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## **EU Business Efficiency and Growth: The Ex-post Phase in Business Negotiations**

### **Abstract**

European Small and Medium-sized Enterprises (SMEs) and entrepreneurs are so-called “frontliners” in European Union transitions and strategies while also implementing the EU Resilience and Recovery Plan, which requires an increase of business effectiveness. Business-negotiation management brings confidence in the achieving of business goals. The negotiation phase model ensures accuracy in monitoring progress and also in the evaluation of possible outcomes. The aim of this article is to map the cumulative scientific knowledge and evolutionary nuances of well-established fields in business negotiation management from a corporate perspective, uncover emerging trends in journal articles and research constituents as well as to explore the intellectual structure of a specific domain in the extant literature of the ex-post phase in the negotiation phase model and its linkages to business objectives of both business entities and SMEs. Based on an inductive and deductive approach, the author presents a description of linkages of the business negotiation process phase model and business objectives. Such a description is useful for practitioners in identifying the literature relevant to their business activities based on negotiations, and worthwhile for academics to navigate further research.

**Keywords:** EU Business, Business Objectives, Negotiation Phase Model, Negotiation Process

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## **Introduction**

Facing the consequences of various crises, Europe's aim in building recovery and resilience facility is set to ensure a transformation of European economies. The enhancement of the sustainability, resilience, and growth of the EU economies through green, digital, and social transitions as well as job creation, lies at the heart of the EU Resilience and Recovery Plan. EU business entities, especially SMEs representing 99% of all businesses in the EU (EU Commission, 2022), are noted as key elements in building economic recovery and resilience. Thus, SMEs and entrepreneurs are so-called "frontiers" in transitions and the successful path of those transitions. EU Member States are decisively continuing their route to sustainable business development. Business negotiation, were it to be explored from the perspective of resolving conflicts or dealmaking in the form of collaborative decisions by pursuing the theory of integrative negotiation strategies (Raiffa, Richardson, Metcalfe, 2007), has become a sustainable business practice. Negotiation skills are still among the top 15 soft skills demanded by employers, even in the light of forthcoming change (World Economic Forum, 2020). The path of negotiations determines a lot – the myriad terms for economic transactions, the development and execution of business strategy, the results of forming business alliances, the management of interdependent work in companies, etc.

It has already been noted by negotiation researchers that, since 1965, when Walton and McKersie's work "A Behavioural Theory of Labour Relations" was published, negotiations have been studied extensively (Brett, Thompson, 2016). Several theories have evolved during decades of negotiation studies. So-called "interest-based bargaining" developed by Fisher, Ury, and Patton, basic human needs theory developed by Bruton, and narrative theory developed by Cobb have all been identified as leaders in scientific research (Seul, 2022). However, this list is not definitive.

Based on research designs with a multidisciplinary approach, research on negotiation has evolved on a more supplementary basis than negotiation fundamentals. A single negotiation activity has a clear orientation on the negotiation outcomes. Negotiations are defined as goal-oriented social interactions where parties enter to agree on the resolution of opposing interests (Pruitt, 1981; Raiffa, Richardson, Metcalfe, 2007). Moreover, the negotiation process is a typical entrepreneurial activity embodied in a series of interactions among stakeholders, i.e., founders, partners, investors, and others (Dinnar, Susskind, 2018). From this situational perspective, negotiation skills serve as success drivers for businesses. The development of negotiation skills has been the focus of

academic interest intersecting the spheres of management, psychology, international business, law, and others (Barber, 2018). Having been recognised as success drivers for business success, extensive research has been conducted to ensure a theoretical and practical base for negotiation pedagogy. Despite the fact that only in relatively recent years, and as an answer to the deficiency in comprehensive standards for the assessment of negotiation skills, researchers have developed a negotiation competency model (Smolinski, R., Xiong, Y., 2020) to foster innovation in negotiation pedagogy.

To the extent it refers to business success, in addition to a focus on the better performance of negotiators based on the development of negotiation skills of actors as individuals (referred to as a “situational view” on negotiations), researchers’ attention has been turned to the performance of companies as negotiators. In respect of the statement that, in reality, an outcome of a negotiation does not hinge solely on the negotiator’s individual skills (Ertel, 1999), every company is confronted by the following question – what actions, except the development of a mastery of individual negotiators, contribute to overall negotiation practice within a company? Thus, the situational view on business negotiations has been modified to a corporate perspective with an integrative approach in negotiation management at the company level.

