

NEGOTIATION AS A TOOL FOR THE SURVIVAL OF BUSINESS ORGANIZATION

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ABSTRACT: *The purpose of this study was to examine negotiation as a tool for the survival of organization. The objective of the study was to examine the influence of higher authority, power of legitimacy, collaboration negotiation and competing negotiation on the survival of business organization. The study adopted a survey research design through the administration of structured questionnaires to employee of Mouka Foam and Agen Long Pan Industry in Benin City of Edo State. The data were analyzed using Cronbach Alpha test, multiple least square regression and Heteroskedasticity diagnostic test. The empirical findings from the multiple regression techniques revealed that higher authority has a significant negative influence on business survival at 99% level of confidence. Power of legitimacy has a significant positive influence on business survival at 99% level of confidence. Collaboration negotiation has a significant positive influence on business survival at 99% level of confidence. Competing negotiation has an insignificant negative influence on business survival. The study therefore recommended that management should be guided on the use of higher authority during negotiation because it's negatively influence survival of business organization.*

KEY WORDS: *survival of business organization, the use of higher authority, power of legitimacy, competing negotiation and collaboration negotiation.*

1. INTRODUCTION

Business organization survival is based on strong entrepreneurial activities that have the potential to serve as engine for wealth creation, employment generation, entrepreneurial skills development and sustainable economic development in Nigeria (Schmiemann, 2008). Business organization survival is an element of change immensely affects the structure and operation as well as the location of the organization (Anyin, Oseloka & Olusiji, 2011). The creativity and ingenuity of business organizations in the utilization of the abundant non-oil natural resources of this nation will provide a sustainable platform for industrial development and

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economic growth as in the industrialized and economically developed societies (Schmiemann, 2008). Nigeria as a country has numerous business and investment potentials due to the abundant, vibrant and dynamic human and natural resources it possesses. Tapping these resources require the ability to identify potentially useful and economically viable fields of endeavours with sound mind of negotiation power. Nigerians have made their marks in diverse fields such as science, technology, academics, business and entertainment (Albin, 1993).

Hammed and Ayantunji (2002) is of the opinion that the existence of industrial conflict in most organizations hinge on survival of the business organization with respect to negotiation patterns. Akanji (2005) adds that organizational conflicts are mostly due to interpersonal chanting between trade union leaders and the management of business organizations for the harmonization of the organization. The survival and continuous existence of organization through the realization of set goals and objectives requires the cooperative and effective negotiation of its human resources element being indispensable (Obasan, 2011). On the issue of negotiation, individual negotiators adopt competitive or cooperative negotiation approaches in resolving certain issue that may hinder the survival of the business organization (Lax & Sebenius, 1986). However, competitive negotiation approach is rigid in nature and in this case the individual negotiators employ deceit and threats strategies to gain more competitive advantage in the process of negotiation (Lax & Sebenius, 1986). That is, the cooperative approach of negotiation is based on information sharing, seeking creative solutions in order to cultivate an environment flowing of mutual trust and fairness aimed at sustaining the business organizations (Albin, 1993).

1.1. Research Problem

Employees seek to maximize their take home pay, which constitute an element of cost from the management's point of view. This puts the employees and management on a negotiable table for the right goal or objective for the survival of the business organization (Adewale, Abolaji & Kolade, 2011). More so, organizations are increasingly thinking in terms of compensation strategies, selection and recruitment strategies, employee relations strategies, and even comprehensive human resource strategies (Colvin, 2013). Meanwhile, effective compensation and cooperative negotiation strategy helps to minimize employee-management conflicts in the workplace. Therefore, the use of industrial action has costs and benefits to survival of business organization and the parties in the negotiation (Anyin, Oseloka & Olusiji, 2011). The use of industrial action has a great bearing on the smooth and orderly development of the economy and survival of business organizations where there is tense business competition. In addition, the problems emanating from industrial action lead to total collapse of the economy and lead to loss of production; disruption in the business activities of the organizations, capacity under-utilization as well as scarcity (Anyin, Oseloka & Olusiji, 2011). Adewale, Abolaji and Kolade (2011) carried out a study on succession planning and organizational survival in Nigerian private tertiary institutions. The study uses a conceptual framework of succession planning, talent retention, turnover rate, career development, supervisor's support, organizational

conflicts and nepotism in three private tertiary institutions in Ogun-State, Southwest Nigeria. They found out that organizational conflict and nepotism were positively and significantly related to business survival while the rate of turnover, career development and supervisor's supervision were insignificantly correlated with organizational survival. In this note, a strong negotiation tactics need to be employed to ease the survival of business in the country. Therefore, the study added to the existing broad knowledge of the inherent attributes of negotiation and survival of business organization as an empirical analysis.

