

Transactional and Interactional Perspectives on Business Negotiation

Jens Eklinder-Frick
Uppsala University

Lars-Johan Åge
Gävle University

Abstract

A transactional perspective has historically dominated the business negotiation literature. Assumptions which arise from this transactional perspective includes the notion that (1) business negotiations are a linear process that follows episodic or stage models, (2) that business negotiations are geared towards an outcome in the form of a one-time, (3) that the value of the negotiation outcome are often expressed in economic or mathematical terms, (4) that negotiation research focus on the single negotiator or negotiation in a dyad and (5) that the research historically has viewed negotiation as a “zero-sum” game. Viewed from the interaction approach within the IMP perspective, there is good reason to challenge these five assumptions within the business negotiation literature. The purpose of this conceptual paper is to analyse and discuss the differences in the way that central aspects of business negotiations such as the process, outcome, value creation, involved actors and resource allocation are conceptualized in both the business negotiation and in the IMP literature. The conceptual deliberation concludes that business negotiation research thus far has tended to focus on individual skills and on the examination of isolated dyadic interactions. Also, business negotiation research largely ignores the fact that the nature of industrial business is predominantly relationship-based, rather than transactional. Introducing the relational perspective of The IMP tradition into business negotiation research would thus help in furthering the critique already posed within this stream of research towards its transactional, linear and dyadic focus. Viewing business negotiation through an interactional perspective will further managers understanding of the negotiation process.

Keywords: business negotiation, business transaction, interactional perspective, negotiation outcome

Introduction

The IMP tradition concerns the study of the business networks as outcomes of extended interactions over time. These are the core “acting and being acted upon” subject-objects in its theory of the economy and the basis for any value creation (Håkansson & Olsen, 2015). Subsequently, without interaction there can be no actual economic resources, no real economic activity, no meaningful economic actors, and accordingly no economic value creation (Håkansson & Olsen, 2015). This interactional view upon the market has spurred the saying that “no business is an island” (Håkansson & Snehota, 1989) indicating the interdependence of economic actors. Based upon the same view of the market Mouzas (2016) also argue that negotiators’ environments are not faceless; rather, negotiators are embedded in networks of business relationships. Hence, Mouzas (2016) paraphrases Håkansson and Snehota (1989) and posit, “no negotiation is an island”. Indicating that each negotiation affects and is affected by other negotiations in networks of business relationships.

Negotiation is a naturally significant component of the buyer-supplier relationship, as is known from case analyses of buyer-supplier relations that have long been available in business-to-business marketing (Håkansson, 1982). Thus, negotiation contributes to giving content to the history of the buyer-supplier interaction and in turn endowing that relationship with meaning (Guercini & Runfola, 2005). Hence, Guercini and Runfola (2005) suggest that further research in the area of network negotiations could create a better understanding of how mechanisms of negotiations interact with contextual parameters and create conceptual clarity to interactions in business relationships. Similarly, Håkansson and Olsen (2015) calls for research that looks more deeply into such problems as the appropriation of collectively created economic values, and the problem of distribution of such values, in interacted networks. Highlighting the negotiation of monetary deals as an important but under

researched area within the literature that focus on business relationships. Thus, Furthering the conceptual understanding of negotiation is regarded as contributory towards research within the IMP tradition.

However, negotiation research thus far has tended to focus on individual skills and on the examination of isolated dyadic interactions (Mouzas, 2016; Herbst et al. 2011; Thomas, 2013). Also, business negotiation research largely ignores the fact that the nature of industrial business is predominantly relationship-based, rather than transactional (Moosmayer, Chong, Liu & Schuppar, 2013). Introducing the perspective of The IMP tradition into business negotiation research would thus help in furthering the critique already posed within this stream of research towards its transactional, linear and dyadic focus.

The purpose of this paper is to analyse and discuss the differences in the way that central aspects of negotiations such as the process, outcome, value, actors and resources are conceptualized in both the business negotiation and in the IMP literature. Also, we will discuss and analyze managerial implications that come from the inclusion of IMP perspective into the business negotiation research.

Conceptual aspects of business negotiation

The actors within business negotiation

Within the field of business negotiation, the negotiation outcome is often regarded as the dependent variable and this perspective also put attention the negotiation parties and the extent to which their affect the a actual result (Thompson, 1990, Weiss, 1997). The negotiation parties are often described in terms of a dyadic relationship that is analyzed in terms of individual variables, organizational variables and the relationship between the parties.

When the individual variables are to be described the focus is on the traits of the negotiator and common themes are, for example, negotiator experience and skills (e.g. Steinel et al., 2007; O'Connor & Adams, 1999; Manning & Robertson, 2004; Murnighan et al., 1999), negotiation training and feedback (Ahn et al., 2010; ElShenawy, 2010; Salacuse, 2010; Coleman & Lim, 2001; Weingart et al., 1996; Rees & Porter, 1997a, 1997b; Stevens & Gist, 1997; Kim et al., 2003). Negotiator personality is also a common theme in this category, for example, confidence (Galasso, 2010; Lim, 1997), open-mindedness (Ma & Jaeger, 2005), cognitive ability (Schei et al., 2006; Barry & Friedman, 1998), emotional intelligence (Mueller & Curhan, 2006; Kim et al., 2014; Ogilvie & Carsky, 2002; Foo et al., 2004) and nervousness (Brooks & Schweitzer, 2011).

Sometimes the perspective is lifted from the characteristics of individual participants in favor for what takes place in the relationship, for example, prior experience and prior outcomes, (Kass, 2008; Steinel et al., 2007; O'Connor et al., 2005; O'Connor & Arnold, 2001) or knowledge and understanding (Mumpower et al. 2004, Mintu-Wimsatt & Calantone 2000, Buelens & Van Poucke 2004, Garcia 2002), perceptions and feelings (Van Kleef et al. 2004a, 2004b, Allred et al. 1997), power relations and status (Kim et al., 2005; Anderson & Thompson, 2004; Wolfe & McGinn, 2005; Ball & Eckel, 1996; Christen, 2005; Kim, 1997).