In the scope of theoretical aspects, scientific literature provides clear argumentation on the importance of the so-called “negotiation capability of the company”. However, compared with decades of research on negotiation fundamentals as well as multidisciplinary research on organisation behaviour, concepts of psychology, economic implications, and other aspects of negotiation, scientific findings that focused on the corporate perspective of negotiation have been reasonably modest. The perspective presented by Ertel (1999) on negotiation as a corporate capability has been indicated as the “starting efforts” of this approach (Caputo, 2019). At that time, Ertel proposed approaching the negotiation process from an institutional viewpoint and introduced negotiation management at a corporate level by activities on four broad building blocks – the first being building negotiation infrastructure that ensures tight links between a negotiator’s priorities and a company’s priorities, the second, building a measurement system for the evaluation of a negotiator’s performance, the third, the development of separation between individual deals and ongoing relationships, and the final of the four, providing clear benchmarks for walkaways when deals do not comply with company interests (Ertel, 1999). Ten years later, the institutional view on negotiations for business success was blueprinted by Movius and Susskind

(2009) in their work “Built to Win: Creating a World-Class Negotiating Organization”. The authors present a model for managing negotiations as a corporate capability by the development of five building blocks – negotiation as core competence, leadership for value creation, training and coaching, organisational operating procedures, and assessment, reflection, and reinforcement (Movius, Susskind, 2009). In addition, the authors recommend nine steps for bringing the proposed model to life. Advocating the shift from the understanding of negotiations as individual practices to organisation capability, Caputo and Borbely identified the necessity of research to fill in a knowledge gap in building the negotiation capability of an organisation at a corporate level and also developed their four-level Organisational Model of Negotiations (Caputo, Borbely, 2017). This model firstly incorporates – in an integrative structure – the aspects of organisational behaviour when negotiation responsibilities are carried out by a company’s employees (I level – the Individual level), secondly comes linkages, as well as the direct and contextual impact of various negotiations on one another at an organisation (II level – the Linkage level), thirdly comes the management of negotiation function within a company (III level – the Infrastructure level), and, finally, it is the interconnection with the strategy of a company (IV level – the Organisational Capability level). Together with the four-level Organisational Model of Negotiations, Caputo and Borbely clearly define the gap in research in the business field as regards infrastructure along with strategy levels of negotiations for business success (Caputo, Borbely, 2017).

According to the aim of EU business entities to strive for sustainable business development through innovation, researchers’ attention has been drawn to an exploration of the negotiation process as an integrative business practice. Sustainability components in the business negotiation process are not new in scientific literature and are characterised by mutually beneficial solutions, a path to better relationships and greater innovation, as well as higher growth and profits (Karsaklian, 2017). Thus, negotiations within entrepreneurship and business activities are considered fundamental to fostering change and moving towards the recovery and resilience of European economies. Moreover, negotiations – now being identified as one of many dynamic capabilities of business entities – are of vital importance for those entities in their adapting to changing business ecosystems, as well as to collaboration and the forming of effective alliances that reach sustainability goals (Caputo, Borbely, 2017). When it comes to innovation, a systematic review of the negotiation process in open innovation (Barchi, Greco, 2018) reveals that negotiations have been recognised as being crucial to fostering innovation, and the

necessity of a clearly-defined structure in the process with the use of modern technology's support has been pointed out as a solution towards becoming more efficient and effective. Moreover, the existence of efficient and effective internal and external negotiations for a business entity is one of the core bases for successful, open-innovation negotiations.

With reference to the previously-mentioned theoretical fundamentals, the aim of this article is to map the cumulative scientific knowledge and evolutionary nuances of well-established fields in business negotiation management from a corporate perspective, to uncover emerging trends in journal articles and research constituents, as well as to explore the intellectual structure of a specific domain in the extant literature of the ex-post phase in negotiation phase model and its links to the business objectives of business entities and SMEs. Based on an inductive and deductive approach, the author presents a description of the links between the business negotiation process phase model and business objectives.

A literature search has been conducted on the state of negotiation management at a corporate level, negotiation-process phases, business objectives and negotiation goals, and outcomes of the ex-post phase in the negotiation process. The author used the scientific databases Science Direct, Wiley, Sage, ProQuest, and Google Scholar as search sources. Afterwards, based on inductive and deductive approach and graphical method for visual representation, the author presents descriptive linkages of the business negotiation process and the business objectives of a business entity.