1.2. Research Objectives

The research objective of this study is to investigate negotiation as a tool for the survival of business organization. The specific objectives are to:

- (i) investigate the extent to which use of higher authority as a negotiation tactic influences the survival of business organization.
- (ii) determine the extent to which the power of legitimacy as a negotiation tactic influences the survival of business organization.
- (ii) ascertain the extent to which collaborates negotiation style influences the survival of business organization.
- (iv) examine the extent to which competing negotiation style influences the survival of business organization.

1.3. Research Hypothesis

The following null hypotheses were formulated for the study:

HO₁: The use of higher authority as a negotiation tactic does not influence the survival of business organization.

HO₂: The power of legitimacy as a negotiation tactic does not influence the survival of business organization.

HO₃: Collaborates negotiation style does not influence the survival of business organization.

HO₄: Competing negotiation style does not influence the survival of business organization.

2. LITERATURE REVIEW

2.1. Survival of Business Organization

The survival of business organization is based on change which may be reactive or proactive, formal or informal and even internally or externally driven (Anyin, Oseloka & Olusiji, 2011). More importantly, the goal of planned change in an organization is to reposition the organization for survival, remain competitive and to enhance both internal and external customers' satisfaction in the competitive business environment. The survival of business organization is element of planned change which simultaneously affects the structure, technology, task, people, strategy, system,

operation, location, product market. Business and organizational survival is based on the organizational goals which require the investment of energy and resources for effective functioning (Jones & Bartlet, 2008). The goal of organizational survival is the functions of the goal and objectives of the business organization (Gross, 1968). In the opinion of Gross (1968), the concept of survival is based on flexible constitution and unwritten law of every organizations. Olalekan and Tajudeen (2015) investigated cost control and its impact on the survival of Nigeria firms. The study employed survey and descriptive research design through the administration of structure questionnaire to thirty staff of Nigeria Bottling Company Plc (NBC) Jos plant, Plateau State of Nigeria selected randomly. They found out that 70% of the respondents were of the opinion that cost control has greatly enhanced profitability and boost the survival of the company, 13.3% were undecided and 16.7% of the respondents disagreed. The study revealed that the problem of manufacturing company is the high cost of overhead incurred in the company.

2.2. The Use of higher Authority

In negotiation process, a negotiator can only negotiate on certain issues and his negotiation power is limited by some higher authority as mostly witness in some corporate organization and public sector. In the discussion of a serious matter, the negotiator always insists on the interview with the counterpart's superior (Oliver, 2006). According to Lutz, Venter and Dean (2007: 215), "the use of the higher authority tactic is the most suitable one in the integrative type of negotiation which is based on some moral principles and on the building of business relationships". This tactic also deals with a certain level of fairness and morals. Adeogun (1987) adds that the government be the largest employer of labour set up machinery for determination of workers with regard to wage and salary negotiation. In the opinion of Banjoko (2006), the government now carries out the role played by both employers and employee in terms of industrial relations which have not gone down well for both parties. Government as a higher authority set up different panels to dialogue with labour leaders to bargain wages or salaries of public sector employee which is a prerequisite to private organizations for negotiation of staff's compensations and other benefits.

2.3. The Use of Legitimacy

Legitimacy is targeted to secure the lawful existence of a business organization. It is associated with the aim of establishing cross country business operations and help in their formalization within a host market context. (Tomaka & Blascovich, 1994) noted that Organizational legitimacy has been employed by sociologists and organizational theorists in cases of negotiation. Organizational legitimacy is used to attain the pursuit of both external and internal validity. It provides recognition and creates a channel for the resources of a business organization to be reinforced. This goes a long way to maintain its supplier, customer, institutional, and, more especially, social support.

2.4. Collaborating Negotiation Style

The collaborative negotiation style is a means of exploring individual and mutual interests in an effort to satisfy everyone's needs in a given business organization (Volkema, 1999). The negotiation style in an organization is based on I win and you win philosophy. The collaborating style is the basic style which should be used to achieve the goals in business negotiation considering the continuity of the business organization. This process generally consists of four types of activities as provided by (Omole, 1983). It consists of distributive bargaining, integrative bargaining, attitudinal restructuring and intra-organizational bargaining. Negotiation is defined by Miall, Ramsbothan and Woodhouse (1999) as the process of settling and resolving dispute two conflicting parties. The collaborating process of negotiation is based on win-win relationship that people have to collaborate and co-operate with each other in getting what they want or promote individual's interest (Anyin, Oseloka & Olusiji, 2011).) The opinion of Derr (1975) suggests that the contingency theory is one of the conceptual tools useful for managing organizational conflicts in terms of negotiation.

