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Tactics in B2B Negotiations

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To Kristján, Siggi and Gabríel

“In Business, as in Life – You Don’t Get What You Deserve, You Get What You Negotiate.”

CHESTER L. KARRASS, 1996

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Completing a doctoral dissertation can be viewed as entrepreneurial behavior, as you are essentially the founder, manager, and owner of your research endeavor and more or less on your own while you produce your thesis. It gives you wonderful freedom to conduct and shape long-term research almost entirely single-handedly; but conversely, that means that you must ultimately stand and fall by your own decisions.

I was in a solid position in my former career path, when I started my journey as a Ph.D. student in the social sciences. Pursuing a Ph.D. was not a typical move in that former career path, and several times since I made that decision I have asked myself; Why did I do it? It was certainly not because I wanted to become rich and famous; academic positions are not paid according to effort, nor subject to widespread acclaim or notoriety. Initially, I sought a Ph.D. solely to gain greater credibility in the business world on management training in negotiation. But while at first, I was rather lost in academia, once I became more familiar with academic life I kind of started to like it; and then, as I got closer to the end of this journey, as oddly as it might sound, I grew to love it—even though it has not been easy. On the contrary, it has been quite challenging, frustrating, and to be honest, unbelievably hard at times, particularly financially. When I reflect on the invaluable experience and knowledge that I gained from this process, though, I know that I would never have wanted to miss it. Thus, while my need for credentials may have led me to the beginning of this journey, what has carried me through here to the end has been my uncovered passion to pursue an academic career.

I did not, however, quite reach the finish line all by myself; rather, I had an army of good people to support me. Firstly, I am indebted to my supervisors Marina Candi, Peter Kesting, and Rajesh Kumar. Marina is a remarkable supervisor, whom I often refer to as my academic mother. She allowed me the freedom to define a research topic that interested me, while having the prescience to suggest, in a very constructive manner, how I could narrow the focus and proceed each step of the project. Her invaluable guidance, insight, and patience throughout the process enabled my transformation, as gently as possible, into an academic, for which I will be forever grateful. It has been a pleasure and a great learning experience to co-author papers with Marina, as her engineering background is evident throughout the process, from her precision to her excellent planning skills and ability to render complex concepts and ideas into simple terms. I have learned tremendously from her unique way of guidance, and I will commit her methods of work to heart as I advance into my own academic career. I appreciate her willingness to spend precious time connecting me with various research networks and projects and assisting me in securing a permanent job in academia, which goes beyond the task of a primary supervisor. Thank you for always being available, Marina, whenever I needed assistance. Last but not least, I will always be in your debt for your insights, understanding, and full support during my older son's illness while I was in Poland. Thank you!

I would also like to express my deepest thanks to my second supervisor and a friend, Peter Kesting. Thank you for believing in me, for your availability, and for your constructive feedback and interest shown in my work. I also wish to express my gratitude to my third supervisor, Rajesh Kumar, for his availability and support throughout my research process. Thank you all. To my colleagues, Haukur Freyr Gylfason, Rannveig S. Sigurvinsdóttir and Þorlákur Karlsson: thank you for your discussions and assistance on methodological issues. Vishnu M. Ramachandran Girija, thank you for your kind advice and all your help during this process, but not the least, for being a friend. Kjartan Sigurðsson, I thank you for your moral support and for being a friend too throughout this.

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ABSTRACT

This thesis deals with negotiation tactics in business-to-business (B2B) settings. The term negotiation tactics refers to negotiator behavior, both verbal and non-verbal, throughout the negotiation process. The aim of this thesis is to examine the negotiation tactics used in actual, real-life B2B settings, and to explore what drives and influences negotiation behavior. The term negotiation tactics is well established in the negotiation literature, but the study of negotiation tactics has mainly focused on distinguishing among different types of tactics (e.g. ethical vs. non-ethical, aggressive vs. non-aggressive, competitive vs. cooperative). Actual, real-life use of negotiation tactics in B2B negotiations has been less studied. Because of the scarcity of research in this area, a research strategy combining qualitative and quantitative research methods was adopted for this project, which is built around three academic papers. Empirical data were collected from B2B small and medium-sized enterprises (SMEs) in four European countries: Iceland, Poland, Denmark, and Germany. The subject material is viewed through various theoretical lenses, including Social Identity Theory, Social Network Theory, B2B Marketing Theory, Expectancy Theory, Principal-Agent Theory, and Hofstede's cultural dimensions. This thesis summarizes the papers' main findings and resulting contributions to theory and practice. The findings of the first paper, which focuses on B2B negotiations in creative sectors and employs a case research methodology, indicate that negotiators in creative sectors use negotiation tactics whose underlying aim is to prioritize negotiators' ability to create rather than securing economic gain. A category of negotiation tactics not anticipated by the existing literature—referred to as closure seeking tactics—was identified in the creative sector firms' study. The findings of the second paper, which are based on observations of live, real-time negotiations, indicate that there are differences between buyers' and sellers' uses of negotiation tactics and that usage varies depending on a negotiator's selected negotiation strategy. The findings further indicate that variable pay influences the negotiation behavior of both buyers and sellers and is associated with the use of competitive negotiation strategies, including distributive negotiation tactics, which could jeopardize firms' long-term business relationships. Finally, the findings of the third paper, which reports on quantitative survey-based research, suggest that the use of integrative negotiation tactics is positively related to market performance and that this relationship is strengthened when combined with the use of distributive negotiation tactics. Based on a comparison between data collected in a risk-averse culture (Poland) and a risk-taking culture (Denmark), the findings indicate that in the risk-taking culture the use of integrative negotiation tactics is not related to market performance and the use of distributive negotiation tactics is negatively related to market performance. In the risk-averse culture, the use of both integrative and distributive tactics is positively related to market performance. Together, these findings suggest that in a culture where integrative negotiation tactics are expected, their use might not constitute a competitive advantage, which could explain the lack of a statistically significant relationship with market performance. Meanwhile, in a culture where distributive negotiation tactics might be the norm, the use of integrative tactics might constitute a competitive advantage. Overall, the findings of this research confirm the importance of better understanding negotiation tactics in B2B settings.

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1 INTRODUCTION

As the business world evolves and cross-cultural business transactions increase, keeping up with a rapidly changing business environment becomes more and more challenging for firms around the globe. Striving for competitive advantage while maintaining good business relationships has been shown to contribute to firm performance (Barney, 1991). Barney's (1986) ideas about how firms gain competitive advantage highlight the importance of the strategic decision-making process, and caution that firms can lose their competitiveness with a single decision or implemented strategy if they underestimate or overestimate future value or relational value. It is against this backdrop of the importance of business relationships that this thesis' focus on negotiation tactics is positioned.

Negotiation is a decision-making process through which parties jointly reach a decision about the terms of an agreement. Negotiation is generally seen as a fundamental organizational skill (Lax and Sebenius, 1986; Beersma and De Dreu, 2002) that is utilized daily in firms (Bazerman and Lewicki, 1983). Business-to-business (B2B) relationships in particular depend on negotiation (Geiger, 2017), with negotiators employing different types of behavior (referred to in this thesis as negotiation tactics) throughout the negotiation process. The definition of negotiation tactics used in this thesis is synthesized from Weingart and colleagues (1990) and Narsimhan and Ungara (2016). The definition is as follows: *negotiation tactics are a set of behaviors, employed overtly or covertly, by negotiators to move negotiations toward a preferred result*.

Situational factors such as sharing information, time pressure, and goal-setting all impact negotiation performance (e.g. De Dreu, 2003; Kopelman, Rosette and Thompson, 2006) and influence not only negotiation results, but also inter-firm relationships and the viability of future transactions. In B2B negotiations, the concern is not only over pricing, delivery time, quantity, discounts, and other factors that affect business outcomes (Talluri, 2002; Herbst et al., 2011), but not less over the value of business relationships and the recognized cost of creating and maintaining successful business relationships (Haas et al., 2012). Various factors of the negotiator decision-making process in B2B settings have been studied, such as personality traits (Barry and Friedman, 1998), negotiation strategy (Ganesan, 1993; Rahim, 1983), cultural setting (Shankarmahesh et al., 2004), variable pay (Murninghan et al., 1999; Cloutier, 2013), and risk propensity (Volkema, 2004; Natlandsmyr and Rognes, 1995). The issue of what negotiation tactics are actually used in real-life B2B settings, however, has received far less attention. The ongoing question of creative sector negotiators' poor performance in negotiations underlines the importance of examining their performance and motivations during negotiations, as well as identifying which negotiation behaviors are prevalent in these sectors. Furthermore, the knowledge of what sets of negotiation tactics are used by buyers and sellers and how negotiation strategy influences their behavior is important for both theory and practice, as understanding negotiators' motivational factors increases the likelihood of creating long-term business relationships. Moreover, as sundry examples in the literature demonstrate, there has been an ongoing debate over which type of negotiation tactics—integrative or distributive—are more successful in B2B settings. Understanding the tactics used in B2B settings is crucial, as the choice of negotiation tactics affects both negotiation outcomes and B2B relationships and, as a result, overall firm performance.

The thesis' overall research objective was to deepen our understanding of the use of negotiation tactics in B2B settings and all three of these studies have negotiation tactics as a focal variable. Thus, the core research question is:

RQ: What negotiation tactics are prevalent in B2B firms?