Regarding negotiation dyad compositions, some studies addressed how this affects the negotiation process and its outcome. E.g., O'Connor (1997) investigated how the dyad's negotiation motives (here seen in terms of individualistically or cooperatively-oriented dyads) were related to information exchange and how this affected perceptual accuracy (e.g. mistaking integrative issues for distributive ones, understanding of each others' motivational structure) as well as outcomes.

The tagline of "no business can be an island" (Håkansson & Snehota, 1989) perfectly exemplifies the focus of the IMP perspective on the market and highlight that value is not being created within any single business unit but through the interaction between the business unit and its surrounding network. This notion rests on the belief that it is through the combinations of heterogeneous resources value is

being created and these resources are often not controlled by a single business unit (Penrose, 1959; Håkansson & Snehota, 1989; Baraldi et al., 2012). Following this logic business strategy cannot realistically be regarded as an individual-company activity, since any business actor is forced to operate in a complex network of other actors (Ford & Mouzas, 2008). Hence, Ford and Mouzas (2008) argues that ‘in these circumstances, strategy is more usefully conceived of as a matrix of interdependencies that connects the structure and process of a network and that confronts the existing with the evolving.’ Managers therefore have to realize that their organizations are not free, independent or immune to the initiatives of other organizations, also, managers’ command and authority does not necessarily ensure the desired co-operation and commitment of other actors in their network surroundings (Mouzas, 2016).

When strategy is seen in such a light the issue of business negotiation takes on a different connotation. Negotiation is thus seen as a process by which interdependent organizations, with different backgrounds and potentials and different interests and goals, seek to do better through jointly agreed action (Mouzas, 2016). A definition that goes beyond the tradition of seeing business negotiation as isolated examinations of dyadic, interpersonal processes of bargaining and move on to examine the impact of single negotiations on other negotiations in a network context (Mouzas, 2016). There is obviously literature that addresses the complex problem of aligning parties with different interests and sees negotiation as a multiple player endeavor (Bazerman et al., 2001). However, existing negotiation theory treats every negotiation with multiple players as a decision-making problem of one single situation, subsequently failing to recognize that firms do not conduct multilateral negotiations. This means that negotiations are not separate from each other and everyone thus negotiates “in the same room” (Mouzas, 2016). What the literature fails to address is that firms conduct simultaneous dyadic negotiations in a web of business relationships and their dyadic negotiations hence have impact on other dyadic negotiations (Mouzas, 2016). Hence, it is ‘effectively impossible to isolate the effects of any one action, reaction or re-reaction or its significance for the structure of the network as a whole or for different actors within it’ (Ford & Mouzas, 2008). Thus, negotiations in dyadic contexts both influence and are themselves influenced by the negotiations taking place in the network (Guercini & Runfola, 2005).

If business negotiations are not undertaken in a vacuum and one negotiation is also dependent and affected by other business negotiations, this will change the focus in the business negotiation literature. Instead of considering the aspirations of a single actor in a dyadic negotiation situation the literature must shift its focus towards considering the network of that actor. This will raise a whole new set of strategic questions for the business negotiator that the literature needs to address. In relation to conducting business negotiation within a network context Håkansson and Olsen (2015) posed the relevant questions ‘Can the company build on some existing deals? Can the company achieve other deals if it enters this particular new deal? How can the company adapt the deal to work better in relation to existing and potential deals?’ These questions offer a new avenue of research for the business negotiation literature that reshape the view of what constitute the “actor” that perform the negotiation.

The business negotiation process

The view of negotiation as a process is based on the idea that negotiations are acts of communication between different parties that have different preferences, but are trying to find ways to collaborate and to reach an agreement (Jochemczyk & Nowak, 2010; Brett et al., 1998; Butt et al., 2005; Butler, 1999; Murnighan et al., 1999; Van Bove et al., 2003, Putnam & Roloff, 1992). One way of describing negotiation communication processes in the extant literature is in terms of integrative and distributive processes (Gelfand & Brett, 2004). The idea of integrative and distributive processes is prominent within the field of business negotiation research and is based on a study by Walton and McKersie (1965), who suggested that a negotiation process consists of four sub-processes: distributive bargaining, integrative bargaining, attitudinal bargaining and intra-organizational bargaining. The processes of distributive bargaining and integrative bargaining have since received model status within the field of organizational and business negotiation, and later research has looked upon them as

either two separate strategies or as two dimensions that are present to a varying extent in all negotiations (Gelfand & Brett, 2004)

A second way of describing negotiation processes is in terms of different phases, which suggests that a negotiation process goes through an evolutionary process that includes both integration and distribution (Putnam, 1990). Such an evolutionary process can be often described as consisting of different steps or stages (Filmoser & Vetschera, 2008; Adair & Brett, 2005; Menkel-Meadow, 2004; Kolb, 2004; Stuart, 2004; Johannessen et al., 1997; Olekalns et al., 1996, 2003). At least three steps are traditionally identified, including (1) planning or preparation, (2) negotiation, bargaining, or interaction, and (3) striking a deal. Some scholars suggest other steps, such as relational positioning, identifying the problem, generating solutions, and reaching agreement (Adair & Brett, 2005).

Some studies also try to move away from traditional ways of describing negotiations as processes of sequential phases, focusing on, e.g., “critical moments” (Putnam, 2004). Another term used is “turns” (Kolb, 2004). “Moves” is yet another term, e.g. used by Stuart (2004) who suggests that all parties can potentially benefit from surprising moves by one of the parties. Another way of looking at the negotiation is as a process of problem definition, information processes and situational framing (Johannessen et al., 1997).

To conclude, even if some studies try to broaden the scope away from strictly sequential models of description, it is evident that a perspective that excludes the environment and the context characterizes the perspective on process within the business negotiation research.

