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# Kluwer Mediation Blog

## Cooperate or compete?

Charlie Woods (Core Solutions Group / Scottish Universities Insight Institute) · Friday, February 8th, 2019

We are living in an every expanding web of interdependence; built around trade, investment, cultural exchange, digital technologies, and global politics. In such an environment effective cooperation is an ever more crucial. Yet alongside this need there are equally strong drivers spurring on ever more competition for resources, markets, talent etc.

Both cooperation and competition have been defining features of human evolution. Cooperation emerged initially in relatively small groups – those that could work together well had a better chance of survival – and has become increasingly complex as societies developed. On top of survival the benefits of cooperation include increased productivity and innovation (through such things as the division of labour, economies of scale and learning from others), a wider range of products and services and spreading of risk.

Competition has existed alongside cooperation often providing a driver to groups to become more cooperative in order to be more successful in competition with other groups, particularly where resources were tight. This spur to innovation and the testing of ideas is one of the most positive features of competition for society as a whole. Competition between groups also helped define group identity and bound members of a group together more tightly. This is reinforced by ritual, tradition, social norms, flags, logos etc. Something that is still very evident today as some try to take back control and make themselves great again!

The evolutionary juxtaposition of competition and cooperation begs the question of what is the right balance between the two, particularly in a world where many resources are non-renewable and where embarking on a zero sum game, which might provide the winner with some short-term gain, may well have serious global implications for society and nature as a whole. As I write this it's been reported that Antarctica is melting six times faster than in the 1980s!

The challenges of stimulating more effective cooperation get harder and harder the larger the scale of operation. As the commons becomes larger, the potential tragedies become even more significant. Finding ways to suppress cheating and free riding and strike the right balance between private and social costs and benefits is much harder across jurisdictions.

It hasn't ever been easy moving beyond the relatively small group level. Apparently the optimum group number that we can cope with cohesively, without recourse to lots of rules and regulations, is around 150 (sometimes called the 'Dunbar number' after anthropologist Robin Dunbar). Interestingly some companies see this as the most effective business unit size, apparently it also

has some relationship to the size of Facebook friend networks.

As societies grow and merge they require more and more institutional infrastructure to hold them together. In this environment relationships sometimes begin to take a back seat as transactions (with associated contracts) seem a safer way of operating. There are, however, drawbacks to this approach, as the history of the development of the company structure demonstrates. In theory everyone could contract with everyone else for goods and services, but in practice this is hugely inefficient and requires layers of transaction costs, something that the company can help overcome, with its internal exchange.

To what extent should we try to rely on competitive, transaction based approaches to address the issues that we face? Or should we focus more effort on learning from what has helped us work together in the past, to build relationships, based on a deeper and wider understanding of our shared interests that allow us to cooperate more effectively and efficiently to find solutions? Is competition the only effective stimulus to innovation? Might survival once again have a part to play (assisted of course by some skilled facilitators) – that is until a competitor planet emerges!

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