To address the main research question, five more specific research questions are addressed in the three papers that form this thesis.

This thesis focuses specifically on B2B negotiations in small to medium sized enterprises (SMEs). SMEs are defined by the European Commission as firms with fewer than 250 employees and turnover that does not exceed 50 million euros annually (European Commission, 2018). According to the European Commission, SMEs represent 99% of firms in the European Union. The primary justification for focusing on SMEs is that they rely heavily on partnerships because of their size and are generally seen as better equipped to build partnerships than larger firms (Miles et al., 2006). This means that relational capital, which can be built is part of the negotiation process, is of particular importance for SMEs (Welbourne and Pardo-del-Val, 2009). This research benefited from being conducted in part under the auspices of a project funded by the European Union's Seventh Framework Programme for research, technological development and demonstration, under grant agreement no. 324448. This project included partners from Poland, Iceland, and Denmark, which afforded opportunities to carry out research in those three countries. Furthermore, thanks to collaboration with German researchers it was possible to include data from Germany.

1.1 Papers

An overview of the three papers that make up this thesis is provided in Table 1. The overview details each study's research questions and hypotheses, theoretical frameworks, key concepts, countries the data were collected in, methods, findings, and contributions.

Table 1. An overview of the three papers included in this thesis. PL: Poland; IS: Iceland; DK: Denmark; DE: Germany.

N	Research questions and hypotheses	Theories	Key variables	Methods	Coun-tries	Findings	Contributions
1	RQ1: What tactics are used in B2B negotiations in creative sectors? How do they differ from tactics used in other sectors? RQ2: What factors drive the selection of B2B negotiation tactics in creative sectors?	Social identity theory Social network theory Expectancy theory	Negotiation tactics	Multiple case study Comparative analysis	IS, PL	Negotiators in creative sectors use negotiation tactics that prioritize the ability to create over economic gain. Identification of types of negotiation tactics used in creative sectors, including new category referred to as *closure seeking tactics*.	Identification of previously uncategorized type of negotiation tactics, *closure seeking tactics*. Description of differences and similarities between creative sectors and other sectors, teasing out unique traits of B2B creative sectors that drive the selection of negotiation tactics.

N	Research questions and hypotheses	Theories	Key variables	Methods	Coun-tries	Findings	Contributions
2	RQ1: Do buyers use different negotiation tactics than sellers in B2B settings? RQ2: Does negotiation strategy influence buyers' and sellers' use of negotiation tactics? RQ3: Does variable pay influence negotiators' use of negotiation tactics?	Principal-agent theory	Negotiation tactics Negotiation strategy Variable pay	Multiple case study Real-life observations Comparative analysis Frequency analysis	PL, DK, DE	Buyers' and sellers' use of negotiation tactics differs and is dependent in part on negotiation strategy. Managers are not always fully aware of how to create meaningful fits between negotiation strategies and the use of negotiation tactics. Use of variable pay is associated with the use of distributive negotiation tactics	Distributive negotiation tactics are more prevalent in B2B negotiations than the literature suggests. Variable pay influences buyers' and sellers' use of negotiation tactics.
3	H1: The use of integrative negotiation tactics is positively related to performance in B2B firms. H2: The interaction between the use of integrative and distributive negotiation tactics is positively related to performance in B2B firms. H3: The use of distributive negotiation tactics is higher in risk-averse cultures than in risk-taking cultures.	B2B marketing theory Hofstede's cultural dimensions	Negotiation tactics Market performance Risk propensity	Survey-based study Hierarchical regression analysis	PL, DK	Use of integrative negotiation tactics is positively related to market performance. The relationship is stronger when distributive negotiation tactics are also used. The use of distributive negotiation tactics is higher in the risk-averse culture than in the risk-taking culture. In the risk-taking culture, the use of integrative negotiation tactics is not related with market performance and the use of distributive negotiation tactics is negatively related with market performance. In the risk-averse culture, the use of both integrative and distributive tactics is positively related to market performance.	In risk-averse cultures the use of integrative negotiation tactics might bring competitive advantage. In risk-taking cultures, the use of integrative negotiation tactics is likely expected and, therefore, does not yield an advantage. Cultural factors and tactics should not be studied in isolation.

1.1.1 Paper 1: B2B Negotiation Tactics in Creative Sectors

The first paper draws on data concerning the use of negotiation tactics in B2B settings in the empirical context of creative sectors. Creative sectors constitute an important part of economies, but to date, research on the use of negotiation tactics within creative sectors is scarce. For the purpose of this thesis, creative sectors are defined as sectors *"which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property"* (DCMS, 1998:4). Existing research has revealed marked differences in negotiation behavior among different sectors, e.g. retail and wholesale (Al-Khatib et al., 2007), manufacturing (Narsimhan and Ungarala, 2016; Grzeskowiak and Al-Khatib, 2009; Perdue, 1992; Malshe et al., 2010), construction (Cheung et al., 2009), finance (Fleck et al., 2016), and health care (Friedman et al., 2000). Creative sectors tend to be characterized by a predominance of small firms (Daubaraite and Startiene, 2015) seeking to sell individuals' talents, and these firms tend to grow faster than other firms (De Propris, 2013) and be more prone to taking risks than other firms (Lampel and Germain, 2016). Therefore, we might expect differences in negotiation behavior compared with other sectors. It is important to ascertain what drives those behaviors, as this can help us better understand these particular negotiators and how to best either prepare them for negotiations or prepare for negotiating with them.

1.1.2 Paper 2: Use of Strategies, Tactics and Variable Pay in Business-to-Business Negotiations: It matters whether you are a Buyer or Seller

This paper examines negotiation tactics in B2B settings concurrently with negotiation strategy, buyers vs. sellers, and variable pay. Buyers and sellers play a pivotal role in B2B transactions; thus, looking at them in particular and examining their differences increases our understanding of B2B negotiations. Unlike Paper 1, data for Paper 2 were drawn from a broad range of sectors. Among the objectives of Paper 2 is to investigate how negotiation strategies influence buyers' and sellers' use of negotiation tactics. Negotiation strategy, defined as *"interaction patterns used by parties in conflict to achieve* *resolution"* (Ganesan 1993, p.184), can intuitively be expected to influence the choice of negotiation tactics. In their Conflict Mode Instrument (TKI), Thomas and Kilmann (1974) define five negotiation strategies: competing, collaborating, compromising, avoiding, and accommodating. Examples of tactics used in these strategies are offered in Paper 2.

The literature suggests that sellers in B2B negotiations are more disposed to behavior that prevents loss rather than seeking gain, and that the opposite is the case for buyers (Kahneman et al., 1990; Huang et al., 2008), indicating differences between buyers and sellers. Paper 2 attempts to tease out some of these differences between buyers and sellers in B2B negotiations, where the distribution of power is not as evident as in business-to-consumer (B2C) negotiations. First, during B2C negotiations, the power-distribution is usually in the seller's favor; but in B2B negotiations, the power is usually more equally distributed (Olekalns et al., 2003). Potential power is assessed through an evaluation of both one's own and the other parties' BATNA, which is decided during preparation. However, perceived power may well diverge from this as, according to Kim, Pinkley and Fragale (2005), negotiators' use of tactics during the process, can influence the course of events and tactical choices (see figure 1). For example, negotiators' use of distributive tactics, such as misrepresentation and threats, can undermine trust between parties, with a concomitant decrease in perceived power so that negotiators readjust their use of negotiation strategy. Secondly, in this paper the distinction between buyers and sellers is viewed from the perspective of face-to-face negotiations, which differ from auctions, also known as bidding, and e-commerce (Yechiam et al., 2017).

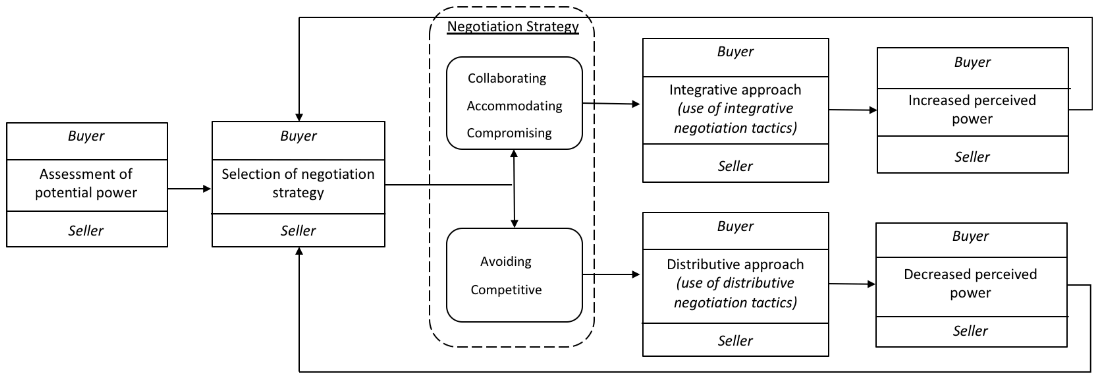

Figure 1. How power perceptions impact choice of negotiation strategy and use of negotiation tactics.