Within the IMP perspective most of the theoretical frameworks describing buyer-seller relationship emphasize its interactive (e.g. Håkansson 1982, Turnbull & Valla 1986, Ford et al. 1986), dynamic (Ford 1980, Ford et al. 1986, Wilson & Möller 1995), ongoing (Dwyer et al. 1987) complex (Anderson & Narus 1990) and embedded (Anderson et al. 1994) characteristics (Mandják & Durrieu, 2000). These tenets underlie all interaction between parties in a business setting and therefore also create the foundation for the business negotiation process as seen from the IMP perspective.

Adding to the complexity and embedded nature of the buyer-seller relationship within the IMP perspective is that buyer-seller relationships in business markets generally embrace multiple products/services that change over time. Also, these relationships always involve activity coordination and intense interaction of various actors of the firms involved (Ciabuschi, Perna & Snehota, 2012; Ford, Gadde, Håkansson, & Snehota, 2006). Also, the resource assembly that constitutes any new business deal might involve more than simply aggregating existing resource elements (Ciabuschi, Perna & Snehota, 2012). When a new business deal combines new solutions with existing ones it is subsequently hard to know what value such new combinatory powers will generate. There will hence be a need to continuously oversee and reevaluate any business deal as the combinatory powers of the resources involved become apparent. Thus, both the resources assembled in a business, and the resource constellation in a given business context, evolve continuously as necessary adjustments create new functional resource interfaces (Baraldi & Strömsten, 2006).

Further, Ciabuschi et al. (2012) posit that ‘developing a workable resource combination requires both adjusting the tangible resource elements (e.g., engines, gearboxes, and instrument panels) and reconfiguring the actors’ activities. This adjustment process can lead to far-reaching changes in routines and processes in production, administration, and logistics.’ Thus, Ciabuschi et al. (2012) claim that ‘interaction among the parties involved makes resource assembly nonlinear’. In other words, if the outcome of any new business deal is “hidden” (Gadde, Huemer & Håkansson, 2003) because of the changing and interactional nature of resource combinations it is impossible to capture the process of negotiating in linear or sequential models. If the interactional nature of business exchange makes it impossible to “freeze” any value generating mechanisms in time, or the combinatory aspects of value creation makes it impossible to foresee any business value beforehand, it will be impossible to capture the negotiation process in a step by step process. The process must be seen as a dynamic, explorative and intuitive balancing act without any real beginning or end, just as

the development of any lasting relationship. Any business negotiator is embedded in its context and also often already involved in a interdependent relationship with its opposing negotiation party, to neglect such aspects when it is in relation to such a context the value behind the negotiation outcome is generated is not advisable. Setting a predefined goal and reaching a predefined outcome is in other words not possible and stage or step models that rely on such logics subsequently deny the fabrics of real value creation within business.

The business negotiation outcome

Within the business negotiation field the term “negotiation outcome” commonly denotes the outcome of the negotiation process (Thompson, 1990). This view reflects a perspective that background factors affect the negotiation process and the negotiation process determines the outcome (Weiss, 1997, Druckman, 1973).

Regarding outcomes in business negotiations the main school of thought is based on economic rationality and is anchored in economics decision game theory and can be labeled as “goal-gain” (Weiss, 1997) and is a cost benefit calculation. Simply put, to compare the gains from the counterparts offerings with ones own goals. This view has led to its own terminology such as “aspirations prices”, “reservation prices”, “targets” and “alternatives to a negotiated agreement” (BATNA) (Walton & McKersie, 1965, Fischer & Ury, 1981). After the introduction of interest-based negotiation (Fischer and Ury, 1981), such a goal and gain perspective has been complemented by the joint benefit or integrative criteria (Thompsson, 1990). Within these perspectives, distributive negotiations are in focus, with a small number of negotiation issues, since outcomes of multi-issue negotiations and integrative negotiations become complex or even impossible to characterize in such terms.

Regarding the outcome of negotiation the discourse within the literature has been dominated by the study of economic variables (Thomas, 2013). The economic variables reported most often are profit (Roth et al. 2006; Calhoun & Smith 1999; Stuhlmacher & Walters 1999; Neu et al. 1998; Campbell et al. 1988) and final agreed or settlement price (Srivastava & Oza 2006; Roth et al. 2006; Kaufmann & Carter 2004; Min et al. 1995; King & Hinson 1994; Gupta & Livne 1989). This focus is explained by the literatures roots in game theory and decision analysis (Von Neumann & Morgenstern 1944; Nash 1950; Luce & Raiffa 1957; Roth, 1985) and economic negotiation outcomes have thus theoretically been heavily influenced by game theory (Herbst et al. 2011; Thomas, 2013). However, some discontent with the explanatory power of economic negotiation outcomes has led to a shift in focus of some negotiation research (Barley, 1991). Psychological perspectives gained popularity in their application during the 1980s and 1990s, even if such negotiation outcome research is still limited relative to economic negotiation outcome research (Thomas, 2013). Historically, the negotiation field has been dominated by a focus on economic outcomes defined as the explicit terms of an agreement (Curhan, Neale, Ross & Rosencranz-Engelmann, 2008).

Besides the focus on economic variables in the exchange, the majority of economic negotiation outcome research has also utilized laboratory or field experiments as well as simulations when analyzing the outcome of negotiations (Herbst et al. 2011; Thomas, 2013). In fact, over 87% of the buyer-supplier negotiation articles in a content review study utilized laboratory experiments or experimental simulations (Buelens et al. 2008).