Such models and modelling were introduced as essential elements of negotiation management already decades ago, and descriptive negotiation process models have been used primarily for the purpose of assisting one to understand the local dynamics of a negotiation in contrast to predicting an a priori outcome (Nyhart, Samarasan, 2015). For a conceptualisation of the business negotiation process, it will further be analysed as a business process in a flow format, thus complying with the relation of a business process to the activities of business entities, following an argument that business processes define a way of how businesses reach their business objectives (Aguilar-Saven, 2004). In contrast to negotiation processes as decision making or problem-solving concepts, the business negotiation process is further perceived in the scope of six consecutive phases: 1) the preparation phase, 2) the initiation of negotiations, 3) the core phase of negotiations; 4) contract negotiations; 5) the implementation and renegotiation phase; and 6) the ex-post phase.

## **The Phases of the Business Negotiation Process and Its Implementation in EU Business Entities**

In a broader perspective, negotiation is defined as a process by which a joint decision is made by two or more parties (Pruitt, 1981), and, from the point of view of negotiation fundamentals, is a social intercourse of actors. Here, the idea behind the process itself lies in the interdependent activities among interested parties to direct mutual interaction towards a joint decision that, in business negotiation, is materialised in an agreement as a description of a deal. Negotiation research has examined the negotiation process in a broader perspective. Scholars have studied the inherent preparations, steps, offers, strategy, tactics, behaviours, communication and information sharing, along with integrative and distributive negotiations from the point of view of the negotiation process (Angal, 2007).

In negotiation research for analytical purposes, the negotiation process has already been structured by the usage of the phase model. However, phases of the negotiation process have been presented in a different manner. A common representation of negotiation phases is limited to three phases: 1) the preparation phase, 2) the core negotiation phase, and 3) deal closing. Some authors have identified this general structure more specifically: 1) initiation, 2) problem solving, and 3) resolution (Kujala, Murtoaro, Arto, 2007).

Within the framework of the three negotiation phases, the core tasks and activities that must be accomplished within a particular phase have been identified. For example, the preparation phase, in principle, should be finalised by a clear vision of the aim of negotiations. In addition, based on a comprehensive literature review, the task of building mutual trust, bargaining, and contracting power has been identified as a mandatory element during preparation for open innovation negotiations (Barchi, Greco, 2018). Furthermore, on the subject matter of negotiations, negotiators should develop a strategy which considers the impact on relationships, and additionally develop tactics, plan how to run the process to an agreement, and ensure follow up measures (Lindholm, Bülow, Fells, 2018). The preparatory phase has been identified as important and time consuming (Jung, Kerb, 2019), and, during the preparatory phase, negotiators work on the identification of all the issues, setting priorities, and the development of support arguments (Carrell, Heavrin, 2008). As negotiation research has identified, planning is a decisive factor in the success or failure of a negotiation, and the individual tasks of a negotiator during the preparatory phase refers to the awareness of conflict, along

with any inherent needs, objectives, strategy, their opponent, and tactics (Saner, 2012). Additionally, setting up the so-called 'negotiation arena' has been indicated as an evitable task during the preparatory phase (Carnevale, 2019), under which lies an idea of information gathering, along with the analysis and planing of the core negotiation phase in a way to facilitate the reach of negotiation goals under the negotiation strategy chosen for a particular negotiation. Indeed, the specific structuring of preparation depends on the individual circumstances and concrete framework of the negotiations (Jung, Kerb, 2019).

The negotiation process in negotiation research has also been analysed as a four-phase model, consisting of preparation, information sharing, making offers and concessions, and closing a deal (Maddux, 1995; Angal, 2007; Fells, et al., 2015).

As a matter of fact, these representations of the negotiation process are oriented to reaching a deal or the satisfaction of the interests of the parties which could not been satisfied without engagement into a negotiation, and contract signing is the final stage of the negotiation process. Such an approach is justifiable during the negotiation analysis from the negotiator's perspective in a context of negotiations as a single interaction, The sale of a particular commodity as an excision of a continuous business activity serves as an example. However, business negotiations through which companies meet their business objectives by consonant deals are a subject of the entailment of continuity and predictability. It has already been identified in research that post-agreement behaviour may matter for negotiations involving goods, but it is critically important for service-based negotiations because services are delivered after an agreement has been reached (Hart, Schweitzer, 2020). Companies seek to secure a deal negotiated during the implementation phase. Thus, considering the necessity of organisations to manage negotiations at the organisational level and not only during the contract negotiation phase, neither contract implementation nor renegotiation appear to be successful steps in the negotiation process. Moreover, due to arguments presented further in this article, the ex-post phase serves a function of the concluding stage in the negotiation process.