Another important objective of Paper 2 is to look at how negotiators who are offered variable pay or financial incentives as a part of competitive compensation scheme—apparently offered by many firms—are influenced to use certain negotiation strategies, resulting in the use of particular negotiation tactics. The literature suggests that the use of variable pay influences negotiators' approaches, both strategic and behavioral (Poitras, Bowen and Byrne, 2003). Variable pay is likely to spur competitive behavior, as economic gain increases if set goals are reached. In fact, variable pay has been found to motivate the use of distributive negotiation tactics and a competitive negotiation strategy (Thompson, 1990).

1.1.3 Paper 3: Integrative and Distributive Negotiation Tactics and Risk Propensity in B2B Settings

The third paper studies interactions between the use of integrative and distributive negotiation tactics and relationships with market performance in B2B settings against the backdrop of risk propensity. In today's business environment, negotiators are under pressure to obtain optimal results, which can lead to improved market performance. Indeed, market performance is viewed as a key indicator that a firm is well managed, which underlines the importance of examining the use of negotiation tactics in relation to market performance. The literature suggests that value creation (Ford, 2011) and relationship value (Ulaga and Eggert, 2006) are among the items that contribute to good market performance. Both can be said to stem in part from negotiations.

One of the key elements of both negotiation behavior and decision-making in B2B settings is trust. Trust encourages information-sharing, which is an inherently integrative act (Butler, 1999). Indeed, the greater the degree of trust between negotiators, the more frequently they use integrative negotiation tactics (Schurr and Ozanne, 1985). Closely related to trust is risk propensity; those who are more trusting have been found to be more risk-taking than those who are risk-averse (Smith and Barclay, 1997; Elahee et al., 2002). Negotiators' attitudes towards risk will likely affect their choice of negotiation tactics (Westbrook, 1996). Attitude to risks is frequently rooted in culture and Hofstede's (2001) work on cultural dimensions is used to distinguish between a risk-averse and a risk-taking culture in Paper 3.

1.1.4 Positioning of the study

It is against the backdrop of the importance of understanding negotiation tactics in B2B settings that this research is positioned. Negotiation tactics are covered in depth in the literature, but as previously noted, there is a scarcity of research on the actual, real-life use of tactics in B2B settings, which might be explained by firms' understandable reluctance to allow researchers to observe live negotiations (Herbst and Schwarz, 2011). By using data collected from business negotiators and through observation of actual negotiations, this research offers a valuable advance in knowledge and understanding in the fields of negotiation research and B2B firms and transactions.

1.1.5 Structure of this thesis

This thesis is organized into six sections. Following this introduction, the literature review is presented in Section 2 where key concepts are introduced and discussed. The theoretical framework is presented in Section 3, and the research methodology is presented in Section 4. The three stand-alone papers (Papers 1, 2, and 3) make up Section 5. Finally, the discussion and directions for future research are covered in Section 6. Appendixes include the interview protocol for Paper 1, and co-author declarations for all three papers.

2 LITERATURE REVIEW

2.1 Negotiation

Negotiation is defined as a decision-making process in which two parties, with conflicting preferences or interests, endeavor to reach an agreement (Davis et al., 1976). Negotiators in business environments usually try to maximize the gain of their own businesses and reach a satisfactory outcome (Thompson, 1990). Prior to negotiations, negotiating parties undertake numerous preparations; they estimate their position and that of their counterpart, set goals, assess the best alternative to a negotiated agreement (BATNA), determine a walk-away point[1], decide where they can be flexible and what are their main interests, and plan negotiation approaches or strategies. The negotiation process itself consists of four main stages, and various negotiation tactics are used in all stages: relational positioning, identifying the problem, generating solutions, and reaching agreement (Adair and Brett, 2005). During the first stage, negotiators test opponents for whether they are competitive or cooperative (Adair and Brett, 2005) by asking questions and tracking their counterparts' reactions to their expressed interests. The second stage, identifying the problem, is a discussion phase that offers the opportunity for negotiators to exchange information and listen to each other. Questions can be asked about missing information for repositioning and readjusting offers. In the third stage, generating solutions, negotiators know each other's positions and preferences. They pose offers and counteroffers and try to find common ground to reach an agreement. How those offers are proposed and answered can affect the negotiation results (Milter, Darling and Mumpower, 1996; Weingart, Bennett and Brett, 1993), and negotiators may need to offer trade-offs to reach an agreement (Filzmoser and Vetschera, 2008). In the last stage, reaching agreement,

[1] *Walk away point,* also known as reservation point or reservation price, is a term that refers to a particular point beyond which a negotiator is willing to walk away from negotiated agreement. This can be price, time, or other issues being negotiated. Thus, when negotiators set their walk away point, they are deciding on when it is better to walk away from the negotiating agreement rather than to settle.

negotiators either reach a final agreement or not. They try to reduce alternatives to advance negotiation towards an end point or make the decision to walk away without an agreement.

2.2 Negotiation tactics in B2B settings

In B2B settings, firms do business with other firms and long-term relationships are developed. The result is that relationship quality has a marked influence on B2B negotiations (Ulaga and Eggert, 2006). The essential nature of B2B relationships involves buyer-supplier interactions (Dwyer et al., 1987), usually built on the twin pillars of trust and commitment (Morgan and Hunt, 1994). Relational value influences negotiators' choices of negotiation tactics as today's negotiation behavior may influence the viability of future business transactions. This critical component of B2B transactions contrasts with many B2C settings, where negotiations are more likely one-off events. Moreover, since negotiation tactics are a determining factor for negotiated outcomes and B2B transactions tend to involve larger quantities and financial amounts than B2C transactions, understanding how firms in B2B settings use negotiation tactics is of great importance.

To analyze and explain negotiation tactics in B2B settings, a number of contextual factors in firms' internal and external environments were identified in the literature and taken into account, namely sector (e.g. Al-Khatib et al., 2007; Narsimhan and Ungarala, 2000; Cheung et al., 2009; Fleck et al., 2016), with a particular focus on creative sectors (Lampel and Germain, 2016), variable pay (Poitras et al., 2003), culturally determined risk-aversion (Volkema and Fleury, 2002; Elahee et al., 2002; Westbrook, 1996), and the presence or absence of other tactics (Olekalns et al., 1996).

2.3 Taxonomies of negotiation tactics[2]

Businesses employ a wide range of negotiation tactics to reach agreements with their business partners. Negotiation tactics are frequently divided into two broad, overarching categories: integrative and distributive (Walton and McKersie, 1965; Pruitt, 1981; Sullivan

[2] The information provided in this section is also included in a sub-section of the literature review in Paper 1.

et al., 2006). Integrative negotiation tactics are concerned with fulfilling all parties' interests and emphasize creative and open communication to maximize a jointly favorable outcome. They are described as 'win-win' (Weingart, Hyder and Prietula, 1996), and imply the sharing of information and willingness to make concessions or meet in the middle. In contrast, distributive negotiation tactics are described to as 'win-lose' and are likely to result in unbalanced outcomes (Sullivan et al., 2006) where most of the resources land on only one side of the table (Giordano et al., 2007). Distributive negotiation tactics include behavior such as bluffing, lies, and exaggeration of offers.

Besides this distinction between two broad, general types of negotiation tactics, several taxonomies of negotiation tactics have been proposed; see the summary provided in Paper 1. A distinction between ethical and unethical tactics across sectors was proposed (Anton, 1990; Lewicki and Robinson, 1998; Lewicki and Stark, 1996) and later extended by Robinson et al. (2000), who developed a classification scheme called the SINS scale (Self-reported Inappropriate Negotiation Strategies Scale), which categorized tactics by ethicality and the likelihood of negotiators using each one. The SINS scale classifies the following five groups of tactics; traditional competitive bargaining, attacking opponent's network, false promises, misrepresentation, and inappropriate information gathering.

The first group, traditional competitive bargaining, includes tactics such as hiding the bottom line or not divulging one's position, pretending to have plenty of time, or exaggerating demands. This is the only group within this taxonomy that is considered somewhat ethical and therefore acceptable for real-life application (Volkema, 1999; 2004; Volkema and Fleury, 2002; Lewicki and Robinson, 1998). According to Dees and Cramton (1991), negotiators who fail to employ tactics in this first group may put themselves at a disadvantage. The second group of tactics, attacking opponent's network, consists of tactics such as threats, trying to get counterparts to switch sides or putting counterparts in difficult positions relative to their superiors or coworkers. Tactics within this group are considered unethical and not acceptable in business negotiations. The third group, false promises, is also considered unethical and not acceptable because its tactics are seen as relying upon betrayal. Tactics in this group include bluffing or making future promises to counterparts to finalize a deal even though negotiators know the promises will not be kept. Misrepresentation, the fourth group of tactics, can be explained by the theory of planned behavior, which suggests that a behavioral control can directly influence behavior (Ajzen, 1991). For example, a negotiator might intentionally misrepresent information or progress to undermine a counterpart's position, thus directing negotiations in their favor. Emotional misrepresentation has been found effective when positive emotions are displayed, whether genuinely felt or not (Frank, 1987). On the other hand, Campagna et al. (2016) found evidence of a blowback effect among negotiators who displayed negative emotions when misrepresenting feelings like anger. Negative emotions have been found to generate little tangible influence and create considerable disadvantage for those who use them (Kopelman et al., 2006). The final group within the SINS scale, inappropriate information gathering, is made up of tactics where a negotiator bribes his/her counterparts or exercises other unethical means to convey information that would strengthen his/her position. Many scholars (Ma, 2010; Ma et al., 2013; Banas and Parks, 2002; Cohen, 2010; Al-Khatib et al, 2007) have used the SINS scale to examine negotiations in various sectors. For instance, Al-Khatib et al., (2007) who study Chinese negotiators in retail and wholesale, manufacturing, and service sectors, have found that Chinese negotiators are unlikely to use unethical tactics in dyad negotiations (two-party negotiations), and frequently use tactics from the first group of the SINS scale, traditional competitive bargaining. When a third party is indirectly involved in the negotiations, however, their use of unethical tactics increases. According to Lewicki et al., (2006), no single nationality is found to be more or less ethical when it comes to negotiation tactics, though there are measurable behavioral differences depending on the culture or nationality of a negotiator. But it is also acknowledged that what might be considered unethical behavior in one culture might be viewed as appropriate behavior in another (Rivers and Volkema, 2013). Although there is inconsistency in research findings on ethical or unethical tactics, generally negotiators' acceptance of these tactics differs between genders (Elahee and Brooks, 2004) as men tend to be more accepting of unethical tactics than women (Lewicki and Robinson, 1998; Robinson et al., 2000; Volkema, 1999). Furthermore, unethical bargaining behavior has been studied from different angles and negotiators who have unmet goals are more likely to use unethical tactics (Schweitzer et al., 2004). According to Fleck et al., (2016), negotiators within the financial sector will use ethical or appropriate negotiation tactics before they employ unethical negotiation tactics and they will also use ethical negotiation tactics more frequently than unethical tactics.