The focus on rigged experiments, where economic outcomes are sought in accordance with a game theory perspective has according to Thomas (2013) cemented the focus on the competitive negotiation strategy within the literature. A competitive negotiation strategy is defined as the ‘attempt to resolve conflicts through the implicit and explicit use of threats, persuasive arguments, and punishments’ (Ganesan, 1993:186), where a one-time or short-term agreement is believed to be the favored outcome (Lewicki et al., 2001). There is however some research that focuses on a collaborative negotiation strategy where the goal is to resolve the parties’ differing interests and deliver joint benefits for both parties (Pruitt 1981; Zachariassen 2008). The apparent lack of research focus on relational outcomes

is according to Thomas (2013) somewhat surprising given the popular body of buyer-supplier relationship literature and the inter-firm relationship focus that has come from supply chain management initiatives (Zachariassen 2008; Atkins & Rinehart 2006).

This focus within the business negotiation literature described above is referred to by Runfola and Guercini (2005) as a transactional orientation and they also conclude that most studies essentially directed attention to negotiating processes within such a transactional logic. Runfola and Guercini (2005) however suggest that business negotiation should apply a relational orientation where the negotiating parties are concerned with achieving future objectives as well as short-term, and thus concentrate both on current and future results. Considering that the IMP perspective believes business to be an outcome of the long-term interaction between several actors within a network context (Håkansson & Snehota, 1989; Baraldi et al., 2012) a relational orientation follows logically from such a perspective. For instance, Mouzas and Araujo (2000) argue that most agreements between manufacturers and retailers are in a process of an on-going modification as time goes on (Mouzas & Araujo 2000). Seen from the IMP perspective these modifications are not the result of an explicit agreement or promise but the outcome of a real day-to-day construction and negotiation as manufacturers and retailers interact with each other over time (Mouzas & Ford, 2003). Transactional orientations in negotiations, where a one-time exchange of predominately economical transactions are in focus, do not from the IMP perspective capture the real outcome of a business exchange. Thus, a transactional orientation is not consistent with how value is conceptualized within IMP theory and applying such an orientation in term of outcome variables is subsequently not apt.

The value creation process within business negotiations

As a result of the origins of the field in the study of choice and expected utility within economics, negotiations are often being portrayed as economically motivated or strategic interactions best practiced by rational, unemotional actors (Curhan, Xu & Elfenbein, 2006; Bazerman, Curhan, & Moore, 2001).

Thus, this “gain-loss” perspective on negotiation is also central when it comes to describing what is of value in a negotiation, but researchers has also incorporated subjective, social and psychological factors and thus challenging the rationalist assumption that negotiations are performed by actors without feelings and emotions. Since the 1960s and 1970s, the use of perceptual and attitudinal measures as dependent variables within studies of negotiation has steadily been increasing (Curhan, Xu & Elfenbein, 2006).

Shortly put, description of value in negotiation research fall into two broad classes: economic and social psychological (Thompson, 1990). Economic values focus on explicit aspects of the negotiation process, for example, whether an agreement has been reached, how much has been created or how resources are being distributed among the participants (see also Nash, 1953). As argued by (Thompson, 1990) social psychological measures in negotiation are grounded in social perception and consist of three important elements: perceptions of the bargaining situation, perceptions of the other party, and perceptions of oneself.

Regarding the bargaining situation, it is about perceptions of the process, structure, scripts, perceived fairness. Perceptions of the other party, on the other hand, can be both individualistic and dyadic, that is, what the negotiator thinks about the counterpart and what the perceptions are regarding the relationship with the counterpart (Thompson, 1990). Finally, the negotiators have perceptions of themselves and their actions during the negotiation process in a way as were they observing themselves from the outside.

This tendency is to some extent also found in the negotiation literature. As previously mentioned the business negotiation literature has its roots in game theory (Herbst et al. 2011; Thomas, 2013) which has according to Mouzas (2016) given negotiation theory simple but elegant mathematical models to express the perceived dichotomy between the negotiator and the environment. However, according to

Mouzas (2016) the examination of value creation has broadened to consider negotiators' preconceptions and flaws in decision making (Kahneman & Tversky 1979, 1984; Bazerman & Neale 1992; Bazerman et al. 2000; Sunstein & Thaler 2008) and social and personal factors as well as barriers to dispute resolution (Fisher & Ury 1981; Mnookin & Susskind 1999; Mnookin, Peppet & Tulumello 2000; Thompson 2001; Mnookin 2003; Nelson & Wheeler 2004). Thus, Mouzas (2016) suggest that 'recent advances in behavioral studies have provided intriguing insights into behavioral biases and decision-making errors but they have not fundamentally challenged negotiation models that are based on a dichotomy between the negotiator and the environment'. Classic negotiation analysis presumes that individual actors maximize their personal utility and that firms maximize corporate profits in a given environment, but Mouzas (2016) posit that wise trades are more likely to occur among actors who see the broader picture of their environment and the connectedness of their actions.

From the IMP perspective no negotiation takes place in isolation since each negotiation is part of a complex relationship between and among businesses (Mouzas, 2016). The network context in itself postulate that each negotiation affects and in turn is affected by the other relationships and negotiations within the network (Håkansson & Snehota, 1989). Thus, since value occurs in the combination and recombination of heterogeneous resources (Penrose, 1959), it is within the network context where value creation should be sought in the business negotiation process (Håkansson & Snehota, 1995; Baraldi et al., 2012). This elevates the environment to be conceptualized as something more than merely the psychological, social, and cultural factors that affect autonomistic decision making, it highlights the environment as the true value creating mechanism behind every negotiation outcome.

Within business negotiation literature it is also commonplace to focus on the contract as a formalized outcome of the negotiation process (Mouzas & Blois, 2013). However, according to Mouzas and Blois (2013) contract theory fails to adopt a relational paradigm. This because "it is bound to remain out of touch with reality and riddled with fiction, and thus fail to explain precisely what it sets out to explain" (Kimel, 2007: 250). Hence, the contract or the formal agreement between two parties might fail in capturing the true value creation that such an agreement is meant to initiate.