Apparently, from a corporate perspective, closing a deal and signing an agreement are not the final steps taken by companies in their efforts as regards negotiation management. The contract implementation phase is vital as the outcome of contract implementation appears to present real data for the evaluation of the extent to which negotiation material objectives are met. Thus, the contract implementation phase plays its role in securing a deal reached in the previous phase. Further negotiation

research has indicated the importance of post-negotiation performance (for example: Hart, Schweitzer, 2020) and identified the specific impact of the post-agreement phase in relationship management (Fells, et al., 2015), thus correlating with the non-material goals of relationship gains as negotiation outcomes. Reflection and evaluation activities are the core of the proceeding ex-post phase, which pursues its main aim to contribute to proceeding and parallel negotiations as described in studies of linkage theory (see, for example, Crump, 2007). Summing up, the authors mentioned above follow a traditional perception of the negotiation process in six subsequent phases: 1) the preparatory phase, 2) the initiation phase, 3) the core negotiation phase, 4) the agreement phase; 5) the agreement implementation phase, and 6) the ex-post phase.

The most evident, albeit slightly different view on phases of the negotiation process and contribution to the theory around negotiation phases was delivered by Barber (2018) by identifying the macro phases of the negotiation phase model, as well as clarifying phase boundaries (Barber, 2018). Based on an extensive literature review as well as by the representation of examples from real-life negotiations, Barber identifies six macro phases: 1) the value network fit phase, 2) the deal design phase, 3) the interaction phase, 4) the ratification phase, 5) the post-deal evaluation phase, and 6) the follow-up phase. As proposed by Barber, the first phase in a negotiation process is a “value network fit phase” and core task of this phase is to consider the partners, suppliers, competitors, and regulatory bodies that impact a company at a strategic level. The main actors in this phase are the final decision makers along with the lead negotiator working together with other strategic-level staff. In Barber’s macro phase model, this phase ends with the creation of overall goals, the confirmation of partners, and a clear understanding of purpose. As admitted by Barber, this phase might also be omitted in case the deal is not strategically important. In comparison to the traditional perception of a negotiation process in six subsequent phases, the “value fit phase” is a part of the preparatory phase. The preparatory phase in a traditional negotiation process also includes tasks, actors, and activities that are identified in Barber’s “deal design” macro phase. Phases 3, 4, 5, and 6 in Barber’s macro phase model (in general terms) comply with the phases of: the core negotiation phase, the agreement phase, the agreement implementation phase, and the ex-post phase indicated in the perspective on the negotiation phase model.

By modelling the phases of the negotiation process and providing a solid case analysis on negotiation phases (for example: Barber, 2018; Barchi, Greco, 2018; Lindholst, Bülow, Fells, 2018), academics have started mapping a clear road for EU business entities to build their



capability for conducting successful negotiations for business growth. The further development and clarification of negotiation process, as well as the involvement of EU business entities in research in the form of case studies or other research designs might increase the motivation of EU business entities to achieve success in business through a developed negotiation process.

## **Business Objectives in Business-Strategy Development**

European countries have realised myriad achievements of industrial success providing employment for new generations, achievements which are based on effective business negotiation to a large extent. The strong role in business strategies play clear business objectives. Business objectives should clearly define what should be accomplished to realise a company's mission. Thus, business objectives are stated within strategy development. The process of setting business objectives as a part of the concept of "managing by objectives" was introduced by Peter Drucker already in 1954 and is still recognised in scientific literature (Kumar, 2012). There is no doubt among scholars and practitioners that the existence of business is based on purposeful actions that are goal oriented. The aim of the management process of a company is to ensure the progress of that company towards business success.

Moreover, businesses develop their strategies and set business goals that mainly focus on growth and market share and position in a way that allows them to align themselves for corporate objectives (Sehgal, 2011). However, successful long-term businesses almost always start with a set of non-financial objectives along with derived financial objectives consistent with the pursuit of their broader goals. Moreover, setting only financial objectives is risky for a business because the single-minded pursuit of financial objectives can lead to actions that undermine long-term viability (Bloomsbury, et al., 2010).

A recognisable contribution to the foundations of ground knowledge in the field of strategic objectives was made by distinguished scholars and which dates back to 1977. At that time, businesses were oriented on the achievement of traditional strategic objectives which were set mainly in financial terms – profitability, growth, market share, etc. Kaplan and Norton, in 1992, proposed the Balanced Scorecard (BSC) method, which has been widely recognised as the best-known management tool for companies (Perez, et al., 2017). As proposed by Kaplan and Norton, BSC incorporates four interconnected perspectives – financial, customer,

internal processes and learning, and the growth of human capital. Each of these perspectives contain a set of objectives, measures, targets, and incentives, all of which are united into a hierarchical structure that reveals cause and effect chains (Guix, Font, 2020).

