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THREE-STRATEGY LEVEL NEGOTIATION MODEL AND FOUR-TYPE NEGOTIATION MATRIX APPLIED TO BRAZILIAN GOVERNMENT NEGOTIATION CASES

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ABSTRACT: *In this article, we tested and applied two negotiation tools into four Brazilian Government negotiation cases: (i) the Three-Strategy Level Negotiation Model, and (ii) the Four-Type Negotiation Matrix, aiming at addressing the nuances and challenges of Government negotiations in general. Key findings revealed both models suitable for deepening the current epistemology on the subject under review. Also, evidence suggests the adoption of integrative negotiation strategies for better deals. This research is intended to provide managers, practitioners, decision-makers, government agents, institutional government relations agents, with a new perspective on the negotiation dimensions, through the taxonomy presented. Implications of the four case findings for managerial practice are discussed.*

KEYWORDS: Negotiation, Four-Type Negotiation Matrix, Three-Strategy Level Negotiation Model, Government Relations

INTRODUCTION

In the present research, we investigated four descriptive, single negotiation cases (Yin, 2009) of Brazilian Government negotiations. Recent research on negotiation has attracted scholar attention on negotiation (Dias, 2020; Navarro, 2020; Dias & Navarro, 2018; Dias, 2019, 2019d, 2018; Cruz & Dias, 2020; Craveiro & Dias, 2020, 2019; Davila & Dias, 2018; Dias & Lopes, 2020; Ury, 2015), as well as distributive/integrative negotiation (Raiffa, 1982; Fisher, Ury and Patton, 1981; Sebenius, 1992; Ury, 2015; Susskind & Field, 1996; Salacuse, 2008; Susskind & Cruikshank, 1987).

We adopted the (i) four-type negotiation matrix (Dias, 2020), appropriate to clarify the understanding of the types of Negotiation, their dimensions and strategies related to each type, and the (ii) three-strategy level negotiation model (Navarro, 2020), suitable for organizing the strategic thinking negotiation process.

We aimed at discussing the negotiation process from the Brazilian Government, testing the content validity of the four-type negotiation matrix. We also appreciated the three-strategy level negotiation model.

This paper proposes an investigation on four negotiations cases, following the four-type negotiation matrix: (i) Case #1: Type 1 negotiation, including two-parties, and one issue; (ii) Case #2: Type II negotiation, including two-parties, and multiple issues; (iii) Case #3: Type III negotiation, investigating a multiple-parties, one issue case; and finally (iv) Case #4: Type IV negotiation, investigating multiple parties, multiple issues case (Dias, 2020). We also tested the interchangeability among the cases, promoting best courses of action for each case investigated, through content analysis, aided by the qualitative frameworks applied successfully, and for the first time, in Brazilian Government negotiations.

The Relationship between Private Sector and Government Stakeholders

The influence and importance of the Government as a significant non-market force component over different types of organizations is increasingly studied over the last years (Navarro, 2020; Navarro, 2019a; Wrona and Sinzig, 2018; Voinea and Kranenburg, 2018; Funk and Hirschman, 2017).

However, a systematic approach for organizations to strategically engage with this particular stakeholder appears in few works such as the ones developed by authors like Navarro (2019c), Lawton, Doh and Rajwani (2014), and Salacuse (2008).

This kind of relationship can be defined as

> The formal process of engagement with public administration representatives at its different levels – city, state, national, multinational and global – aiming to influence decisions towards a perceived value co-creation approach that allows a jointly achievement of strategic objectives for all involved parties and stakeholders (Navarro, 2019b, p.12).

Specific concepts and tools can be applied to understand better and optimize results derived from the private-public relationship in the complex negotiation field of studies, such as the three-strategy level negotiation model and the four-type negotiation matrix, both explored on the next sections.

Finally, the theoretical background is presented in a concise literature review on the subject and introduces both frameworks. Methods and limitations, and the cases are presented in the subsequent sections. Conceptual and practical implications, as well as the contribution to the Government relations sector, are discussed. Finally, future research directions are suggested.

THEORETICAL BACKGROUND

In this section, we define Negotiation, the three-strategy level negotiation model, and the four-type negotiation matrix, as well as the groundwork on the subjects.

Negotiation

First, Negotiation was defined by the diplomat Henry Kissinger (1969), former United States Secretary of State and National Security (1973-1977) as "a process of combining conflicting positions into a common position, under a decision rule of unanimity." (p.1).

Then, Henry J. Braker Professor at Fletcher School of Law and Diplomacy, Tufts University, Jeswald Salacuse (2006), author of the groundbreaking work in Government Relations, Seven Secrets for Negotiating with the Government, argued that Negotiation is "a process of communication by which two or more persons seek to advance their individual interests through joint action." (p. 7)

The Three-Strategy Level Negotiation Model

To facilitate the analysis and provide support for an organization's strategic thinking process, the different concerns regarding strategy and Negotiation can be divided into three levels, from different perspectives: (i) market; (ii) non-market, and (iii) negotiation, as follows (Navarro, 2020):

Corporate

Examines the full range of business opportunities and seeks to define "where" (i.e., in which sectors, in which geographic regions) the organization must be present and work aiming better results.