From the IMP perspective Håkansson and Olsen (2015) postulate 'each deal has its own history as it is a construction of two interacting firms that are influenced both by the joint social-material value creation processes and the specific features of monetary flows and appropriations of gains and losses that result from these interactions'. Mouzas and Blois (2013) relate the structure of outcomes in business negotiation to the aspect of the "framework agreement" and define the logic behind such as to, firstly, reduce the costs in terms of time and effort to select, manage and oversee single exchanges; secondly, provide certainty regarding the conditions under which exchanges may take place; and finally, reduce information asymmetry by providing a platform for continuing inter-action and coordination. Understanding such framework contracts is hence according to Mouzas and Blois (2013) a significant form of interaction between organizations and, as such, understanding them adds to the IMP model as explained by Axelsson (2011) and Ford et al., (2010).

But looking at the formal characteristic of the contractual exchange is according to Håkansson and Olsen (2015) not enough to fully grasp the value creational mechanism of business negotiations or the strategy of making inter-organizational deals. They postulate that the money distributive dimension is not mirroring the social-material structure that delivers user-value or other economized outputs to the involved actors. Value is created when varying heterogeneous resources are combined and only one part of these resources could constitute the monetary flow. Hence, the deal structure is a different, but related, structure to the structures that are the real value generating mechanisms. One of the early and still important results emanating from IMP research is that business relationships to a large extent are informally related (Håkansson, 1982; Håkansson & Johanson, 1987; Håkansson & Snehota, 1989). The relationship hence creates the avenue for value creation and only a small part of this dynamic is the deal structure of formal agreements. Much of the processes that constitute the exchange of value are highly diverse, complex and multidimensional, which makes them impossible to describe in

precise ways in deals or other formal contracts (Håkansson & Lind, 2004). Hence, Håkansson and Olsen (2015) argues that 'business to business deals more generally can be seen as negotiated agreements in between the social-material activities aimed at collective value creation processes on the one hand, and on the other hand the associated money-handling processes in which economic value has become a homogeneous monetary resource; money'. This sentiment indicates that the deal structures are attempts in making the heterogeneous value inherent in the social-material activities into value that can more easily be measured in an objective way since the value of money are inherent to agreed upon currency. Heterogeneous value mechanisms are hence ordered into homogenous value structures when deals are negotiated. Or as Håkansson and Olsen (2015) puts it 'a deal can be seen as the result of an interactive business relationship where the basic problem is the difficulty to relate the heterogeneous social-material interactions to the homogeneous monetary sub-processes'. Subsequently, through the IMP perspective the formal deal structures or the monetary flows are only seen as attempts in mirroring the true value creation; not what represents the actual value in itself.

Resource allocation within business negotiation

Often, negotiation parties in the business setting often tend to assume that they are in a "win-lose" game even if they are not. Instead of viewing the negotiation as a value creating opportunity they tend to look upon it as the classic assumption of a "fixed pie" (Bazerman, 1983). The reason for this is that they are generalizing from a "win-lose" to situations that are not and this tendency is based on our biological programming to focus on losses rather than gains (Baron, Bazerman & Shonk, 2001, Kahneman & Tversky, 1979). They are thus missing out on "wise trades" that presuppose that the parties can explore joint opportunities that are not on the table (Baron, Bazerman & Shonk, 2001).

As previously mentioned the business negotiation literature has its roots in game theory. This led to a perspective in which maximizing one own utility or gain was central. This distributive, or "win-loose", perspective on the negotiation was dominating in which the act of "claiming of resources" were the central activity undertaken by the parties. When parties claim resources in such way, the nature of the resources are often presumed to be fixed, such as money.

The last decades the idea of "creating resources", or integrative negotiation (Fischer et al ,1981) in which additional values, benefits and resources are being identified. The economic definition of integrative bargaining is precise and refers to whether negotiated outcomes are efficient, or pareto optimal (Thompson, 1990). In more practical terms, integrative, or "win-win" solutions are often achieved by the act of "logrolling" implying that the parties exchange and make trade- offs between issues so that each party gets all or most of his or her preferred outcome on important issues but concedes on issues of little importance (Pruitt & Rubin, 1986).

Still, such a "win-win" perspective is preoccupied with the dyadic composition and what's on the table based on the fact that even if resources are being identified they still have to be distributed among the involved parties. For example, Lax and Sebenius (2002) have suggested a new perspective on negotiation in which the integrative dimension is the second dimension, but the third dimension involves entrepreneurial moves in which negotiators "change the game" by improving their situation "away from the table" and thus creating new value opportunities and thus new resources for all parties.

Such shift in perspective requires the negotiator to stop viewing themselves as a separate unit and instead look upon them as part of a greater whole (Bigelow, 1992; Mouzas, 2016). Despite these advantages for all parties, empirical research has shown that negotiators consistently overlook opportunities and ignore possibilities to create value (Bazerman, Baron & Shonk 2001).

Within the IMP perspective value is seen as emanating from the combination of heterogenous resources (Penrose, 1959; Håkansson & Snehota, 1989). This perspective indicates that the value is not inherent to the resources themselves but in the interaction between them (Håkansson & Waluszewski, 2002; Baraldi et al., 2012). Also, one can only consider a resource as such if producers

and users can attribute to it a current or potential use (Håkansson & Snehota, 1995; Snehota, 1990). If the value of the resources is in their use and use is defined as the combination of resources, the zero-sum game aspect of negotiation fails, since controlling all the resources do not automatically suggest that you might be able to control all the value.