In accordance with the BSC method, business objectives are translated into a set of key performance indicators which serve for the measurement of achieving business goals and ensure clear communication of what should be achieved under each goal. Moreover, in a study that aims to determine the effectiveness of business objectives and key performance indicators (KPIs), its authors have identified typical business objectives for different types of enterprises (Stefanović, et al., 2015). They have confirmed that four perspectives of BCS are effective in defining business objectives, however, KPIs differ depending on enterprise type. In this study, the authors propose a complete set of KPIs for such types of enterprises as manufacturing enterprises, service enterprises, and public enterprises. The differences are visible in KPIs of all four perspectives. For example, profit and liquidity are identified as financial KPIs for all three types of enterprises, however, cost management is a KPI for manufacturing companies and the execution of financial plans is a KPI for service companies, but KPIs like this are not assigned to public companies which prefer to use social responsibility and stakeholder support as indicators instead. The authors of this study conclude that controlling KPIs and business objectives, as well as the development of specific improvement strategies, lead to an increase of effectiveness of business objectives and KPIs themselves, considering the differences in KPIs characteristic to enterprise type.

While exploring the development of business objectives from a more general perspective than the methodological BCS approach, it is noted that changes in the economic growth paradigm and sustainability requirements are the two main trends in the evolution of business objectives. In general, the evolution of business objectives is closely interlinked with contemporary trends in strategic planning. For a long time, pure economic growth has been the driving force in strategy formulation and strategy execution for businesses and has been focused on the financial performance of companies (Edwards, 2021). Recently, however, organisation and management scholars (Banerjee, et al., 2021) have started a scientific discussion advocating that the contemporary understanding of economic growth as a core objective of business should be re-evaluated with the intent of reducing production and consumption and increasing value instead. Although corporate, social responsibility and sustainability paradigms are having impact on business development

organisation and management, scholars (Banerjee, et al., 2021) note that the primacy of economic growth still exists. They also indicate that economic growth persists in the sustainability development of businesses as the United Nations' Sustainable Development Goals set the benchmark of global GDP growth rate.

For a long time, economic growth primacy incorporated into business objectives supported the general statement that businesses are created by founders with the core interest of growing the monetary value of their capital invested. One of the core tasks of business managers appointed by their companies' founders is to develop company strategy and thus set business objectives with respect to shareholder interests. According to Freeman and McVea (Freeman, McVea, 2001), stakeholder theory has evolved in the form of a shareholder – approach in strategic management, stating that managers are not able to ensure the successful development of a business by solely pursuing shareholders' interests. Instead, the successful development of a business requires the integration of stakeholder concerns, i.e., those concerns of shareholders, employees, customers, suppliers, lenders, and society itself, despite the fact that these groups might have opposing interests. Thus, within strategic planning, managers should develop objectives that stakeholders would support. Providing an overview of the development of the shareholder approach in scientific literature, Freeman and McVea (2001) have pointed out that, in contrast to the fiduciary duty of managers to operate a business for value creation for shareholders, respecting stakeholders is a moral duty of managers and is something which fosters business success. Referring to the instrumental dimension of stakeholder theory, Donaldson and Preston (1995) in their widely cited article “The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications” explain that instrumental uses of stakeholder theory make a connection between stakeholder approaches and desired objectives (Donaldson, Preston, 1995). With references to theoretical articles and empirical studies, these authors have hypothesised that, in accordance with the stakeholder paradigm, businesses which indeed execute stakeholder management should outperform their rivals in traditional corporate objectives (e.g., profitability, stability, growth, etc.). However, referring to the scientific literature devoted to social/financial performance studies, those authors have also stated that they did not find, at that time (1995), any compelling empirical evidence that stakeholder management is an optimal strategy for maximising the conventional, financial performance of a company (Donaldson, Preston, 1995).