2.5. Competing Negotiation Style and Survival of Business Organization

Negotiation is an activity in where the parties involve discuss and dialogue with one another to trade off positions in order to arrive at the objective of the business organizations (Bangert, 1993). Negotiation is a process which proceeded in the sound decision making by playing a significant role in the business environment. Steele and Beasor (1999) see negotiation as a process through which business parties move from their initially divergent positions to a point in reaching a compromise. However, the integrative way of negotiation brings about the creating benefits for both parties which can contribute in creating a long-term relationship (Spangle & Isenhardt, 2003). Lum (2010) is of the view that an individual showing a competing tendency is focused on the substantive outcome of a negotiation more than the relationship. The competing style of negotiation is distinguished by the effort to deceive and persuade the other party by looking the survival of the business organization (Volkema, 1999). Guasco and Robinson (2007) add that before moving in to a negotiation forum, an individual need to have a clear agenda of the negotiator, including whether he or she is cooperative or competitive.

2.6. Theoretical review

2.6.1. Contingency Theory

The contingency theory of strategic conflict management about negotiation is an extension of the value of symmetry. Fisher and Keashly (1988) are of the opinion that contingency theory brings about complexity in strategic communication which is represented with a continuum of stance, not by a limited set of models of excellence. Documents the discoveries that have either added new insights to the theory or refuted

postulations; charts the streams of research that have been extended and expanded from the original framework; and records the ongoing dialogue the theory has offered to the field to continually challenge prevailing presumptions and presuppositions (Pang, Jin & Cameron, 2007).

2.7. Empirical reviews

The empirical finding that found out positive relationship, negative relationship and no relationship were discussed below: A study carried out by Kim and Pennings (2009) showed that there is a positive relationship between legitimacy and new ventures growth and survival. Hence by exploring external and internal legitimacy in an organization the survival of the organization may be guaranteed. Rao, Chandy and Prabhu (2008) investigated the proceeds of legitimacy and the reason some ventures profit more from innovation process than others. They found out that legitimacy positively influenced the survival of business firms. A study conducted by Kolmačková (2011) on strategies and tactics of effective business negotiations showed that majority of the respondents consider use of higher authority form of negotiation in ensuring the survival of business. Recommendations from this study suggest that executives should key into the importance of higher authority negotiation at the level of business organization. Olalekan and Tajudeen (2015) investigated cost control and how much it impacts on the survival of Nigeria firms. The study employed survey and descriptive research design through the administration of structure questionnaire to thirty staff of Nigeria Bottling Company Plc (NBC) Jos plant, Plateau State of Nigeria selected randomly. They found out that 70% of the respondents were of the opinion that cost control has greatly enhanced profitability and boost the survival of the company, 13.3% were undecided and 16.7% of the respondents disagreed. The study revealed that the problem of manufacturing company is the high cost of overhead incurred in the company. Similarly, Nwinyokpugi (2015) conducted a study on the management of parties' conflicts in negotiation using the trust-based corollary theory. The study used survey research design through the distribution of structured questionnaire to ten (10) private sectors organizations in Bayelsa State and Rivers State in Nigeria. The result revealed that trust-based corollary perceives collaboration has a significant influence the success of negotiation in conflict resolution between two parties.

3. METHODOLOGY

3.1. Research Design

This study will use descriptive and cross-sectional survey research design where the researcher conducts a field survey in selected private organizations in Benin City. The survey design is based on the use of questionnaires and the research design will also be a cross-sectional survey since it seeks to ascertain respondents' current perception of the subject matter. Shuaibu (2010) states that a survey research design is use to gather information for the purpose of understanding and predicting some aspects of the population of study.

3.2. Population and Sampling techniques

The population of any research work refers to the totality of all possible observations on measurements of outcomes (Agbadudu, 2008). Since this study intends to generalize its findings to negotiation and survival of business organizations, the population of the study will consist of all employees of Agen Long Pan Industry and Mouka Foam Industry in Ovia North East Local Government Area of Edo State. The choice of these organizations is informed by the fact that the organizations face internal and external threats that impel the survival of the business. Employees in each of the above organizations will be stratified according to management staff, senior staff and junior staff. Proportional allocation was used to determine the desired number of respondents for each organization and for each stratum (staff status), bearing in mind the size of each stratum in relation to the total population and the required sample size of the business firm. Therefore, this study employed the stratified random sampling technique.