Competitive

The focus here is "how" to operate, i.e., once implemented in its business areas, define the movements that the organization must take to position itself favorably against competitors and before clients – differentiation, low cost, niche, or a well-balanced combination of these.

Functional

Comprises the operational side that adds value to the organization, connected to "what" to do – in terms of tools and activities – to support the other levels, making a difference if well executed or jeopardizing the other levels if an error or misconduct occurs (e.g., mobile apps, websites, systems, training, logistics, services).

These levels need to be aligned with the other three levels at the non-market perspective.

Institutional

Indicates "where" the company should be present directly, seeking to represent their interests before different external audiences adequately. It can be defined as maintaining, improving, and establishing new institutional relations of the organization, optimizing the direct relationship with different stakeholders that can impact – or be impacted in some way by – the organization's businesses. At this level are located institutional strategic decisions like, for example, in which trade associations to participate, in which events to be present or sponsor/support, with which agencies to maintain a relationship, and what States and/or Municipalities to monitor closely.

Sectoral (or Cross-sectoral)

Relates to "how" to ensure proper representation and alignment of the organization's interests in institutional actions conducted by the sector (or sectors) where the organization operates. Many Government representatives prefer to interact with industry representative bodies wherever possible, rather than maintaining several meetings with organizations from the same industry and dealing with interests on a case-by-case basis. The same applies to many Congress members. This fact occurs because a proposal that arrives already consolidated, representing a settling of common interests from many organizations is much easier to be understood and

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taken forward. Hence, the importance of this level of strategy – once well maintained and executed – can give more relevance and scope and arouse more interest from stakeholders in claims or proposals initially thought to be from one organization only (and therefore could be part of its institutional strategy).

Transversal

It is linked to "what" to do in terms of operational actions that add value and support to the other levels. The goal in this strategy level is to make the Government Relations area (which has the characteristic to influence and be influenced by many other areas of the organization) an effective strategic catalyst in proactively supporting the capture of opportunities and troubleshooting issues permeate the entire value chain. As in the case of functional strategies, transversal strategies can be initially considered tactical actions, and not of strategic nature. However, the Government Relations area can help other areas of the organization to achieve strategic objectives that depend, in some way, on external relations, especially Government decisions, such as processes with regulatory agencies for product launches; new ways to solve problems at State departments; reduce costs and increase revenues through tax incentives; enter new markets with a more favorable political environment; among many other situations.

Finally, from the negotiation perspective, three levels can be differentiated, aiming at a better strategic approach:

Area

Deals with "where" the Negotiation occurs, i.e., the areas of activity of the negotiator, the main themes involved, which specializations will be needed, and cultural influences that may be important to be mapped. The analysis of these areas is key for the proper preparation and conduction of a negotiation. For instance, a specialist on taxes or in dealing with syndicates may be necessary; and some cultural factors may affect the timing and duration of the Negotiation.

Style

Refers to "how" the negotiator conducts the deal, that may be more/less aggressive, friendly, cooperative, focused on interests or in positions, use of tricks, or a holistic approach. The style needs to be planned and, once applied, adjusted if needed, as the Negotiation develops.

Operational

Relates to "what" is needed to effectively conclude the Negotiation, which may involve contracts, bids, guarantees, agreements, relationships, information, benchmarks, and other operational details. To achieve a proper closure for a negotiation (and follow-up), these operational details are of fundamental importance to assure the final desired result and a long-term relationship.

Figure 1 shows the three-strategy levels from the market, non-market, and negotiation perspectives, all related to “what”, “how” and “what”:

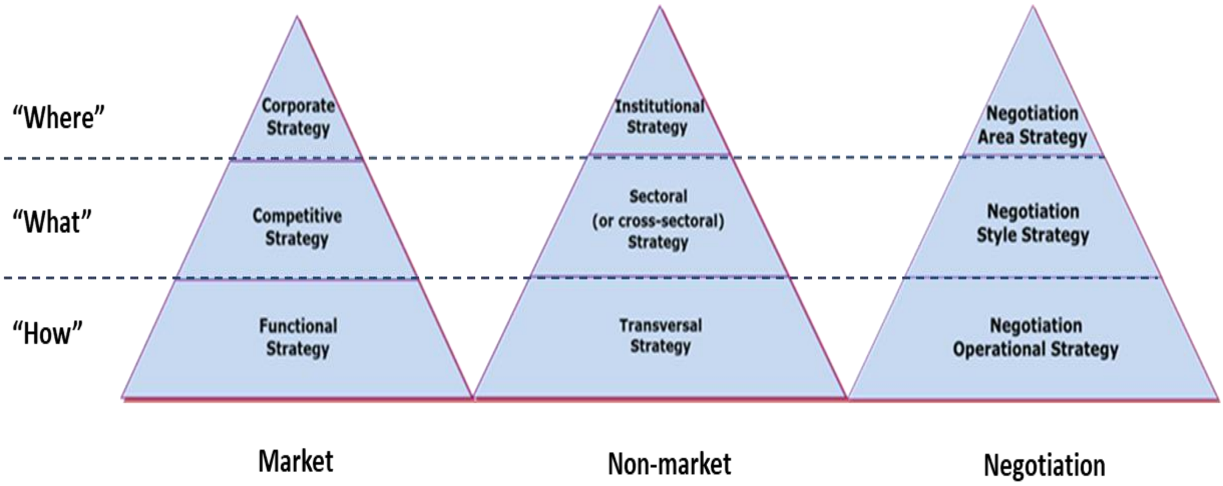

Fig. 1: The Three-Strategy Levels from the Market, Non-Market, and Negotiation Perspectives

When negotiating with Government, all these levels need to be properly thought, analyzed and planned to maximize the chances for optimized performance. These types of Negotiation can quickly achieve a high level of complexity due to an often escalation in the number of parties and issues. To further help and define the work of the negotiator, the next tool can be of good use.

The Four-Type Negotiation Matrix

The aforementioned Four-Type Negotiation Matrix is a two-dimensional, qualitative model, designed for negotiation classification and assessment, regarding the number of parties (axis x) and the number of issues (axis y), as depicted in Figure 2.

In this research, we followed Raiffa, 1982; Fisher Ury and Patton, 1981; Sebenius, 1992; Ury, 2015; Susskind & Field, 1996; Salacuse, 2008; Pruitt & Rubin,1986; Dias, 2020, regarding distributive and integrative strategies of Negotiation. Raiffa (1982) defined distributive Negotiation as one issue negotiation (p.33), and integrative Negotiation as the "bargaining–in which there are two parties and several issues to be negotiated." (p.131) Next, we observed the value distribution principle after value creation through the mutual gains approach (Susskind & Cruikshank, 1987, 2006; Susskind & Field, 1996). The Four-Type Negotiation Matrix is illustrated in the following Figure 2:

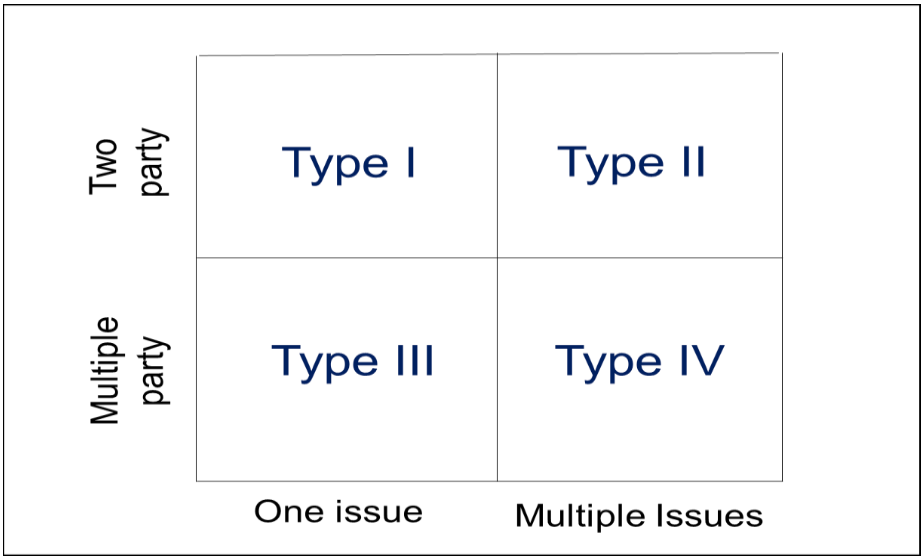

Fig. 2: The Four-Type Negotiation Matrix.
Source: Dias, 2020. Reprinted under permission

Figure 2 depicts the four-type negotiation matrix. Observe the four types of Negotiation within the four quadrants: (a) Type I; (b) Type II; (c) Type III, and finally (d) Type IV negotiations. One of the advantages of using such a model is to classify any negotiation, regardless of the negotiation environment. The classification matrix was able to benefit from the available negotiation cases investigated.

METHODS AND LIMITATIONS

This research combined multiple, descriptive case studies in which unit of analysis are cases #1, #2, #3, and #4 (Yin, 2009). This paper comprises inductive reasoning and interpretive approaches. The negotiation process is supported by Goffman's dramaturgical theory (1959, 1961), which compares a negotiation process to an actor's drama. We assumed as a limitation that the negotiation process involves at least two parties (Dias, M. 2019, Raiffa, 1982; Fisher Ury and Patton, 1981; Sebenius, 1992; Ury, 2015; Susskind & Field, 1996; Salacuse, 2008). One party negotiation (Ury, 2015), was not appreciated in the present work. Next, we assumed that the number of parties in a negotiation could also vary during the negotiation sessions. The same rationale was applied to the number of issues negotiated: they may vary during the negotiation process to expand the pie (Lax, 1985; Fisher, Ury, and Patton, 1981; Sebenius, 1992; Ury, 2015; Susskind & Field, 1996).