In practice, business entities should ensure legal compliance, and managers should respect legal norms in strategy development. According

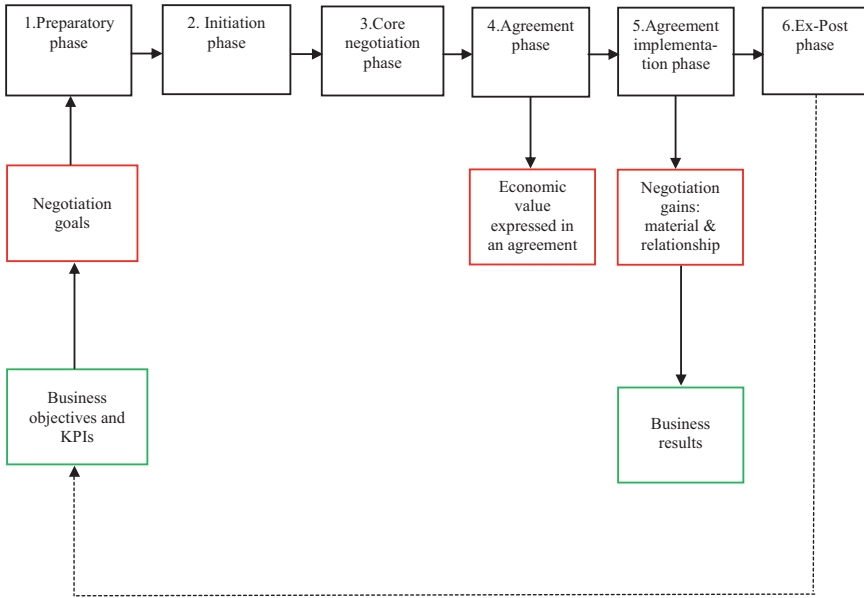
to Quinn (2019), some countries in the EU have tried to incorporate an understanding of corporate objectives into business law by defining the duties of directors to lead companies towards overall shareholder benefit. However, there is another approach used by the EU Member States, when, at a national level, EU countries explore “shareholders’ primacy” as a social norm and replace it with corporate social responsibility. Quinn (2019) develops the idea that business law in the EU should oblige business managers to distinguish shareholder interests from company interests and respect them both. Nevertheless, at an EU level, sustainability has been incorporated in business law in a form of corporate sustainability-reporting introduced in the EU with The Corporate Sustainability Reporting Directive (CSRD – 2022/2464/EU), that entered into force on 5<sup>th</sup> January 2023. Through CSRD – 2022/2464/EU, it is ensured that investors and other stakeholders have access to the information they need to assess sustainability issues and, by their engagement, foster sustainable value creation in companies.

Scientific literature reveals various peculiarities of strategic management in SMEs in comparison with huge corporations. The effectiveness of strategic management drives success in business to a large extent. However, it has been admitted in scientific literature that SMEs have a more informal attitude towards strategic management and business objectives. It has also been shown that the business objectives of owner-managed SMEs are dependent on their owners’ lifestyles and perceptions of business success (Weber, Geneste, Connell, 2015). A recent study devoted to a strategic management controlling system and its importance for SMEs in the EU (Pavlák, Písař, 2020) indicates low levels of long-term SME goals, financial planning, and controlling management development. The authors of this study precisely characterise the attitude of SME management representatives by their joint statement evolved during their research: “We do not have time to take care of where we will be in three years, because we must work today”. An even more recent study of the level of strategic management of SMEs in Czechia (Maříková, et al., 2022) reveals that there is a statistical dependence of the level of strategic management of SMEs and the size of a company measured by the number of employees; enterprises with more 50 employees are more likely to be strategically managed than smaller enterprises. To foster the development of SMEs as the backbone of a strong EU economy, it should be concluded that it is worth investing in an upgrading of skills in SMEs (as prioritised in The Small Business Act for European SMEs) not only with a focus on the innovation or digitalisation of SMEs, but also on strategic management.

## A Descriptive Model of Linkages Between the Negotiation Process and Business Objectives

A descriptive model of the linkage between the negotiation process and business objectives of a company is presented in Figure 1 below. The negotiation process is represented in accordance with the traditional perception of the negotiation process in six subsequent phases: 1) the preparatory phase, 2) the initiation phase, 3) the core negotiation phase, 4) the agreement phase; 5) the agreement implementation phase, and 6) the ex-post phase. The model represents direct linkages of business objectives to phases of the negotiation process.

**Figure 1. A Descriptive Model of Linkage Between the Negotiation Process and the Business Objectives of a Business Entity**



Source: The author's own elaboration.