Downs and Rocke (1990) found that a type of tactic called tacit bargaining is used to influence others with non-verbal behavior when there are mixed motives at play. Tacit bargaining, which was originally categorized by Schelling (1960), encapsulates a range of less open and obvious communication techniques like signs, hints, and myriad sorts of non-verbal expressions. In researching the manufacturing sectors, Langlois and Langlois (1996) found that tacit bargaining is used when negotiators have mixed motives, or have different views on the main goals, such as values and timing. Further, this group of tactics is typically used when trust is low between parties. Elahee and Brooks (2004), basing their research on the taxonomies proposed by Lewicki and Robinson (1998), the SINS scale, and tacit bargaining found that trust is a variable that determines the use of different tactics within manufacturing and service sectors.

Seven groups of tactics have been identified in construction sectors and ranked by efficacy in relation to outcome (Cheung et al., 2009). This taxonomy is constructed from the research findings of various scholars studying negotiator behavior in B2B settings. The first group of these tactics was proposed by Rahim (2001), who found that negotiators using what Rahim calls procedure-focused tactics were effective in dealing with self-centered negotiators, and negotiators who employed these kinds of tactics could improve their outcomes. The second group of tactics, proposed by De Dreu and Van Kleef (2004), following their experimental study on psychology students, is progress-seeking tactics, which include ploys like emphasizing certain facts during negotiation, such as how much costs will increase if the parties do not reach an agreement, or imposing time pressure. Through these tactics' negotiators can reduce their counterparts' expectations. The third group is issue-focused tactics. It is developed from Wong and Cheung's (2005) findings that trust is pivotal for better performance and that those who performed best were negotiators who could capitalize upon mutual trust between parties. In such conditions, the negotiating parties worked as a unified team to solve issues. These findings are in line with Friedman et al.'s (2000) findings in the health care sector. Issue-focused tactics are composed of tactics such as focusing on a counterpart's view or preference for both parties to make concessions and arrive at a mutually beneficial outcome. These two groups of tactics, progress-seeking and issue-focused, have been found to be most commonly used among negotiators within the construction sector. The fourth group of tactics, aggression or aggressive tactics, was proposed by Perdue (1992) and is usually used in distributive negotiations (Volkema and Fleury, 2002). Perdue based this classification on literature (Karrass, 1974; Pruitt, 1981; Walton and McKersie, 1965) that studied the use of aggressive tactics within manufacturing sectors. Perdue found that purchasing managers commonly utilized aggressive tactics, such as creating an atmosphere of aggressive competition, imposing time pressure, or threatening to take business elsewhere. Aggressive offers were found to be beneficial to those posing them, as higher demands yielded larger payoffs. Other tactics, such as general threats, were found to be risky. Cheung et al.'s (2009) findings are in line with those of Perdue; they found that by including delay as a moderator in their model that time pressure and threats to take business elsewhere were used in the construction sector. The fifth group, assertion tactics, was proposed by Walton and McKersie, (1993) and the sixth group, reserved tactics, was proposed by Volkema and Fleury (2002). The former includes tactics such as attempts to reveal and acknowledge personal feelings, the collection of positional information, and increased argumentation and threats, whereas the latter comprises attempts to hide positional information. These two groups of tactics were found to be employed within the construction and manufacturing sectors by negotiators already using aggressive tactics to obtain a dominant position and force other parties to make concessions. The seventh and final group of tactics is option-generating, proposed by Walton and McKersie (1993). It encompasses tactics such as identifying cores issues and maximizing the amount of information received while minimizing information given.

Olekalns, et al., (1996) proposed a taxonomy of six groups of tactics depending on whether the tactics could be characterized as cuing or responding. The first group of cuing tactics, which can also be restructuring tactics, comprise techniques such as blaming, presenting new or alternate suggestions, or making open-ended statements. The second type of cuing tactics is known as priority information. With this tactic, negotiators seek priority information, provide information to their counterparts, and suggest various tradeoff options to secure deals. It is very integrative in nature. Concessions, the third group of cuing tactics, consist of actions such as proposing counter-offers and shifting from starting positions to finalize agreements. Positional information, which counts as both cuing and responding tactics, involves techniques such as making arguments to support one's own position, denying relevancy, or using threats or personal insults to turn the course of negotiations. Other responding tactics are priority information, where the negotiator provides valuable information or explicit acceptance of a proposal from counterparts, and rejection, which can mean rejecting an offer while accepting a counterpart's point of view. Using a study of psychology students, Olekalns et al. (1996) found that the use of cuing or restructuring tactics differed depending on whether negotiations were distributive or integrative; in distributive negotiations, negotiators used more positional information tactics and less priority information tactics when cuing, but when responding, they used less priority information tactics—and more priority information tactics when in integrative negotiations.

The insights that Paper 1 takes from the literature is an understanding of what motivates the creative sectors and what tactics are likely to be used in this context. In Paper 2, insights from the literature include buyers' and sellers' use of negotiation tactics and linking negotiation strategy to overall firm performance. Negotiation tactics and negotiation strategies have often been confused in the literature. A particular negotiation strategy, such as a competing strategy, can be described as an individualistic approach in which a negotiator stands firm in pursuing his or her goals. Meanwhile, negotiation tactics describe the means by which the negotiator is able to stand firm, for example by refusing concessions and not giving in to counterparts' demands or displaying anger when faced with extreme counter-offers. Further insights on differences between buyers and sellers as well as the influence of financial incentives as a motivational factor is provided in Paper 2. In Paper 3 the literature's insights on distributive and integrative negotiation tactics are explored and linked to market performance and risk propensity. The examination of all these issues provides a basis for answering the core research question presented earlier.

3 THEORETICAL FRAMEWORK

3.1 Theories

The theoretical frameworks of each of the three papers that make up this thesis draw on a number of relevant theories, as summarized in Table 2.

Table 2. Theoretical underpinnings of Papers 1, 2, and 3.

	Theories used
Paper 1	Social Identity Theory; Social Network Theory; Expectancy Theory
Paper 2	Principal-Agent Theory
Paper 3	B2B Marketing Theory; Hofstede's cultural dimensions

Social network theory and B2B marketing theory are used to understand B2B settings as they have been used by various scholars to explain communication among negotiators (e.g. June, 1991; Money and Bruce, 1998; Cederlund, 2014). Social identity theory, expectancy theory, principal-agent theory, and Hofstede's cultural dimensions are used to understand negotiators' choices and uses of negotiation tactics as these theories have been widely used to explain negotiation behavior (e.g. Volkema and Rivers, 2012; Kulik and Olekalns., 2012; Motro et al., 2016; Whitford et al., 2013; Volkema, 2004).

In Paper 1, negotiators' choice of tactics in creative sectors is viewed through the lens of social identity theory, expectancy theory and social network theory. In Paper 2, principal-agent theory helps explain the interplay of trust and variable pay in negotiations. In Paper 3, negotiation behavior is examined through the lens of B2B marketing theory and the idea of culturally-determined attitude to risk, which is drawn from Hofstede's cultural dimensions.

3.1.1 Social Network Theory

Social network theory (Tsai and Ghoshal, 1998; Wasserman and Faust, 1994) considers how collaboration among negotiators is affected by their relationships with each other. From the perspective of social network theory, businesses are made of human relationships—and the stronger the relationships and networks, the greater the amount of social capital that is created (Lin, 1999). The theory views relationships, relational value, and networks as resources that firms can leverage to reach profitable agreements and to maintain business relationships. Social networks can influence negotiators' attitudes and behaviors (Chow and Chang, 2008; Borgatti et al., 2014); how negotiators behave and their willingness to cooperate relies on the nature and strength of their social networks (Ohtsuki et al., 2006). The theory has been useful in elucidating how friendship between negotiators holds more value than a slightly better deal (Peterson and Thompson, 1997). Frequent interactions among negotiators tend to strengthen their perception of the value of a relationship, which in turn generates positive emotions when successful agreements are reached (Premkumar et al., 2005). Because of the singular characteristics of B2B relationships, which tend to be longstanding and recurring, social networks have a great deal of impact in B2B settings.