Finally, the cases were chosen due to their relevance and replicability in the Brazilian Government Relations current scenario, which is also a limiting factor for this research. Other negotiation environments, such as buyer-seller, one-time negotiations, conflict management, mediations, to name a few, are not part of the present study. The next section presents the four cases investigated.

CASE #1: GOVERNMENT RELATIONS AND UBER IN BRAZIL (TYPE I NEGOTIATION)

From September 2015, this case deals with the option initially made by the companies involved (besides Uber, other competitors, such as 99, Cabify and Easy Taxi) to conduct an institutional strategy, i.e. each company approached Brazilian States' Government authorities separately, seeking to solve an issue (regulation of the private transportation app), resulting in a Type I Negotiation (Navarro, 2016). The Negotiation only resulted in positive results when it evolved from institutional strategies to a sectoral strategy and moved from Type I to III, i.e., multiple parties negotiating the issue together with each State Government.

Despite the business success of the e-hailing service provided by the Californian technology company Uber, lots of challenges are faced across the globe, especially in the legal and regulatory arena. Main arguments from some Governments (at federal, state, and city levels) and taxi companies include the allegation that the company uses drivers who are not licensed to drive taxicabs, do not pay the same taxes as similar services rendered by taxis, and are not adequately subjected to existing regulations.

In Brazil, Uber established operations (as per September 2015) in Rio de Janeiro, São Paulo, Belo Horizonte, and Brasilia, facing similar legal and regulatory challenges. In particular, taxi organizations and its Syndicates, with strong political muscles, have been fighting Uber, either with legal actions or "anti-Uber" bills of law propositions.

This scenario posed significant challenges for a company like Uber to secure and grow its operations in Brazil, making it clear that Government Relations must play a key role in any strategy development for the company.

Although legal actions may be a standard part of the process, it was a desire to avoid, whenever possible, a polarized conflict between Uber and taxis representatives (e.g., Syndicates), seeking a constructive approach.

It was defined then by the company that it would implement an institutional strategy, even knowing that other competitors were also in place implementing their institutional strategies as well, to discuss the main issue of the service regulation with selected Brazilian States, one at a time, seeking for individual advancements that would support further sequential negotiations. This way, a Type I negotiation started, with two parties (Uber and State), dealing with one issue (app regulation).

After several unsatisfactory results and seeing that the one-on-one Negotiation was taking more time than expected, the company decided to change the current approach in Brazil based on institutional strategy, i.e., direct contact of the company with its State stakeholders. Without jeopardizing any direct effort and intended as a complement, the company started to develop and implement a sectoral strategy, i.e., bringing other players with similar regulatory problems to join forces towards common proposals/solutions with the same stakeholders.

This way, shifting from an institutional to a sectoral strategy and moving from a Type I to a Type III negotiation, Uber started to get more concrete results, progressively achieving desired State regulations.

The company continued to respond adequately to legal moves at courts while maintaining a friendly approach to opponents, aiming to effectively discuss concepts and intentions, not polarized and radical positions.

The Type III negotiation was even more reinforced, as a comprehensive influencers mapping was conducted, identifying other key stakeholders that needed to be involved, such as political, regulatory, media, and activist actors that may have little stake in the organization's success. However, the shape, constrain, or expand its opportunities and risks regarding the service app.

Of course, this is an ever-changing scenario, with propositions being sanctioned and becoming legislations, others dropped, and new ones being proposed. As a common task to the Government Relations professional, the update of such a list of stakeholders/propositions must be conducted periodically, as an important input to the adaption of strategy conduction.

CASE #2: MISSION REMANUFACTURING (TYPE II NEGOTIATION)

This case describes a company's negotiations using institutional strategy to deal with the Brazilian Federal Government (two parties) regarding multiple issues, including changes on import legislation and taxation (therefore, a Type II negotiation). As the Negotiation develops, more stakeholders join the discussions, transforming this into a Type IV negotiation, but the company maintained its institutional strategy (Navarro, 2017).

In the mid-90's Brazil had a strict policy that did not favor direct imports, especially regarding Information Technology (IT) products. There were several reasons for that: concerns over the Balance of Trade (BOT), intention to foster local production, investments, job creation, technology transfer, and protection to a non-competitive (when compared with worldwide costs) local industry. In this context, it was impossible to import used machines and commercialize them in the Brazilian market. At the same time, there was a significant gap (from one to two years) between the launch of a new office equipment (e.g., copiers, printers) at the American, European or Japanese markets, and Brazil.