Huemer, Becerra and Lunnan (2004) claim that 'business relationships across organizational boundaries are often imbued with an idea of winning that entails someone else losing. In this way competition becomes the focus of strategy in and between conflict- and rivalry-infused relationships.' But 'in an industrial network the conventional idea about winning the zero-sum game is transformed' (Huemer, Becerra & Lunnan, 2004). Winning becomes participating in the process of network evolution in such a way that you become a viable participant in the restructured networks that evolve (Wilkinson & Young, 2002). Thus, transactions within the IMP perspective are not the result of the acts of antagonistic actors, zero-sum games, where what one wins always means a loss for the other. IMP theory sees business actors as interdependent actors in a wider network of inter-connected relationships (Håkansson & Snehota, 1989, 1995). This perspective challenges the idea of autonomous companies with complete knowledge interacting through market transactions and therefore makes assumptions such as the zero-sum game theory obsolete (Abrahamsen & Håkansson, 2015). Similarly, Gadde, Huemer and Håkansson (2003) posit that 'winning in the traditional zero-sum contest type of relationship implies that someone else has to lose, and competition becomes the strategic focus in and between conflicting and rival relationships'. If value is in the combination of and interaction between the resources brought to a relationship, this assumption needs to be rejected since value is to be found in the cooperation between interacting actors (Ford & Håkansson, 2013; Ricciardi & Cantù, 2011). The zero-sum aspect of business negotiation is hence not apt if the IMP perspective on the market is adapted into business negotiation literature.

Discussion

In the early days of what later became the IMP perspective Håkansson, Johanson and Wootz (1976) studied sellers and producers of industrial goods and concluded that instead of focusing on such issues as 'advertising, sales promotion, personal selling, technical service, delivery, quality and price' in choosing an individual seller this process could be more fruitfully described as 'an interaction process between two active components'. This finding later spurred the interactional perspective towards how actors within the market find counterparts to do business with (McLoughlin & Horan, 2002). The interaction approach was heavily influenced by social exchange theory and resulted in the IMP project that included the collection and analysis of around 1,000 business relationships between industrial suppliers and customers in five European countries. The IMP project resulted in many interesting findings confirming the role of lasting relationships in the marketplace (Johanson & Mattsson 1994).

The scope of research interests within the IMP perspective has since expanded from involving the interaction between producer and user to include innovation and product development (e.g., Gressetvold, 2004; Waluszewski et al., 2009), logistics (e.g., Jahre et al., 2006), Science and Technology Studies, STS (e.g., Waluszewski, Baraldi, Linné, & Shih, 2009), and management control/accounting (e.g., Lind & Strömsten, 2006) among others (Baraldi et al., 2012). The IMP approach has its foundation in studying the relation between sellers and producers of industrial goods (Håkansson et al., 1976) and turning its focus to business negotiation can thus be seen as a return to its roots. Still, Guercini and Runfola (2005) believe that studying business negotiations would create conceptual clarity to the overall interpretation of interactions in business relationships, and Håkansson and Olsen (2016) calls for research that looks more deeply into the problem of distribution of values in interacted networks. It thus seem that much is still to be done in conceptualizing what can be described as the core of the interactive approach, the interaction between business actors or the business negotiation. However, this paper has as its focus to widen the conceptual understanding of the business negotiation literature as a whole, and to offer further support to the voices within this literature that are searching for a more interactive and relationship based conceptualization of negotiation process and strategy.

The basis for the critique posed in this paper towards the business negotiation literature is that the literature still shows clear remnants of its history in neo-classical economics and game theory. However, the current literature on business negotiation has developed to incorporate more social psychological aspects where social perception is focus (Thompson, 1990; Thomas, 2013). The assumption of rational choice and full individual profit maximization has thus been somewhat problematized within the literature and aspects focusing on the negotiator experience and skills (e.g. Steinel et al., 2007) its personality (Galasso, 2010; Lim, 1997), its cognitive ability (Schei et al., 2006; Barry & Friedman, 1998) and emotional intelligence (Mueller & Curhan, 2006) has been brought into the equation. Also, some attention has been brought to the common history of the negotiators, since experience of prior interaction is accounted for (Kass, 2008; Steinel et al., 2007; O'Connor et al., 2005) together with such inter-relational aspects as mutual power relations and status (Kim et al., 2005; Anderson & Thompson, 2004). Still, the business negotiation literature has regarded the negotiation process as something that can be disentangled from the wider context in which it is conducted and subsequently view dyadic negotiations as something that goes on in a vacuum (Ford & Mouzas, 2008; Mouzas, 2016; Guercini & Runfola, 2005). The fact that the literature has been dominated by the utilization of laboratory experiments and simulations when analyzing its outcome (Herbst et al. 2011; Thomas, 2013; Buelens et al. 2008) are in itself a telling example of how the business negotiation is perceived as void of context. That business negotiations tend to be conceptualized into linear and sequential models where various strategies and behavior will result in different transactional outcomes is a symptom of its ever-lingering inheritance from neo-classical economics.

The IMP perspective and its interactional approach has been developed mainly as a critique towards traditional market models that rest on price mechanisms, transactional costs and rational choices, and instead stress that value is created within the business relationships that makes up the marketplace (Johanson & Mattsson, 1987). Hence, the IMP perspective do not believe that business negotiation can be understood when it is disentangled from the socio-material resource structures that form the relational networks in which the negotiations take place. No negotiation is an island (Mouzas, 2016) and no dyadic negotiation process can hence be understood when it is seen in isolation from its wider context.

The basic assumption that business negotiations are entangled within its socio-material context poses several conceptual challenges for the existent business negotiation literature to address. In this paper we have found and discussed five such conceptual challenges, which are listed in Table 1. In Table 1 the transactional perspective of viewing business negotiation as a disentangled process is put into relation to the interactional perspective where the process is seen as entangled into a wider context. This table hence serves to give an overview of how the different perspectives used change the conceptual assumptions of various central aspects within the business negotiation literature. These varying perspectives also serve to challenge the goal related terminology used when discussing business negotiation, in the concluding part of this paper we will address this issue.