3.1.2 B2B Marketing Theory

B2B marketing theory is focused on relationship value and combines exchange theory (Rubin and Brown, 1975; Bagozzi, 1978; Homans, 1974), which looks at economics-based decision-making, with behavioral theory (Alderson and Cox, 1948; Katona, 1953; Lavidge and Steiner, 1961), which informs relationship-based marketing (Hadjikhani and LaPlaca, 2013). Exchange theory sees negotiation as a series of communications leading to an agreement (or not), whereas behavioral theory is concerned with the interactions between negotiators, positing that the closer the relationships between negotiators, the greater the probability of repeating agreements occurring in the future. As a combination of these two theories, B2B marketing theory therefore contends that during negotiations, negotiators make decisions with both economic goals and future business-potential in mind.

3.1.3 Social Identity Theory

Social identity theory can be used to explain group behavior (Hogg et al., 1995). Social identity theory is rooted in Henri Tajfel's work on social factors in perception and cognitive beliefs about discrimination and was formulated in 1979 along with John Turner (Hogg et al., 1995). The theory states that when negotiators are part of a group, that is, when they are negotiating on behalf of a firm and making joint decisions, they feel like they belong to the same group and all identify with similar values and beliefs. Along these lines, culture and cultural differences, sectors, and sectoral differences can all be illuminated by social identity theory. In Paper 1, by viewing negotiators in creative sectors through the lens of social identity theory, their mutual values and similar behaviors are brought to the fore.

3.1.4 Expectancy Theory

Expectancy theory is applicable to issues of decision-making and individual motivation (House, 1971; Vroom, 1964). The theory posits that the behavior of individual negotiators emanates from the belief that their behavioral choices will yield specific results. Negotiators begin the negotiation process with differing interests and expectations, which motivate them to employ particular negotiation tactics to facilitate sealing a deal (Ronen and Livingstone, 1975). When negotiators are not able to reach an agreement, they tend to either adjust their goals or change their tactics (Donovan and Williams, 2003). Furthermore, the theory indicates that negotiators rely on communication and change their communication tactics throughout the process of negotiation. Communication may include the use of integrative negotiation tactics such as sharing information, using a polite tone of voice, and active listening. This type of communication encourages positive expectations. On the other hand, the use of aggressiveness and a harsh tone of voice is likely to result in negative expectations regarding the outcome (and is therefore classed as a distributive approach). Thus, the choices that negotiators make about their behavior during negotiations can have a substantial influence on economic outcomes (Barry and Oliver, 1996).

3.1.5 Principal-Agent Theory

Principal-agent theory, proposed by Berle and Means (1932) and later by Pratt and Zeckhauser (1985), posits that agents puts their principals' needs above their own and that this might be driven by variable pay or other types of incentives. The theory focuses on agents' (negotiators') rational decisions to serve their principals' (stakeholders') needs. In general, the theory anticipates that trust between agents and principals is low, which calls for the use of financial incentives such as variable pay. The theory further suggests that stakeholders are risk-averse, and that because they cannot observe negotiators at every moment, they offer negotiators variable pay to limit the possibility of negotiators making agreements that are economically detrimental to the firm. Incentives offered to negotiators are seen as a means of minimizing risk. The theory fundamentally grew out of the problem of risk-sharing among parties.

3.1.6 Hofstede´s cultural dimensions

The cultural dimensions proposed by Hofstede (2001) have been widely used to examine cross-cultural communication in negotiations (e.g. Volkema and Fleury, 2002; Volkema, 2004). The four core dimensions are individualism-collectivism, masculinity-femininity, power distance, and uncertainty avoidance. These dimensions consider independence, competitiveness, power balance, and tolerance for or avoidance of unknown situations. This framework is applied in Paper 3, which compares the use of negotiation tactics in two different cultures that lie on the opposite ends of the continuum from risk-averse to risk-taking.

4 METHODOLOGY

The overall research methodology for the three papers is described in Figure 2. The figure describes problem geneses, modes, strategies, domains, and types of techniques. The figure is based on the model proposed by Buckley et al., (1976) and illustrates the path from research problem to data collection. Each section of the model will be discussed here.

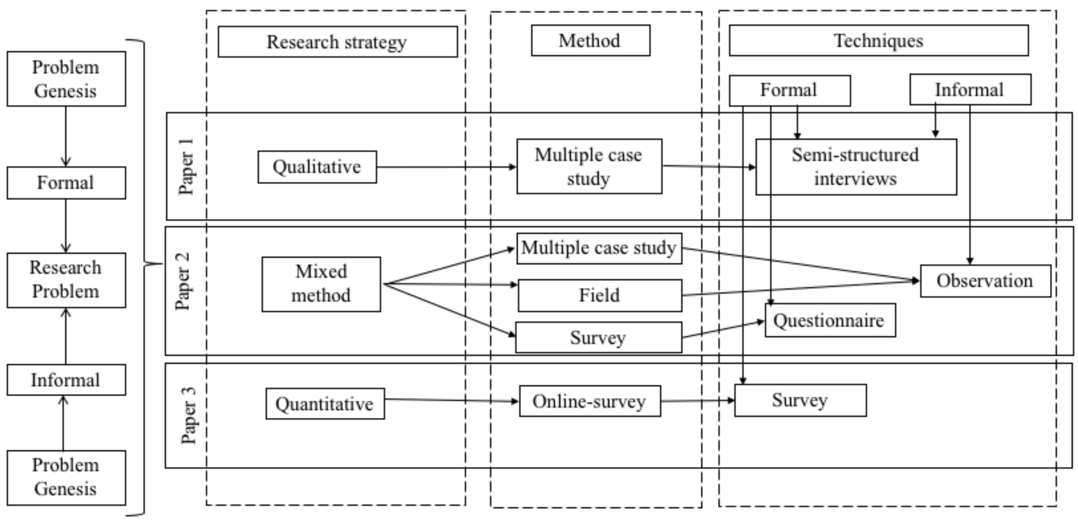

Figure 2. Overall research methodology

The research was conducted using a combination of qualitative and quantitative methods. Since the use of negotiation tactics in B2B settings is not well understood, it was appropriate to start with qualitative methods and then progress to quantitative methods. Paper 1 uses a qualitative case methodology based on in-depth interviews with negotiators in Poland and Iceland. Paper 2 uses a qualitative methodology based on both observation and pre-negotiation and post-negotiation surveys conducted in three countries: Germany, Poland, and Denmark. Paper 3 uses a quantitative methodology based on cross-sectional survey data collected from large samples of managers in two countries, Denmark and Poland.

4.1 Qualitative research strategy

Case studies have been defined as a research strategy that *"examines, through a variety of data sources, a phenomenon in its naturalistic context, with the purpose of 'confronting' theory with the empirical world"* (Piekkari, Welch and Paavilainen, 2009:569) and as a *"research method that involves investigating one or a small number of social entities or situations about which data are collected using multiple sources of data and developing a holistic description through an iterative research process"* (Easton, 2010:119).

For the first paper, in-depth interviews with 18 negotiators in two B2B firms were analyzed using the comparative method (Ragin, 2014). The second paper presents a multiple case study analysis of six real-life buyer-seller negotiations where 18 negotiators from 12 firms were observed during negotiations. The observations were analyzed using a combination of comparative analysis and frequency analysis.

The research for Paper 1 was performed in two phases, first among negotiators in a Polish firm and then among negotiators in an Icelandic firm, followed by analysis of both sets of results. The research for Paper 2 was conducted over a period of 16 months, with data collected first from firms in Poland, second from firms in Denmark, and then lastly from firms in Germany. This was followed by cross-case analysis.

Miles and Huberman's (2014) approach to semi-structured interviews was followed in Paper 1. Negotiators from two different firms were studied to reduce the potential bias caused by a single empirical context. This approach requires the development of a conceptual framework prior to data collection, with the option to expand or change the framework as data collection progresses. An interview protocol was designed using existing literature on negotiation tactics. The interview questions aimed to answer whether the participant was familiar with a particular negotiation behavior, whether she/he used the behavior, and if so, in what circumstances. Follow-up questions were then asked to deepen understanding and grasp additional nuance.

Each interview was divided into two parts. First, the interviewee was asked to describe their position and responsibilities within their firm in relation to negotiations. This part was guided by open-ended questions. Next, interviewees were asked more specific questions about negotiation behavior and their use of negotiation tactics. These questions were semi-structured. Responses in the first part of the interview served as confirmation that the interviewees were in fact qualified to answer questions on negotiation tactics. The interview guide is provided in Appendix A.