Moreover, new models were quickly updated and launched, generating a situation – caused by many companies' business models of renting at the time – that after only a few months on the formerly mentioned developed markets, the machines were ready to be substituted by new ones. However, in a positive case, where to re-locate these “old” models?

The answer devised by the headquarters of one company focused in this case was to bring these "almost-new" models to Brazil, a then promising growing market, reducing the gap to launch them into the country, optimizing corporate assets, and reducing market access costs.

The problem with this idea was, as mentioned that the non-market forces present simply made this alternative not viable, since the machines – although with a few months of use history – were, in fact, used ones and therefore could not be allowed to be imported according to the legislation at that time.

In an initial phase of the strategy process, several alternatives were brought to the table during discussion meetings at the company's headquarters. A multi-functional team – that included professionals from Government Relations, Manufacturing, Legal, Marketing, and Finance – was formed to work together into an institutional strategy to deal with the Government on the different aspects involved in a solution (Type II negotiation).

The initial ideas were negotiating with the Brazilian Federal Government (BFG) to change current legislation to allow the import of used machines or to implement a remanufacturing operation abroad using used machines, generating new ones, and importing them into Brazil[1].

Further analysis of these alternatives showed the following conclusions:

(1) Change on current legislation: very few chances of success, since several key stakeholders would be against this proposal, notably ABIMAQ, the National Machine & Equipment Association, which would pressure for an increased nationalization effort instead of a flexibilization that could privilege imported goods.

(2) Import of remanufactured machines: although in this case a new serial number is generated after the process, there was no operation like this established and/or described in any current legislation in Brazil; also, the fact that the machine – even if it could be considered as new by legislation – was still imported could cause difficulties in a negotiation process with the BFG and could minimize chances of success.

It was clear to the team that the remanufacturing process, due to its intrinsic characteristics (such as presenting more value add), would present more chances of success in a negotiation to reshape the regulatory environment, but only if separated from the “import” issue, i.e. the solution could be somehow linked to promote a change on the legislation to perform remanufacturing operations in the country, using imported machines as “raw materials”.

With this in mind, the company continued with its institutional strategy. However, it included more parties at the negotiation table beside the BFG (such as ABIMAQ, competitors, and technology experts) to discuss the several issues involved (e.g., rules, productive processes, timing, taxes, benchmarks), transforming the Negotiation from a Type II to a Type IV.

The company started to develop the concept and organizing the process of remanufacturing in Brazil, since this alternative was the only one that met all criteria established by the team, in terms of increasing local production, technology transfer, reducing market access costs, and meeting internal/external customer’s requirements.

After the definition of this "Reman" alternative, a detailed flow of actions that needed to happen in order to implement the selected solution was designed. After validating the availability of used machines abroad and within Brazilian territory, the "Reman concept" to be negotiated with the BFG should be aligned with the practice headquarters had implemented in several countries, like US, Mexico, and Canada. Then, the Negotiation with BFG aiming to alter pertinent legislation to recognize and comprehend the remanufacturing activity had to be

[1] A refurbished machine is obtained through a process of cleaning, repairing and eventually changing of some necessary and/or mandatory parts (its serial number is maintained during all steps). In the remanufacturing process, an used machine (serial number #A) is fully disassembled and the parts derived from this step are submitted to a careful technical analysis; the ones that are considered that could be once again used (e.g. metal and plastic parts, wires, subassemblies) are cleaned up (also fixed, if necessary) to assure they are in the same performance conditions as new ones, following to factory stock (where other new parts are also stored); at this moment, the used machine serial number (#A) that entered the remanufacturing process ceases to exist; then, the assembly line is supplied with new parts and others that came from the used machines, producing at the end of the process a remanufactured machine (serial number #B).

pursued, until this change on the regulatory environment was officially obtained, and then implemented accordingly.

The team started then implementing the designed solution, identifying issues with its internal stakeholders, performing benchmark processes on procedures and correspondent legislation in the US, Mexico, and Canada, and negotiating with the BFG.

Main arguments to approach a positive solution included several advantages of the "Reman process" versus traditional manufacturing and direct import alternatives, such as improvement of the country's BOT, since the costs to import new parts were considerably higher; reduction on the technology gap timing to bring new models to Brazil, contributing to elevate local state of the art; improvement to the environment, with the utilization of parts, waste reduction and favoring recycling materials; and generation of more local working hours, direct investments and job creation.

The BFG very well received many of these arguments since they met their interests, this way starting to affect their positions positively at the bargaining table.

However, one point was still a concern for the Government: there was no intention to create, with a flexibilization of the legislation, an opening that could potentially flood the market with imported machines, allegedly to be part of remanufacturing processes. This way, a tight control should be present, as a condition to allow such kind of operation in the country. This concern was also shared by one of the parties that joined the Negotiation – ABIMAQ and used as the main argument to present a contrary position during the negotiations.