The actors within the business negotiation are traditionally seen as two actors interacting in a dyadic relationship and sometimes the traits of the individual actors are also conceptualized as a variable worth considering. The actors are subsequently seen as isolated from their surrounding and the relational aspects considered are only dyadic in nature. The interactional perspective, however, argues that a single negotiation will impact other negotiations in the larger network surrounding the dyadic negotiation (Mouzas, 2016). The effect of one negotiation is thus impossible to separate from the negotiation of other interrelated negotiations (Ford & Mouzas, 2008) making business negotiations entangled into its network context.

The business negotiation process is within the transactional perspective described as the process of reaching an agreement (Jochemczyk & Nowak, 2010; Brett et al., 1998), either through back-and-forward bargaining (Gelfand & Brett, 2004) or through passing different phases in a linear or evolutionary model (Adair & Brett, 2005; Filmoser & Vetschera, 2008; Putnam, 1990). Within the interactional perspective the negotiation process is seen as involving activity coordination and intense

interaction between various actors (Ciabuschi, Perna & Snehota, 2012; Ford, Gadde, Håkansson, & Snehota, 2006). Thus, the process constitutes the day-to-day resource assembling taking place among many interdependent actors making the process nonlinear and without any final agreement phase or end-point (Gadde, Huemer & Håkansson, 2003). Just as with the development of any lasting relationship, the process is seen as a dynamic, explorative and an intuitive balancing act without any real beginning or end.

Table 1: Aspects of business negotiation seen from a transactional and an interactional perspective.

	Transactional perspective	Interactional perspective
The actors within business negotiation	Focus on the individual actor's traits or the dyadic relationships between two actors	Focus on a network of actors where the dyadic relationship affect and are affected by other relationships.
The business negotiation process	Focus on describing sequential phases in an evolutionary and/or linear process	Focus on the nonlinear assembling of resources in a network of relationships, which consist of a dynamic, explorative and intuitive, balancing act without any real beginning or end.
The business negotiation outcome	Focus on a one-time transactional exchange of economic and monetary rewards between two actors	Focus on the long-term day-to-day resource interaction between several actors within a network context
The value creation process within business negotiation	Focus on value as captured in contractual transactions, in the form of objective monetary rewards or in terms of subjective fairness in relation to the single negotiation situation	Focus on the social-material resource structures as the true value creating mechanisms, since the formal deal structures are only mirroring value creation.
The resource allocation within business negotiation	Focus on competing for finite resources through a zero-sum game	Focus on the combining of existent resources as value lies in the interaction between resources, not in the resources themselves

The business negotiation outcome is within the transactional perspective dominated by the study of economic variables in the form of profit (Roth et al. 2006) or final agreed price (Srivastava & Oza 2006; Roth et al. 2006). Some attention has been given to more collaborative negotiation strategies in contemporary business negotiation studies (Pruitt 1981; Zachariassen 2008), but a one-time or short-term agreement is still the main outcome focus in most business negotiation literature (Lewicki et al., 2001; Thomas, 2013). However, the interactional perspective believes business to be an outcome of the long-term interaction between several actors within a network context (Håkansson & Snehota, 1995; Baraldi et al., 2012). Hence, most agreements between manufacturers and retailers are in a process of a day-to-day on-going modification as time goes on (Mouzas & Araujo 2000). This perspective thus entail that business negotiation should apply a relational orientation where the negotiating parties are concerned with achieving profit in terms of future objectives that might change with the development of the relationship. The focus on profit in terms of one-time or short-term transactions is subsequently questioned (Runfola & Guercini, 2005).

The value creation process within business negotiation is described within the transactional perspective using either economic or social psychological reasoning (Thompson, 1990). The economic reasoning focus on the objective and explicit value received by one negotiating party and is expressed in terms of monetary rewards or other resources attained and controlled (Nash, 1953; Thompson, 1990). The psychological reasoning evaluates the actors' perception of the subjective fairness of the negotiation. Fairness is thus seen as a result of that actors believed bargaining situation, perceptions of the other party, and perceptions of oneself in relation to the negotiation value attained by that actor (Thompson, 1990). Also, this stream of literature has appreciated that behavioral biases and decision-making errors due to the individuals bounded rationality makes such appropriation of fairness rather problematic (Kahneman & Tversky 1979, 1984; Sunstein & Thaler 2008). However,

both the economic and the psychological reasoning in regards to value conceptualization assume that the actor can estimate the value gained from an exchange from the formally agreed upon properties of that dyadic exchange alone. The transactional perspective on business negotiation has subsequently not fundamentally challenged negotiation models that are based on a dichotomy between the negotiator and the environment (Mouzas, 2016). From the interactional perspective value is seen as occurring in the combination and recombination of heterogeneous resources (Penrose, 1959) it is within such a network context value creation should be sought (Håkansson & Snehota, 1995; Baraldi et al., 2012). Value creation is thus impossible to understand in one-time dyadic transactions that are disentangled from the environment in which such value is utilized. The formal deal structures that are captured in contractual agreements do not fully capture the highly diverse, complex and multidimensional value creation that happen in the socio-material resource configurations (Håkansson & Lind, 2004). The formal deal structures hence only mirror the value creation process; they are not to be considered true representations of value (Håkansson & Olsen, 2015).

The resource allocation within business negotiation is from the interactional perspective traditionally viewed as a “win-lose” game over a “fixed-pie” (Bazerman, 1983). This zero-sum game perspective is an inherited trait from the game theory roots of business negotiation and rest on the belief that there is a finite amount of resources to “fight” over. Several researchers within the business negotiation literature has challenged this assumption and introduced strategies where the negotiators can “change the game” by improving their situation “away from the table” (Sebenius, 2002), and to find ways in which to look upon themselves as not separate units but part of a greater whole (Bigelow, 1992). These sentiments indicate that the realization of that value is created within the interaction between the actors and do not solely lie in the existent and finite resources within a previously defined marketplace. However, These realizations seem to be the exception to the main steam of literature within the business negotiation literature that still rest upon the historical roots from game theory and neo-classical economics (Herbst et al. 2011; Thomas, 2013). Within the interactional perspective value is seen as existing in the combination of, and interaction between, the resources brought to a relationship (Ford & Håkansson, 2013; Ricciardi & Cantù, 2011). This perspective indicates that the value is not inherent to the resources themselves but in the interaction between them (Håkansson & Waluszewski, 2002; Baraldi et al., 2012), which rejects the zero-sum game assumption that there is a finite amount of resources to compete for. Thus, the strategic intent of winning in the traditional zero-sum contest type of relationship and hence controlling of as much of the resources as possible becomes an obsolete strategy (Gadde et al., 2003). Value is to be found in the cooperation between interacting actors (Ford & Håkansson, 2013; Ricciardi & Cantù, 2011).