In Paper 2 a similar strategy was used, drawing on Eisenhardt and Graebner (2007), Yin (2008) and Miles and Huberman (1994). The development of the conceptual framework and interview protocol is described in detail in Paper 2. Prior to the observation of negotiations, research participants answered questions from the Thomas-Kilmann-Conflict-Mode Instrument (TKI) to determine their selected negotiation strategy namely competing, collaborating, compromising, avoiding, or accommodating (see Appendix A in Paper 2), for the specific negotiation at hand. Questionnaires were posed after observation (see Appendix B in Paper 2) to measure the research subjects' recall of the tactics they used. Participants were also asked whether they received variable pay. Following Eisenhardt (1989), interview and observation texts were coded multiple times by different researchers and compared with a pre-defined coding scheme and between researchers to reach common understandings.

4.2 Reliability and validity of qualitative research

Internal validity includes the issues of credibility and authenticity while external validity includes the issues of if the results can be generalized (Miles and Huberman, 1994). In both Paper 1 and 2, internal validity was ensured by using well established questionnaire as a base to the semi-structured interview guide, questionnaires and as a base for what was observed. To ensure external validity, cases were added until saturation level was reached as suggested by Guest et al., 2006 and Merriam, 2009. While validity relates to strategic decisions a researcher has taken to establish the credibility of a study, reliability addresses replicability (Yin, 2009) and individual measure. After each interview for Paper 1, participants were presented with a summary of the interview, and invited to make amendments if they felt there were inaccuracies. After the observations for Paper 2, the researchers had the opportunity to ask questions and probe specific issues that arose during the negotiations for clarification and to insure mutual understanding.

Anonymity was ensured as a condition for publication. Researchers took care to remain neutral during observations and in-depth interviews as well as when talking to the subjects afterwards to improve data quality. Interview guides, transcripts, coding schemes, and the methods of analysis are detailed in Papers 1 and 2 to enable replication of the studies by other researchers to verify external reliability. Internal reliability was ensured by having two interviewers (Paper 1) and two observers (Paper 2), who analyzed data, first separately and then together to ensure they agreed about what they had seen and heard. Prior to observation, researchers agreed on an initial coding scheme for particular negotiation behaviors and on a precise observation protocol, which is referred to as inter-observer consistency (McCall, 1984).

4.3 Quantitative research strategy

In Paper 3, a quantitative research methodology was used to test three hypotheses about the relationships between integrative and distributive negotiation tactics and market performance. An online survey was developed in English and translated into Danish and Polish by experienced translators. The translated surveys were translated back into English by a second set of experienced translators and the back-translated versions were compared against the original English. Any changes were addressed by the researchers to ensure that the meanings of the survey questions were consistent across languages. A link to the survey was sent to participants, who were all managers in SMEs in Denmark and Poland, after a phone call where they were asked to participate. Respondents were given two weeks to respond, and those who had not completed the survey in that timeframe received up to two reminder phone calls within a few weeks. Each participant worked at a different firm, so the unit of analysis for this research was the firm. The sample consisted of 85 Danish firms and 90 Polish firms. A Polish native speaker contacted the firms in Poland and explained the purpose of the study and a Danish native speaker contacted the firms in Denmark. A total of 175 responses were obtained representing a response rate of 12%, which is considered a good response rate for an Internet survey.

The survey data were analyzed using hierarchical moderated regression analysis in three steps. At first only the control variables were included in the analysis, so that the extent to which the control variables by themselves contributed to the regression model could be ascertained. The independent variables for integrative and distributive negotiation tactics were added in the second step. The third and final step consisted of interaction analysis, where the variables for distributive and integrative tactics were multiplied to assess their joint effects on the model. Separate analyses were conducted for the combined sample, for only the Danish firms, and only the Polish firms, to examine differences that might be attributable to culturally determined risk propensity. Scale development is described in Paper 3.

4.4 Validity and reliability of quantitative research

Internal validity was ensured in multiple ways. First, each participant was contacted personally, making certain that key informants were responding to the survey. Second, hypotheses were deduced from theories relevant to the concepts. Third, fellow researchers were asked to evaluate the survey questions and verify that the questions reflected the concepts under consideration. Furthermore, both firm size and firm age were controlled for, since those variables are likely to be related to performance outcomes (Chipty and Snyder, 1999; Rovenpor, 2004). To augment external validity and ensure generalizability, the survey data were collected in two countries, which are culturally dissimilar. Participating firms were also drawn from a broad range of sectors, which increases external validity.

The possible presence of multicollinearity was evaluated by examining variance inflation factors (VIFs), which came out to at or under 1.74, which is far below the conservative threshold of 5 (Marquaridt, 1970). Measurement model fit statistics were also within satisfactory ranges: the $\chi 2$ was 109 (73 degrees of freedom), the root mean square error of approximation (RMSEA) was 0.056, and the comparative fit index (CFI) was 0.97.

As previously stated, the survey data were collected from Danish and Polish SMEs. To ensure reliability, the survey was offered in Danish, Polish, and English to account for possible languages spoken by the participants. In the interest of internal reliability, the research model was designed with the aim that a repeated study would provide the same results by using well-established scales from the literature to measure negotiation tactics. All the items included in the survey are derived from taxonomies that have been used to measure negotiation tactics in several studies. The internal reliability of the scales was assessed using Cronbach's alpha, which was at or above 0.8 for all scales, indicating that the scales were internally reliable.

4.5 Methodological strengths and limitations

Both reliability and validity have been discussed for the quantitative and qualitative research methods above. In this section, the strengths and limitations of the overall research methodology are discussed.

4.5.1 Strengths

A combination of quantitative and qualitative research methods is a strength of this research project as a whole. Whereas the qualitative studies offer insights on the smaller scale—such as identifying new types of negotiation tactics or examining differences between buyers' and sellers' uses of negotiation strategies and tactics—the quantitative study offers a broader perspective on the relationship between negotiation tactics and market performance.

Access to real-life negotiations is very difficult to obtain. The opportunity to review live industry data is without a doubt a strength of this research. Furthermore, the researcher spent long periods of time in two of the firms in which interviews and one of the observations were conducted, permitting the collection of more nuanced insights through day-to-day interactions and deeper cultural understanding.

4.5.2 Limitations

Despite the strengths of this research, there are also limitations. First, as the research subjects reported on their own behavior both in the interviews as well as the surveys, the potential problem of self-reporting bias must be considered. This issue was addressed to some extent in Paper 2, where participants were asked to recall their behavior after negotiations. The vast majority, or 78%, of participants did recall their negotiation behavior accurately. Their reported negotiation styles and negotiation tactics were consistent with observed data, records, and observation notes. A second limitation is that the data were collected in only four European countries. Although the four countries do differ culturally, the findings can perhaps not be generalized to other parts of the world.

Third, while it is undoubtedly a strength, as detailed above, it can also be considered a limitation that the researcher was posted in one of the participating firms for roughly a year while collecting data through interviews. It is possible that the researcher's length of stay might have unduly influenced the interviewees prior to data collection.

5 PAPERS

B2B Negotiation Tactics in Creative Sectors

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B2B negotiation tactics in creative sectors

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Abstract

Purpose – The purpose of this study is to examine the negotiation tactics used in business-to-business (B2B) negotiations in creative sectors and to shed light on some of the characteristics of creative sectors that might drive these behaviors.

Design/methodology/approach – This is a multiple-case study involving interviews with 18 creative sector negotiators engaged in B2B negotiations.

Findings – The findings suggest that negotiators in B2B firms in creative sectors use a variety of negotiation tactics to reach agreement, but that there are some differences compared with other sectors. One group of tactics, not represented in existing taxonomies, is identified and termed closure-seeking tactics, referring to tactics intended to speed up the negotiation process and reach agreement as quickly as possible. The reasons for creative sector negotiators' choice of closure-seeking tactics might stem from their desire to expedite the start of new projects to enable them to fulfill their creative drive.

Research limitations/implications – In addition to the identification of group of tactics observed in creative sectors, but not anticipated by existing research, the findings indicate that negotiators in creative sectors seem to lack interest in, and expertise for, negotiating and might be driven more by the desire to get on with the creative process than by concerns over monetary gains when negotiating. This could reflect unique characteristics of creative sectors and the people who work in these sectors.

Practical implications – This work offers new insights and understanding about tactics used in B2B negotiations in creative sectors. These findings have important implications for both practitioners in creative sectors, who might be too eager to reach closure quickly, and practitioners negotiating with firms in creative sectors, who need to understand the unique characteristics of these firms.

Originality/value – The originality of this work lies in its consideration of tactics used in B2B negotiations in the under-studied context of creative sectors and investigation of the reasons that drive the choice of tactics.

Keywords Case studies, Business-to-business, Taxonomies, Creative sectors, Negotiation tactics

Paper type Case study

Introduction

Creative sectors, defined as sectors "which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property" (Department of Culture, Media and Sport, 1998, p. 4), are increasingly acknowledged as important sources of economic development. However, little research has been conducted on negotiation practices in creative sectors. Creative sectors received increased attention in the late 1990s, from both economists and investors, when Britain undertook an exercise to map activities in these sectors to create policies to address their needs (Lampel and Germain, 2016). Increased demand for design and creative solutions (UNCTAD, 2004) has resulted in growth in product design and development services (Higgs and Cunningham, 2008), which has in turn spurred the growth of creative sectors. One of the key characteristics of creative sectors is that they consist largely of small firms (Daubaraite and Startiene, 2015) seeking to sell individuals' talents. Firms in creative sectors are generally more risk-seeking than other firms (Lampel and Germain, 2016) and benefit from a higher degree of flexibility in production than firms in other sectors (Lampel *et al.*, 2000). Finally, these firms tend to grow faster than firms in other sectors, which makes them of particular interest to policy makers (De Propris, 2013).