The headquarters and its Brazilian affiliate put themselves on BFG's and ABIMAQ's shoes and understood their concerns over this particular point. This fact was also a point of concern to them since there was no intention to stimulate competitors' entry without the same level of integrity that could jeopardize the entire remanufacturing concept credibility.

The solution was to propose the inclusion in the new legislation – at this point being jointly constructed by all involved parties – of a controlling mechanism that would assure that all imported used machines would be destined to remanufacturing only, and also that after the process a new model, not available before, would present a significant technology improvement when compared to the available models in the country at the time.

This way, it was defined that all import requests of used machines for local remanufacturing should be submitted previously to the BFG and pass through a detailed analysis by the Ministry of Industry & Commerce's technical teams. It had the whole process accompanied by an accredited organ (later defined to be INT – National Institute of Technology). Only after these steps could the project be approved (or not), on a case-by-case basis.

The BFG ruling to allow the Reman process in Brazil was published on September 1993 (Portaria Interministerial 64/93), containing among its dispositions the inclusion of the "Reman concept" for the first time in the country's legislation.

Since then, the regulatory environment suffered changes, but until today the "Reman concept" is valid in Brazil as a market access alternative that companies can use, provided the requirements are met, that bring gains to all involved parts – Government, industry players, and clients.

CASE #3: ADVANCING THE ETHANOL LEGISLATION IN BRAZIL (TYPE III NEGOTIATION)

This case shows the Brazilian biofuel sector's efforts, comprised of several companies, in a sectoral strategy to negotiate the issue of increasing the percentage of ethanol in gasoline, resulting in a Type III negotiation (Navarro, Dias, Valle, and Barros, 2016). The complexity increases as several parties participate in this Negotiation.

In November 2013, ethanol producers were long-suffering from the Brazilian Government policy of not letting gasoline prices fluctuate according to the external market, this way artificially holding back inflation and, at the same time creating a significant problem for one of the largest companies in Brazil with Federal Government control, Petrobras. The low price of gasoline affected the comparative advantages of biofuels since these are only competitive if the price relation between them is of 70% or more (i.e., ethanol is more advantageous to the consumer only if it is priced less than 70% the price of gasoline, due to the cars' efficiency ratio).

Concerned with this scenario, where several ethanol plants were shutting down, presenting no room for new direct investments and jeopardizing the entire biofuel program in Brazil, the players promoted joint meetings, through the national sector association (UNICA) to discuss alternatives, adopting this way a sectoral strategy. At one of these meetings, after running an analysis of bills of law proposals being under discussion at Congress, one was identified that would help the ethanol sector: the increase of the mixture of ethanol in gasoline from current 25% to 27%. If approved, this bill could create an important additional fixed volume for ethanol and contribute to its comparative advantage. Nevertheless, its approval needed strong support at both House of Representatives and Senate, since it was at the beginning of their legislative proceedings.

Once determined the goal, i.e. to approve as fast as possible the bill, UNICA started to engage selected key stakeholders at Congress to present main reasons, in a concise way, why the bill should proceed. This way, a Type III negotiation was initiated: one subject (the approval of the bill), with multiple parties (UNICA, House of Representatives, and Senate members).

The main arguments in this direction included the critical financial situation of the ethanol sector over the previous five years and the importance for the environment, as it would reduce cars' CO_2 emissions (an effect when ethanol is mixed to gasoline).

The committed team from UNICA also set meetings at both legislative houses to promote the bill. For these meetings, having the main positive arguments and concerns in mind, and agreed upon a sectoral strategy, environment specialists were invited to present their support for Congressmen. Finally, car manufacturers were invited to participate in the discussions to ensure that the consumers would not be jeopardized with low performances with the new fuel mixture. The joining of these new parties reinforced the Type III negotiation.

There were also meetings with selected political parties' leaders at Congress, and – in parallel – meetings with Executive Branch representatives, since after the approval at both houses, the President would have to sanction the proposed new legislation. In this initiative, the UNICA team started with technicians from the Ministries more affected (such as Industry & Commerce, Mining & Energy, and Environment), and proceeded, considering their support, to the respective Executive Secretaries and Ministers.

After one year of negotiations, the increase of ethanol in gasoline was approved (Law 1333/14), becoming active in March 2015, generating approximately an additional one billion extra liters demand. This measure is contributing since then to a significant increase in ethanol consumption in Brazil reflected over the following years to date.

CASE #4: ENHANCING THE BRAZILIAN AUTOMOTIVE INDUSTRY REGULATORY ENVIRONMENT (TYPE IV NEGOTIATION)

This case is based on the complex negotiations between an automotive company and the Brazilian Federal Government aiming to implement its first automotive factory in Latin America (Navarro, Dias, and Valle, 2013). The company initially chooses to apply an institutional strategy, and involves several parties and many issues, describing a Type IV negotiation.