The business objectives of a company play a role in the preparatory phase of the negotiation process through negotiation goals. If the negotiation goals and desired outcomes of negotiation intercourse are tied to larger corporate goals, as suggested by Danny Ertel (1999), both financial and non-financial objectives are topical. To be more specific regarding the typology of business negotiation goals, negotiation literature distinguishes content

goals (also referred to as material goals, or, goals regarding substance) from relationship goals and states that both types of goals should be identified and addressed during the negotiation process to provide satisfactory outcomes (Carrell, Heavrin, 2008). Indeed, when setting negotiation goals, negotiators identify their material interests as well as relationship goals, and the latter are a direct reflection of the non-financial business objectives of a company. As indicated in scientific literature, the aspects of material and relationship interests when setting negotiation goals differ depending on the negotiation framework. A distributive framework is used in situations when negotiators focus on their individual interests in negotiation situations when resources are limited and parties of the negotiation compete over these resources. This is in contrast to an integrative framework which is used when negotiators are searching to maximise common gains for the parties involved (Zetik, Stuhlmacher, 2002). Addressing goal classification from the point of view of their identification time, there are prospective goals, transactional goals, and retrospective goals (Carrell, Heavrin, 2008). Prospective goals are a subject of the preparation phase in a negotiation process. Transactional goals emerge during the initiation stages of a negotiation until the contract implementation stage.

Direct conformity of negotiation goals to company business objectives facilitates further actions of negotiators advocating for the interests of a company. Further choices of negotiations in a dynamic interaction among parties during the initiation phase, the core negotiation phase, contract negotiations, and the contract implementation phase appear to depend not only on negotiation goals, but on bigger, corporate goals as well. As corporate business objectives address financial goals, both dimensions – those of the material and non-material, are objective values to be represented in negotiation goals and in the consequent, strategic choices of negotiators.

To foster green, digital, and social transitions of the EU economy, EU business entities, and especially SMEs, need to facilitate change, growth, and establish alliances. From this perspective, business negotiation is a practice ensuring a smooth path towards these goals, especially through such sustainability aspects of negotiations as mutually-beneficial solutions, the path to better relationships and greater innovation, as well as higher growth and profits. Although researcher attention has been turned to the performance of companies as negotiators, there still exists a gap in knowledge on business negotiation, as the phase model and the need of future theoretical and empirical research has already been established.

The ex-post phase or follow-up stage, on one hand, finalises the negotiation process, but on the other hand serves as a transition for further

negotiation processes. Primarily, the ex-post phase has been obtained from project management theory, where it has been identified as a transitional phase with the following specific tasks: to evaluate (negotiation) a project, to build up knowledge for future offerings, and possibly to supply additional services to the buyer (Kujala, Murtoaro, Artto, 2017). In addition, the ex-post phase is a time to reflect on negotiation and create a sustainable learning effect for future negotiations by two directions of self-reflection – what went well and what could be improved for future negotiations (Jung, Kerb, 2019).

As core activities in the ex-post stage include structuring and analysing information on comprehensive negotiation processes, the accuracy of information processing itself gains significance. The negotiation process is, mentally, highly demanding (Jung, Kerb, 2019) and because negotiators might have difficulties because of the risk of experiencing selective memory long after negotiation meetings have concluded (Nixon, 2005), the accurate recalling of information appears to be complicated. Several suggestions have been offered to avoid such difficulties. Records or notes of negotiation meetings are a reliable source of information, and companies which choose to benefit from maintaining databases where such information could be stored would benefit greatly post-negotiation (or in strategy development), especially if the interests of a company are presented by numerous representatives. Moreover, if at least two people have been present during different stages of the negotiation process, one of them is compelled to undertake of the role of analyst during the negotiations as well as being a partner to reflect in the ex-post phase (Jung, Kerb, 2019). When appropriate, it is suggested to involve the other party in the reflection process and exchange negotiation notes as well as gather useful information for further interaction (Nixon, 2005). Apparently, such conversations could take place in low-stress situations for negotiators and thus enable information exchange.

From the perspective of organisational needs, learning is an expected outcome during the ex-post phase of negotiations. Organisational learning has been recognised as a factor accelerating the changes of behaviour in a project-based company because of that company's experience, and the ability of a company to learn more quickly than its competitors is the only sustainable form of competitive advantage (Koskinen, 2012). Aside from the learning objectives, the potential of negotiations to shape the strategy of a company has been indicated in negotiation research by the development of the model of circularity between strategy and negotiations (Caputo, Borbely, Dabic, 2019). To ensure the strategic contribution of negotiation at an organisational level, companies are interested in the development of the

organisational model of negotiation with four levels determined by specific negotiation-management focus (Caputo, Borbely, 2017). These models serve as an assertion and continuation of the statement that organisations should have an interest in treating negotiation as a collective activity and should act upon it (Ertel, 1999). Moreover, the effectiveness of these models depends on the management of information shared by negotiators to contribute to the entire negotiation capability of companies. If business objectives are a direction indicator through the phases of business negotiation phases 1–5, then the ex-post phase requires the reflection of not only respect to the negotiator's individual performance and satisfying the learning need of a company, but to business objectives as well.