Managers in creative sectors are seen to sit on the fence between art and business and express fears that they could "go over to the dark side," or "sell out," by which they mean prioritizing financial concerns over artistic values. This suggests that even if they have the necessary negotiation skills, they might be too driven by non-monetary concerns to use them. Indeed, there is a suspicion that managers within creative

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sectors have a tendency to "leave money on the table" during negotiations, meaning that they walk away from negotiations with smaller financial gains than managers in other sectors (Lampel and Germain, 2016). This raises questions about the negotiation tactics used by negotiators in creative sectors and how they might differ from the tactics used in other sectors. Drawing from Weingart and Thompson (1990) and Narsimhan and Ungarla (2016), negotiation tactics are defined as a general set of behaviors used overtly or covertly by negotiators to move negotiations toward a preferred result.

Negotiations are an essential part of business, as usual in business-to-business (B2B) settings, and the negotiation process plays an important role in developing long-term business relationships that characterize successful B2B firms (Sharland, 2001). Negotiations aim to find an acceptable–to the parties involved – solution to a negotiated agreement, against the backdrop of a divergence of interests (Pruitt and Carnevale, 1993). A fundamental characteristic of B2B negotiations settings is that parties are normally in, or hope to create, a long-term relationship, and satisfaction on both sides of the table is seen to be essential for successful business relationships. Unlike consumer markets, in which purchases of goods or services are frequently one-off, spur-of-the-moment affairs driven not only by rational evaluations but also often by emotions (Holbrook and Hirschman, 1982) or social concerns (Candi *et al.*, 2017), purchasing decisions in the B2B sphere tend to involve detailed analysis (Newall, 1977), comparison of options and drawn-out multi-step negotiations involving much back-and-forth communication (Kun-Chang and Soon-Jae, 2006) and are usually conducted by representatives of the firms' interests (Van Kleef *et al.*, 2007). Typically, B2B negotiations are finalized after several rounds in which information exchange, offering and counter-offering have taken place. According to Kun-Chang and Soon-Jae, (2006), the greatest challenge in B2B negotiations is not necessarily the negotiable variables themselves, such as price and delivery time, rather it is *negotiation tactics* (referred to by Kun-Chang and Soon Jae as "chain of influences"), which sets the tone for future business and influences the nature of relationships built over time (Theron *et al.*, 2008). Therefore, negotiation tactics are particularly important in B2B contexts.

Meanwhile, it is important to keep in mind that not all B2B contexts are the same. Without neglecting the possibility of other influential dimensions, a dimension likely to influence the course and tenor of B2B negotiations is the industry sector in which they take place, and sectoral differences can partly be explained by differing identities of negotiating parties (Burton, 1990). While there is existing research that has dealt with negotiation tactics in various sectors (e.g. Al-Khatib *et al.*, 2007; Langlois and Langlois, 1996; Elahee and Brooks, 2004; Fleck *et al.*, 2016; Cheung *et al.*, 2009), little is known about negotiation tactics in creative sectors. Meanwhile, creative sectors likely constitute a unique context in which the negotiation tactics used and the reasons they are used might differ from other sectors.

The purpose of this work is to increase our understanding on why negotiators in creative sectors seem to "leave value on the table" to a greater extent than negotiators in other sectors. To this end, we examine our findings with the lenses of social identity theory, expectancy theory and social network theory. We examine the negotiation tactics used in B2B negotiations in creative sectors and shed light on some of the characteristics of creative sectors that might drive these behaviors. Based on a multiple-case study, this research offers three important contributions of value for both theory and practice. First, tactics used in B2B negotiations in creative sectors are identified. Second, differences and similarities compared with other sectors are examined. Finally, the characteristics of creative sectors that drive the selection of negotiation tactics in this context are investigated.

This paper is structured as follows: First, the literature on negotiations and negotiation tactics in B2B contexts is reviewed. This is followed by a review of negotiation tactics, with a focus on the important distinction between integrative and distributive tactics. Existing taxonomies of negotiation tactics are reviewed, followed by a discussion of sector-specific use of negotiation tactics and a review of literature on negotiations in creative sectors. Next, the theoretical framework and research methodology are described. The findings are presented, and the article closes with a discussion of the implications of the findings, limitations and directions for future research.

Literature review

Business-to-business negotiations

B2B negotiations take place between businesses that share an interest in trading utilities for resources (Walton and McKersie, 1965). Negotiation is a challenging task (Lars-Johan and Eklinder-Frick, 2017) in which negotiators make decisions and choices affecting outcomes and profitability (Balakrishnan and Eliashberg, 1995). According to Lempereur and Pekar (2017), the negotiation process is about managing different demand and supply solutions, which can be complicated, because managers as negotiators often need to fulfill the expectations of many different stakeholders in a single negotiation.

In B2B settings, negotiators negotiate on behalf of others and are referred to as representatives (or agents) (Rubin and Sander, 1988; Walton and McKersie, 1965). B2B negotiators have been found to be more focused, more positive, more motivated (Wall, 1985) and less willing to make concessions (Benton, 1972) than negotiators negotiating as individuals for themselves.

Negotiation tactics

The process of negotiation has its roots in exchange theory (Rubin and Brown, 1975). The negotiation process consists of the communication that takes place before agreement is reached and includes various bargaining behaviors or *negotiation tactics*, which negotiators use to reach a preferred outcome (Thompson, 1990). Negotiation tactics have been divided in two broad categories. On one hand, there are integrative or cooperative tactics, concerned with fulfilling all parties' interests (Weingart *et al.*, 1996) and, on the other hand, there are distributive or competitive tactics, concerned with maximizing individual gain (Walton and McKersie, 1965; Olekalns *et al.*, 1996). In B2B negotiations, people have been found to generally be more satisfied with an integrative negotiation process (Fleming and Hawes, 2017). Meanwhile, scholars have found that negotiators may use both integrative and distributive tactics in the same negotiations depending on where in the process they are (Preuss and van der Wijst, 2017).

Taxonomies of negotiation tactics

Making a distinction between ethical and unethical tactics has been proposed (Anton, 1990; Lewicki and Robinson, 1998; Lewicki and Stark, 1996) and extended by Robinson *et al.* (2000), who developed a classification scheme, called the *SINS* (self-reported inappropriate negotiation strategies) scale, in which several tactics are characterized by ethicality and how likely negotiators are to use them. In the SINS scale, tactics are classified into the following five groups; *traditional competitive bargaining, attacking opponent's network, false promises, misrepresentation* and *inappropriate information gathering.* Many scholars have used the SINS scale in studying negotiations in various sectors (Al-Khatib *et al.*, 2007), by gender (Robinson *et al.*, 2000), across cultures (Volkema, 1998) and in different situations (Volkema and Fleury, 2002).

Schelling (1960) proposed a group of tactics under the label *tacit bargaining*, which includes covertly communicated tactics consisting of hints, signs and all kinds of non-verbal expressions. Downs and Rocke (1990) found that tacit bargaining is used to influence others with non-verbal behavior when parties have differing motives. Cheung *et al.* (2009) identified seven groups of tactics and ranked them by usefulness in relation to outcome. Their taxonomy extends on various research findings studying negotiator behavior within B2B negotiations (Rahim, 2001; Wong and Cheung, 2005; Perdue, 1992; Volkema and Fleury, 2002; Walton and McKersie, 1993; De Dreu and Van Kleef, 2004). *Aggression* or aggressive tactics, proposed by Perdue (1992), are usually used in distributive negotiations (Volkema and Fleury, 2002). Perdue also builds her classification on the literature (Karrass, 1974; Pruitt, 1981; Walton and McKersie, 1965) when studying the use of aggressive tactics. Finally, Olekalns *et al.* (1996) propose a taxonomy of six groups of tactics depending on whether they are cuing or responding tactics.

The tactics discussed here are summarized in Table I.

Negotiation tactics by sector

B2B negotiations vary among industry sectors as negotiating parties' interests differ among sectors. Existing research has studied negotiation tactics in various sectors such as retail and wholesale (Al-Khatib *et al.*, 2007), manufacturing (Narsimhan and Ungarala, 2016; Grzeskowiak and Al-Khatib, 2009; Perdue, 1992; Malshe *et al.*, 2010), construction (Cheung *et al.*, 2009), financial (Fleck *et al.*, 2016) and health-care (Friedman *et al.*, 2000). These studies indicate that traditional competitive bargaining seems to be the most used group of tactics in the retail and wholesale, manufacturing, service and finance sectors. These studies also indicate that unethical tactics, including lying and threatening, are used within these sectors, albeit less commonly. Aggressive tactics, such as making excessive demands, and progress-seeking tactics, which leverage deadlines, are mainly used in the construction sector. By contrast, issue-focused tactics, including information exchange and fairness, are used in the health-care sector, in which negotiation parties tend to places a high value on trust. A summary of B2B negotiation tactics by sector based on existing research is provided in Table I.