3.3. Research Instrument

The research data was collected with the help of a questionnaire; which was administered to all the sampled respondents. The questionnaire consisted of two parts labelled A and B. Part A, which is the Bio-data focused on the personal data of the respondents while part B examine issues that address the core subject matter of the study – Negotiation as a tool for enhancing business organization survival. The question-response format in the core subject matter (Part B) will consist of Likert-type questions, with options on the five-point scale ranging from a level of strong agreement (Strongly Agree), through a neutral zone (Undecided) to a level of strong disagreement. Reliability is concerned with the ability of an instrument to measure the internal consistently. Reliability of an instrument is closely associated with its validity (Tavakol & Dennick, 2011). Hence, to test the reliability of the research instrument Cronbach Alpha test analysis was conducted. Alpha (α) value greater or equal to 0.70 was allowed to justify the reliability of the research instrument. Wortzel (1979) adds that a Cronbach's α factor between 0.7 and 0.98 indicates high reliability, a Cronbach's α factor lower than 0.35 should be rejected. This test is carried out to evaluate the validity of the comparison of the structured questions.

3.4. Method of Data Analysis

The research data was analysed using multiple regressions techniques and Heteroskedasticity test. The multiple regressions techniques were used to test the significant of the independent variables on the survival of business organizations. On the other hand, a diagnostic was conducted with the help of Heteroskedasticity test. The analysis of this study will perform using EViews 8.0 and Statistical Packages for Social Science (SPSS) version 21.0.

4. FINDINGS AND DISCUSSIONS OF RESULTS

In analyzing our data, we conducted a reliability test by employing Cronbach Alpha test of statistical reliability for the structured questions. The result obtained was presented in the table below.

Table 1: Reliability Test

VARIABLE	Cronbach's Alpha	N of Items
Business Survival	0.701	5
Higher Authority	0.724	5
Power of Legitimacy	0.733	4
Collaboration Negotiation	0.717	5
Competing Negotiation	0.723	5

Source: Author's Computation (2017)

The reliability test showed that power of legitimacy has the highest Cronbach Alpha value of 0.733 for the internal consistency of its construct items followed by the Cronbach Alpha value of higher authority (0.724), followed the Cronbach Alpha value of competing negotiation (0.723), followed by the Cronbach Alpha value of collaborating negotiation (0.717) and followed by the Cronbach Alpha value of business survival of 0.701. This therefore justified that the Cronbach's Alpha for all the variables was more than 0.70. The variables were considered to be good for internal alpha which is between 0 and 1. This means scales in this reliability analysis were well-established and the result was acceptable for further empirical analyses.

4.1. Multiple Regression Techniques

In order to test the individual significance of the variables, a multiple regression technique was adopted and the result is presented in table 2 below.

Table 2: Multiple Regression Results

Variable	Coefficient	t-Test	P-Value
C	2.77	11.96	0.0000
HAUTH	-0.98	-4.04	0.0001
PLEGM	0.72	2.91	0.0045
CNEG	0.65	3.56	0.0006
COMPN	-0.14	-0.93	0.3534
R-Square = 0.368696			
Adjusted R-Square = 0.339671			
F-Statistic = 12.70250			
Prob(F-Statistic) = 0.000000			

Source: Author's Computation (2017)

It would be observed from table 4.3.3 that the adjusted R^2 value of 0.339671 that about 34% of the systematic variations in the dependent variable was jointly explained by independent variables. The remaining 66% was captured by the error term. This means that the model overall is sound for statistical prediction. The F-statistic value of 12.7025 showed a significant linear relationship between the regressand and the regressors. The empirical evidence from the multiple regressions revealed that higher authority (HAUTH) has a significant negative influence on business survival (BSURV) at 99% level of confidence. It therefore implies that the presence of higher authority in terms of negotiation influence business survival adversely. Power of legitimacy (PLEGM) has a significant positive influence on business survival (BSURV) at 99% level of confidence. This means that the power of legitimacy in the negotiation table positively boost the survival of business organization. Collaboration negotiation (CNEG) has a significant positive influence on business survival (BSURV) at 99% level of confidence. This means that the presence of collaboration negotiation during negotiation positively enhance the survival of business organization and competing negotiation (COMPN) has an insignificant negative influence on business survival (BSURV). The insignificant influence was because the variable failed the individual test of significance at more than 10% level of significant.

To test for the presence of heteroskedasticity in the result, the Arch test conducted indicates that the high probability value of F-statistic value of 0.2627 and observed R-squared value of 2578 revealed the absence of heteroskedasticity in the regression result. This means that the result from this study is very sound for policy implementation and recommendation.