The automotive industry's interests before Government and other stakeholders in Brazil are well represented by several companies present in the country for over 40 decades, which act individually (i.e., institutional strategy) and mainly through two private sector associations (i.e., sectoral strategy): ANFAVEA and ABEIVA. The first comprehends companies that have industrial installations in the country, generating thousands of jobs and investing hundreds of millions (e.g., VW, Fiat, GM, Ford); the second included at the time this case is described (2010-2012) only the importers, that operate in some market niches (e.g., Volvo, Porsche, Ferrari, BMW).

The company focused on this case continued to grow in the Latin American market since mid-2000, which influenced the decision to have a plant in the region. After several evaluations conducted by the company's headquarters, Brazil was selected as a location, and considering the previous positive experience of having a motorcycle manufacturing operation in the country.

In March 2011, the company announced (using an institutional strategy) to the Brazilian Industry & Commerce Minister to install an industrial plant in Brazil, a first-time strategic movement for the group in Latin America. Several interactions were then set in motion to conclude the studies and indicate the best product portfolio, the most attractive location, for instance.

Meanwhile, as Brazil was seen as a fast-growing market at that time, other car brands were accessing the market through direct import, mainly companies from Asia (e.g., China and Korea).

This way, there was continued growth in imports that were flooding the market and started to worry ANFAVEA members, which decided to put pressure on the Government (using a sectoral strategy) for measures to decrease these kinds of imports. The Chinese and Korean companies, looking for support, joined ABEIVA, looking for a sectoral strategy, instead of maintaining their institutional strategies, in a response movement seeking to balance forces, between the multiple parties involved in the ongoing negotiations.

In September 2011, the Brazilian Government decided to agree with ANFAVEA and set an immediate increase of excise tax (IPI) of 30 percentage points on all cars (Decree 7567/11). The only way to avoid this extra taxation was to manufacture the cars in Brazil or other countries with a bi-lateral sectoral agreement (e.g., Mexico and Argentina).

This sudden move directly impacted the company's plans, since the factory would take at least one year to be built, and during this time, the extra taxation would destroy margins and jeopardize the expansion plans.

At the time, the company was not part of ANFAVEA, since it was not yet a manufacturer, but a member of ABEIVA, as a long-time importer. However, from a strategic perspective, it was clear that a solution would not be reached without ANFAVEA members. This way joining the sectoral strategy through ABEIVA was not the best move for the company. The building and execution of an institutional strategy to engage this third party became, then, an essential part of the company's plans.

It was clear that ANFAVEA was against direct imports, but with further and more specifically analysis, it was possible to identify that their target and significant concern, in reality, were the imports of low price, high volume cars. Although supported by ABEIVA, these importers had no significant bargaining power with the Government to change the new tax framework and suffer continued losses.

This way, the company started to meet ANFAVEA leaderships to present arguments that would show its intention to manufacture premium cars in Brazil, an unprecedented move in the industry. It was also described that a flexibilization of rules was needed to support this initiative and, although recognizing their concerns of imports increase, create an option for importers to operate, since a prohibition for this could be seen as a violation of WTO (World Trade Organization) directives.

The company's representatives also engaged several Brazilian Ministries and Congressmen to present proposals that would conciliate both ANFAVEA and ABEIVA members' interests. One idea was to implement an automotive regime that would allow, under determined circumstances (e.g., energy efficiency, lower emissions targets), the import of cars for an initial period of two years, based on a plant installation or operation forecast.

The final model accepted by Government (known as the 'Inovar-Auto' regime, brought on October 2012 by Decree 7819/12), included a definition of what a 'premium car' had to present as characteristics to be considered as such. This segmentation was crucial for let ANFAVEA continue to put pressure on high-volume, low-cost car imports, but accepting a flexibilization on rules for this specific premium category.

This movement allowed the company to implement its factory in November 2014, and following this move, other companies from the premium segment also installed factories in the country, which was recognized by the Brazilian Government as a significant strategic move. All these companies are now ANFAVEA members, and ABEIVA accepted the new regulation, as they also were able to operate under the determined conditions.

This case evidenced a Type IV negotiation, with multiple issues (e.g., market access rules, conditions, taxes, deadlines) under discussion among multiple parties (e.g., the company, competitors, two sectoral associations, several Ministries, Congress representatives). Interesting to notice the option for an institutional strategy from the company's perspective, without forgetting to consider the sectoral strategies already in place during the negotiations.

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DISCUSSION AND IMPLICATIONS

The present research has implications in several fields of knowledge: (i) retail business negotiations (Dias et al., 2014, 2015); (ii) public transportation (Dias, 2018); aerospace industry (Dias, Lopes, and Teles, 2020); Dias & Lopes, 2020; Cruz & Dias, 2020); (iv) craft beer industry (Dias, 2020b), among others.

We also followed Moore (2003), who argues that a negotiation process may evolve, escalate from conflict avoidance into violence (see Figure 3). In our case, we verified that the cases investigated were limited primarily from private decision into private third parties, and finally to legal (public) third parties. Extralegal coercion cases were not investigated in the present study. Figure 3 depicts the continuum of conflict management and resolution approaches.