When the ex-post phase is indicated in a process model of business negotiation, this phase is a useful tool to satisfy the need for control to a reasonable degree. When multiple employees negotiate for the interests of a company, agency theory brings about multiple challenges, especially the disproportionality of the information between the principal and the agent (Sharma, 1997). Employees, in contrast to agents, are considered being institutionally closer to their fellow independent colleagues than the rest of their organisational hierarchy (Borbely, 2011). This advocates for the argument that the possible divergence of interests between principal and agent is reduced in comparison to the employee and contractual agent. Nevertheless, companies favouring establishing control over the performance and routine of information gathering from negotiators as one of the deliverables of the ex-post phase is an instrument of the contributing disbalance of information and control appliance in a self-reporting and self-assessment sense.

The ex-post phase is a concluding step in the negotiation process. Thus, the existence of a link to business objectives will exist when secured by the organisation. The link established by companies from the ex-post phase to business objectives is, apparently, informational. The informative function of the link is accomplished through the provision of information obtained during the ex-post phase and which shapes the business objectives of a company set for a following period. Examples of such information are: indications of a tendency of the expansion or narrowing of the zone of possible agreements, changes in standardised and non-negotiable contract terms of suppliers, fluctuations in negotiation powers, the characterisation of competitive capability of a company to negotiate, the impact of a negotiation strategy (distributive or integrative) in non-financial business objectives and negotiation goals, etc.

The other deliverables of the ex-post phase are the reflection of negotiation outcomes, of the negotiation process, and of necessary



improvements to perform better. This reflection has two orientations: 1) improvements which depend on negotiators, such as negotiation skills, strategic moves, etc., and 2) improvements in negotiation environments and infrastructure. Both directions serve the need to strengthen the negotiation capability of a company. Improvements in the overall negotiation performance of a company facilitate the achievement of corporate goals through better deals and contributions to relationships. Thus, the indirect link from the ex-post phase to the business objective becomes visible.

## Conclusions

To foster green, digital, and social transitions of the EU economy, EU business entities in general and SMEs in particular need to facilitate change, growth, and establish alliances. From this perspective, business negotiation is a practice ensuring a smooth path towards these goals, especially through such sustainability aspects of negotiations as mutually-beneficial solutions, a path to better relationships and greater innovation, as well as higher growth and profits. Scientific literature reveals a number of peculiarities of strategic management in SMEs in comparison with huge corporations. The effectiveness of strategic management drives success in business to a large extent. However, it has been stated in scientific literature that SMEs have a more informal attitude towards strategic management and business objectives. In accordance with empirical studies in several EU countries, there are reasonable deficiencies in SMEs' strategic management.

Moreover, a working knowledge of the theoretical framework of the phase model in business negotiation is limited by theoretical contributions, and studies of its practical implementation are lacking, which is confirmed by the above analysis. Further theoretical and empirical research is required, and which will be specifically beneficial for SMEs in Europe. An overview of trends in journal articles and research constituents in a specific domain of business negotiation reveals the importance of a sustainable confirmity of negotiation goals to business objectives. To secure sustainable confirmity is purposeful for negotiators to reflect on the coherence of the business objectives of a company and negotiation intercourse. Business objectives are a direction indicator through business negotiation phases one to five.

Aside from other deliverables of the ex-post phase (the 6<sup>th</sup> phase), information managed by negotiators which shapes the business objectives of a company – information that is integrated in strategy development, constitutes a direct, informative link to the business objectives of

a company. The direct link between the ex-post phase and corporate business objectives manifests in the information flow by shaping the business objectives of an upcoming period. There are six conceivable examples of information held by negotiators: 1) indications of a tendency of the expansion or narrowing of the zone of possible agreements, 2) changes in standardised and non-negotiable contract terms of suppliers, 3) fluctuations in negotiation powers, 5) a description of the corporate capability of a company to negotiate, and 6) the impact of a negotiation strategy in non-financial business objectives and negotiation goals.

To conclude, the above research confirms the need for further studies on the content and impact of identified linkages for EU business entities. Guidelines suggested by researchers as regards the establishment of information-sharing routines for companies to secure direct and indirect links of the ex-post phase to business objectives justify the topicality of linkage model presented in this article.

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