4.2. Discussion of Findings

The empirical findings from the multiple regression techniques revealed that higher authority has a significant negative influence on business survival at 99% level of confidence. The finding was inconsistent with the finding of Kolmačková (2011) that the executives should key into the use of higher authority negotiation at the level of business firm to ensure survival. The study therefore suggests that the hypothesis that the use of higher authority style has no significant effect on the survival of business organizations should be rejected. Power of legitimacy has a significant positive influence on business survival at 99% level of confidence. The finding is consistent with the that of Kim and Pennings (2009) that exploring both external and internal legitimacy in an organization lead to the survival of the organization. The findings of Rao, Chandy and Prabhu (2008) supported the findings that legitimacy positively impacted on business organization survival. Therefore, we should reject the hypothesis that the power of legitimacy has no significant effect on business organization survival. Collaboration negotiation has a significant positive influence on business survival at 99% level of confidence. The finding was consistent with the finding of Nwinyokpugi (2015) that trust-based corollary perceives collaboration has a significant influence the success of negotiation in conflict resolution between two parties. The study therefore suggested that we should reject the hypothesis that collaboration negotiation has no significant effect on the survival of business

organizations. Competing negotiation is insignificant and negatively influencing business survival. The finding did not tally with the view of Lum (2010) that an individual competing tendency is focused on the substantive outcome of a negotiation more than the relationship. The study therefore suggested that we should accept the hypothesis that competing negotiation has no significant effect on business organization survival

5. CONCLUSION AND RECOMMENDATIONS

The survival of any business entity is an element of planned change which simultaneously affects the structure, technology, task, people, strategy, system, operation, location, product market. The survival and continuous existence of organization through the realization of set goals and objectives requires the cooperative and effective negotiation of its human resources element being indispensable. The existence of industrial conflict in most organizations lay on survival of the business organization with respect to negotiation patterns. From the empirical evidence, the study made the following recommendations:

- (i) The study therefore recommended that management should be aware of the use of higher authority during negotiation because it's negatively influence survival of business organization.
- (ii) The use legitimacy in negotiation should be adopted because it influences the survival of business organization positively.
- (iii) The study also recommended that management should use collaboration negotiation in the resolving work dispute in terms of negotiation because it leads to the survival of business organization.

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APPENDIX: RESULTS RELIABILITY STATISTICS

Business Survival

Reliability Statistics

Cronbach's Alpha	N of Items
.701	5

Higher Authority

Reliability Statistics

Cronbach's Alpha	N of Items
.724	5

Power of Legitimacy

Reliability Statistics

Cronbach's Alpha	N of Items
.733	4

Collaboration Negotiation
Reliability Statistics

Cronbach's Alpha	N of Items
.717	5

Competing Negotiation
Reliability Statistics

Cronbach's Alpha	N of Items
.723	5

Heteroskedasticity

Heteroskedasticity Test: ARCH

F-statistic	1.270499	Prob. F(1,89)	0.2627
Obs*R-squared	1.280766	Prob. Chi-Square (1)	0.2578

Test Equation:
 Dependent Variable: RESID^2
 Method: Least Squares
 Date: 09/12/16 Time: 07:30
 Sample (adjusted): 2 92
 Included observations: 91 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.319334	0.097779	3.265867	0.0016
RESID^2(-1)	0.118603	0.105223	1.127164	0.2627

R-squared	0.014074	Mean dependent var	0.362222
Adjusted R-squared	0.002997	S.D. dependent var	0.860524
S.E. of regression	0.859234	Akaike info criterion	2.556181
Sum squared resid	65.70713	Schwarz criterion	2.611365
Log likelihood	-114.3062	Hannan-Quinn criter.	2.578444
F-statistic	1.270499	Durbin-Watson stat	2.006370
Prob(F-statistic)	0.262703		

Multiple regressions

Dependent Variable: BSURV
 Method: Least Squares
 Date: 09/12/16 Time: 07:27
 Sample: 1 92
 Included observations: 92

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.779436	0.232344	11.96258	0.0000
HAUTH	-0.988506	0.244567	-4.041864	0.0001
PLEGM	0.720479	0.247335	2.912966	0.0045
CNEG	0.658670	0.184686	3.566441	0.0006
COMPN	-0.140044	0.150098	-0.933018	0.3534
R-squared	0.368696	Mean dependent var		3.604348
Adjusted R-squared	0.339671	S.D. dependent var		0.757586
S.E. of regression	0.615620	Akaike info criterion		1.920440
Sum squared resid	32.97191	Schwarz criterion		2.057494
Log likelihood	-83.34024	Hannan-Quinn criter.		1.975756
F-statistic	12.70250	Durbin-Watson stat		1.607980
Prob(F-statistic)	0.000000			
