI: 10.13140/RG.2.2.18660.22407


