

The Prisoner's Dilemma Approach to Employer-Employee Relationships

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Abstract: Understanding how the employers and the employees develop long-term positive relationships in the organizational world in which they work is a key issue in management science. A deeper understanding of the moral or ethical effects on choice or decision-making behavior can give us a better grasp of their decision making processes and more especially, of their proper organizational relationship. In this paper, the author grapples with this issue by providing and explaining the choice behavior model between the employer and the employee within the business enterprise. The article first demonstrates interdependent relationships between the employer and the employee considering the "conflict of interest" situation. Secondly, the article demonstrates that cooperate behavior between the employer and the employee is a necessary condition for the success of business enterprises. Finally, the article presents the Prisoner's Dilemma solution, to the employer-employee cooperation that is based on ethics and morals such as justice and commitment. Justice based commitment behavior appears to constrain the employer's and the employee's short-term interests considering that the long-term interests that are created and maintained in the long-term is for the well being of both.

1. Introduction

Most organizational researchers describe co-operate behavior between the employer and the employee in terms of hierarchical influence and control power. This is an asymmetrical influence relationship requiring that one actor agrees to accept the decisions of another actor in a defined 'zone of acceptance' (Simon, 1951)¹. In

¹ Simon, H.A. (1951), "A Formal Theory of the Employment Relationship" in *Econometrica*, 19:PP.293-305