Conclusion

In this paper we put the interactional perspective in relation to the dominant perspective within current business negotiation literature, the transactional perspective. The interactional perspective suggests that no business negotiation can be disentangled from the context in which it is undertaken and seeing negotiation as a dyadic and isolated occurrence is thus not productive towards understanding its practical intentions. Thus, suggesting, “no negotiation is an island” will put several conceptual strains on traditional business negotiation literature, which we have deliberated on in this paper and summarized in table 1.

The managerial contributions of introducing the interactional perspective in the business negotiation literature can successfully be captured through posing a critique towards the way in which business negotiation is defined and handled in the textbook “Getting to yes: Negotiating agreement without giving in” by Fisher, Ury and Patton (1981). The title in itself portray a focus on reaching a one-time transaction since “getting to yes” do not draw the readers thoughts to the long-term interactional perspective on how to reach negotiational outcome. Still, the book has sold over two million copies in over 20 different languages making it the bestselling book on negotiation in the market (Fischer & Ury, 2012). It can thus be concluded that the book (Fisher et al., 1981) is probably the book that influence how practitioners undertake business negotiation in their daily work to the larges extent. Subsequently, this book is a suitable source for this paper to position its critique towards how

contemporary business negotiation is conducted and thereby serves as a base for the managerial conclusions of this paper. The situation in which principled negotiation strategy is suggested in negotiation situations is formulated as

"In single issues negotiations among strangers where the transaction costs of exploring interest would be high and where each side is protected by competitive opportunities, simple haggling over positions may work fine. But if the discussion starts to bog down, be prepared to change gears. Start to clarifying underlying interests." (Fisher et al., 1981:153)

The quote is a telling example of the dominating discourse in business negotiation since the authors suggest that the negotiator should choose among either taking the interest of the other party into consideration or "haggling over positions" (in the extant literature these two strategies are often conceptualized as "distributive or integrative" negotiations). From the interactional perspective on business negotiation as presented within this paper the choice not to take the other party's interest into consideration is not an alternative. And when focusing on interests, these are not only the interest of the counterpart on the other side of the table, but also the interest of other actors in the network. This is based on the idea that adaptations are a central aspect of long-term relationships and their embeddedness in networks in which the interests of several actors cannot be seen in isolation.

Secondly, this suggestion relies on the notion of transaction cost, a concept that stem from traditional market models that rest on equilibrium based price mechanisms and a belief in that participants in the market can make fully rational choices (Johanson & Mattsson, 1987). The belief that transactional costs can be calculated and known in advance in a messy and erratical business world is a notion that is rejected not only by much of research within what we in this paper has termed the transactional perspective. It also clearly defies the on-going and relational aspects of business negotiation brought to the fore in the interactional perspective. If a cost on gathering information regarding other interested parties could be estimated before the negotiation is initiated and summed up at the end of a negotiation, this assumes that a negotiation has a clear beginning and a finite ending. This is a notion that the network perspective on business negotiation rejects.

Thirdly, the quotation clearly indicates that the norm for business negotiations within the research community is the dyad. This perspective implies that whether a principled or a more distributive negotiation strategy is adopted, there is two parties in a dyadic and isolated relationship. Seen from the interactional perspective presented in this paper it is argued that no negotiation is an island, making business negotiation in a network context the clear norm.

Moreover, one of the most prominent concepts in the Harvard school of negotiation (as summarized in "Getting to Yes") is the concept of BATNA (Best Alternative To a Negotiated Agreement). This concept has a tight relationship to the idea of "bargaining power" in game theory and economics (Lax and Sebenius, 1985) and imply no-deal options or, simply put, it reflects the most promising course of action you would take if you were to say no to the proposed deal. That is, if you do not reach an agreement with your current counterpart you have prepared and evaluated alternatives. This view on different alternatives that are isolated from one another is also an idea that is not in line with the interaction perspective. Contrary to this belief, the interaction perspective implies that if we reject one alternative this will, to some extent, affect our other alternatives as well.

Thus, the interactional perspective on business negotiation rests upon the belief that all business negotiation is entangled into its surrounding network context. This implies that the effect of one negotiation is impossible to separate from the negotiation of other interrelated negotiations, making the exclusion of other parties only a creation of the negotiators imagination. In fact, if the negotiator believes that any negotiation is undertaken in a vacuum the risk that the negotiation will lead to unanticipated outcomes in the larger scheme of things is elevated. Knowingly analyzing and strategically accounting for the influence that one negotiation will impose on relations within the surrounding network is thus the favored way in which to undertake business negotiation.

The critique posed towards the quote taken from the most influential book on the market (Fisher & Ury, 2012) clearly shows that a reconsideration regarding the underlying assumptions that business negotiation rest upon is in need. If the practitioners adopted a more interactive stance towards business negotiation it may also imply that they would steer away from seeing business negotiations as happening in a vacuum. Their negotiation styles might hence become more contextually driven and as a consequence more relational and cooperative in its approach. Our hope is that business negotiators will appreciate that value creation happen in the combination of heterogeneous resources and that such combination will manifest in lasting relationships within a network context. The creation and maintaining of such relationships is thus the goal of the business negotiation process.

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