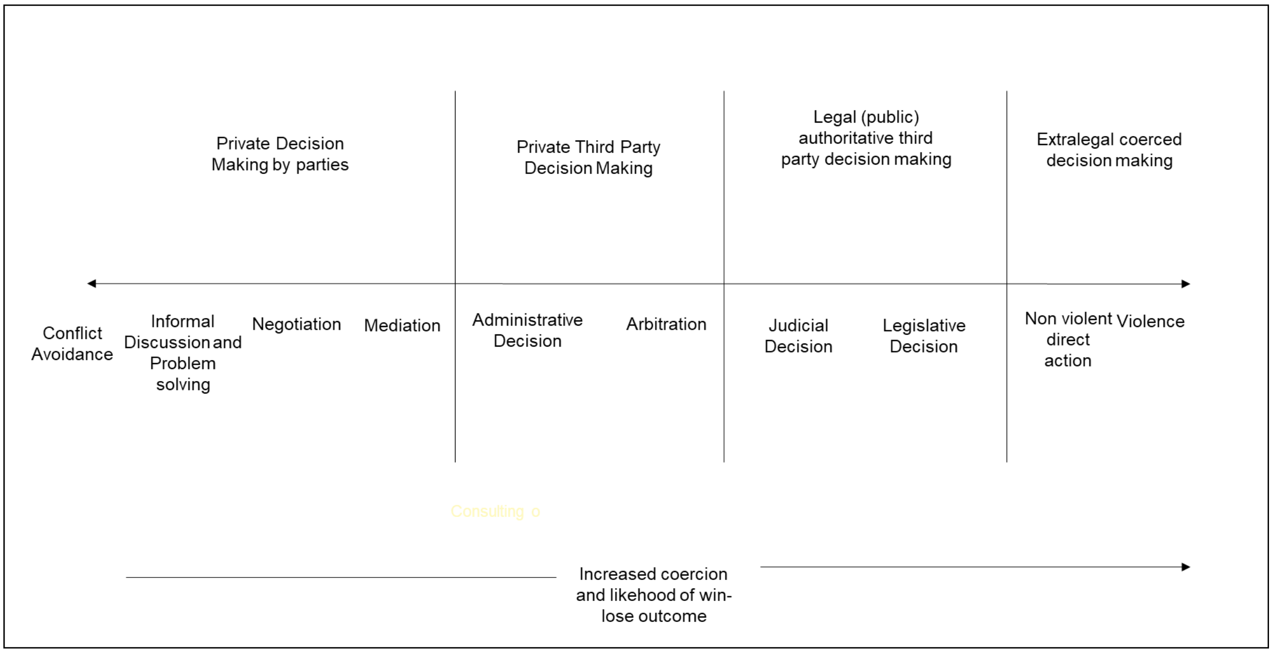

Fig. 3: Continuum of Conflict Management and Resolution Approaches.
Source: Moore, 2003

Observe in Figure 3 that conflict escalation increases the complexity of the negotiation process, according to Moore (2003). Therefore, several parts are expected, especially when dealing with national governments, such as in Case #4 aforementioned.

In this article, we analyzed four negotiation cases with the Brazilian government, from Type I to Type IV negotiation (Dias, 2020). The Four-Type Negotiation Matrix application proved to be fruitful when dealing with a multiplicity of cases, to gain a new perspective on what strategies to achieve better deals,

> regardless of environments, circumstances, gender, age, net income, and level of education, which could be applied to all negotiation cases. Evidence showed that the more complex the negotiation is, the higher the type of negotiation. Evidence also pointed out that the negotiations are interchangeable, which means that during the negotiation

> process, if a new player joins an ongoing one-issue negotiation (Type I), it becomes a Type III negotiation (multiple-party, one issue). Alternatively, if new issues are added to a two-party negotiation with one issue (Type I), it becomes a Type III negotiation. (Dias, 2020, p. 42)

Divergences of opinions may escalate into conflicts. Therefore, negotiations should evolve in to counterbalance the menace. Susskind and Cruikshank (1987) recommend the adoption of the mutual gains approach by both parties, to achieve mutual gains, satisfactory to all parties involved in the negotiation process.

Evidence suggested further investigation on underlying interests, as shown in Case #4, for instance, through joint negotiation analysis.

Finally, the two conceptual models proved useful in deepening the understanding of the negotiation process regarding different dimensions and are recommended to be applied in different scenarios.

FUTURE RESEARCH

This research investigated four Brazilian government negotiation cases. Future research is encouraged regarding other negotiation scenarios, such as business negotiations, buyer-seller, negotiations, merger and acquisitions, retail business, for instance. Finally, this study was also limited to Brazilian government negotiations. Brazil is the Federative Republic with a presidential regime. Future research is encouraged to investigate the models' application in different countries or forms of government.

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