Negotiations in creative sectors

Creative sectors are among the fastest-growing segments of economies around the world (Oakley, 2009) and represented as much as 2.6 per cent of the total EU gross domestic product in 2011 (Bauer *et al.*, 2011). Creative sectors consist of firms pursuing a broad range of activities including design, visual arts, music, film, performing arts and a wide spectrum of software development, including game development and virtual reality (UNCTAD, 2004). There is something of an aura of mystique around how firms in creative sectors do business (Lampel and Germain, 2016), as they rely more on individual creativity than on the types of learned skills that are prevalent in, for example, manufacturing and financial sectors (Flew, 2002). Furthermore, firms in creative sectors tend to grow faster than firms in other sectors (Pratt and Jeffcutt, 2009), which makes them of particular interest to policy makers. Despite the fact that creative sectors represent potentially highly profitable markets, the majority of the main contributors to their core value (artists, designers, etc.) earn below average (Bauer *et al.*, 2011), which supports Swedberg's (2006) findings about tension between creation concerns and economic concerns within creative sectors.

Meanwhile, the tactics used in B2B negotiations, which shape and determine the course of future business, have been identified as a key challenge (Kun-Chang and Soon-Jae, 2006). B2B firms in all sectors, including creative sectors, rely on negotiating with other businesses for survival and growth (Schei, 2013). In creative sectors, this, coupled with a prevailing lack of negotiation training and skills (Kuttim *et al.*, 2011), lack of managerial skills (Bauer *et al.*, 2011), putting the need to create above the desire for economic gains (Swedberg, 2006; Bauer *et al.*, 2011), and a tendency to prefer to avoid discussing money (Schei, 2013), makes negotiations for firms in creative sectors simultaneously challenging and important.

Lampel and Germain (2016) argue that higher risks are taken within creative sectors than in other sectors. Risk-seeking behavior has been associated with the entrepreneurial mindset (Leyden and Zink, 2004), and indeed, firms in creative sectors tend to be run by entrepreneurs that employ creative people (Leadbeater, 1999). Furthermore, Caves (2000) argues that creative sectors face higher uncertainty regarding market demand for their products than other sectors because of the nature of their products, which are often intangible or "experienced goods" and can, therefore, be more difficult to sell. Businesses tend to handle both risk and uncertainty by using negotiated agreements (Leadbeater, 1999), and it is therefore essential to study the use of negotiation tactics in B2B negotiations within creative sectors.

Theoretical framework and research questions

Social identity theory can be used to explain group behavior (Hogg *et al.*, 1995). In B2B settings, negotiators generally represent a firm, which from the perspective of social identity theory constitutes a group. Social identity theory is rooted in Tajfel and Turner's (1979) work on social factors in perception and cognitive beliefs about discrimination and was formulated in 1979 along with the work of John Turner (Hogg *et al.*, 1995). The theory postulates that the social group someone feels that they belong to defines who they are and the characteristics they

Table I Groups of tactics identified by literature and observations for specific sectors

Groups of tactics	Retail and wholesale	Manufacturing	Services	Finance	Construction	Health care
Traditional cooperative bargaining (Robinson, *et al.*, 2000)	Ref.[1, 2]	Ref.[1, 4]	Ref.[1]	Ref.[5]		
Attacking opponent's network (Perdue, 1992; Robinson, *et al.*, 2000)	Ref.[1,2]	Ref.[1, 4]	Ref.[1]			
False promises (Robinson, *et al.*, 2000)		Ref.[4]		Ref.[5]		
Misrepresentation (Robinson, *et al.*, 2000)	Ref.[1, 2]	Ref.[1, 4]	Ref.[1]	Ref.[5]		
Inappropriate information gathering (Robinson, *et al.*, 2000)	Ref.[1]	Ref.[1, 4]	Ref.[1]	Ref.[5]		
Tacit bargaining (Schelling, 1960; Wall, 1985)		Ref.[3, 4]	Ref.[4]			
Procedure focused (Rahim, 2001)			Ref.[6]		Ref.[6]	
Issue focused (Wong and Cheung, 2005)			Ref.[6]		Ref.[6]	Ref.[7]
Aggression (Perdue, 1992; Volkema and Fleury, 2002; Walton and McKersie, 1993)	Ref.[2]		Ref.[6]		Ref.[6]	
Assertion (Walton and McKersie, 1993)			Ref.[6]		Ref.[6]	
Reserved (Volkema and Fleury, 2002)			Ref.[6]		Ref.[6]	
Progress seeking (De Dreu and Van Kleef, 2004)			Ref.[6]		Ref.[6]	
Option generating (Walton and McKersie, 1993)						
Positional information (Olekalns *et al.*, 1996)	Ref.[2]					
Restructuring (Olekalns *et al.*, 1996)						
Priority information (Olekalns *et al.*, 1996)						
Concessions (Olekalns *et al.*, 1996)	Ref.[2]					
Rejection (Olekalns *et al.*, 1996; Perdue, 1992)						

Notes: [1]Al-Khatib *et al.*, 2007; [2]Narsimhan and Ungarla (2016); [3]Langlois and Langlois, 1996; [4]Elahee and Brooks, 2004; [5]Fleck *et al.*, 2016; [6]Cheung *et al.*, 2009; [7]Friedman *et al.*, 2000

have. Thus, the theory groups those who are similar with regard to culture, beliefs, occupation, personal preferences and traits and identification with social groups. Translating this thinking to business settings, organizational identity can exert a strong influence on people within the workplace (Dutton *et al.*, 1994), creating a collective social identity.

Social identity tends to differ among sectors. People in creative sectors, being largely concerned with intangible products, might be seen to embody a similarly intangible social identity (Jelincic and Vukic, 2015). These people tend to be highly focused on their art and put great emphasis on the freedom to create. In contrast, in financial sectors, the emphasis tends to be on money (Alvesson and Robertson, 2016), and in health sectors, the emphasis tends to be on trust. Thus, as borne out by existing research (Table I), we can expect differences in negotiation tactics among sectors.

Building on the expectation that social identity differs among sectors and the demonstrated differences in negotiation tactics among sectors other than creative sectors, our first research question is as follows:

RQ1. What tactics are used in B2B negotiations in creative sectors and how do they differ from tactics used in other sectors?

Social network theory and the associated social network analysis have been used to study organizational collaboration and the effects of relationships (Tsai and Ghoshal, 1998; Wasserman and Faust, 1994). According to this theory, businesses are created as a result of the expansion of human relationships and their networks, which establish the social capital associated with more or less institutionalized relationships (Lin, 1999).

Social networks influence perceptions, beliefs and actions through socially constructed relationships between individuals (Borgatti, *et al.*, 2014). Lawler and Yoon (1996) suggest that frequent interactions between actors in a social network encourage them to perceive their relationships as valuable, which generates engagement and positive emotions in the event of a successful exchange.

Ohtsuki *et al.* (2006) find that behavior and cooperation are robustly dependent on social network structure. Peterson and Thompson (1997) offer an explanation of the power of social networks and how this affects negotiator behavior. They compare negotiations between friends with negotiations between strangers and find that when friends negotiate, their behavior aims to not jeopardize the friendship, indicating that the friendship holds more value than what might be gained from an individual deal. This can be explained by social network theory, which suggests that the social network influences both attitudes and individual behavior (Chow and Chan, 2008). Finally, Volkema and Rivers, (2012) propose that if a negotiator is negotiating with an opponent that can provide future network opportunities, it is more likely that the negotiator will use integrative and ethical negotiation tactics.

Expectancy theory explains decision-making and individual motivation (House, 1971). The theory was first proposed by Vroom (1964) in a study focusing on job satisfaction, motivation and performance within organizations. According to expectancy theory, an individual behaves in a certain way because she or he believes that this behavior will result in a particular outcome that he or she might or might not be satisfied with. This perspective is particularly relevant in negotiation settings as negotiators are motivated by particular implicit or explicit interests and expect that particular tactics will help them reach their goals (Ronen and Livingstone, 1975).

Studies on the influence of aspirations on negotiation performance (Neale and Bazerman, 1985; White and Neale, 1994) find that negotiators' goals can have considerable influence on the value of agreements made (Zetik and Stuhlmacher, 2002). Scholars have argued that behavior during negotiations is just as important as economic outcomes (Barry and Oliver, 1996). Furthermore, when negotiators suspect that they will not reach their goals, they tend to either adjust their goals or change their tactics (Donovan and Williams, 2003).

Based on expectancy theory and social network theory coupled with the likely effect of social networks and the associated generation of social capital on negotiation behavior, the second research question is as follows:

RQ2. What factors drive the selection of B2B negotiation tactics in creative sectors?

Methodology

Multiple-case study design

The vast majority of studies focusing on negotiation tactics or bargaining behaviors have taken pre-defined categories of tactics as their starting point. In contrast, this research approaches the issue of B2B negotiation tactics in creative sectors not only from the foundation of existing taxonomies of tactics but also with a view to identifying heretofore unidentified tactics, thus extending our understanding of tactics in this important setting. To this end, we use a multiple-case study.

Negotiations occur in practice, they frequently stretch over a period of time, and no two negotiations are identical. As such, negotiations constitute naturally occurring events in natural settings, which makes them suitable for studying using a qualitative methodology (Miles *et al.*, 2014). Indeed, this research uses a multiple-case study design (Eisenhardt and Graebner, 2007; Yin, 2008) to examine tactics used in B2B negotiations in firms in creative sectors. As existing literature does not offer sufficient information about the tactics used in this empirical setting, taking a case study approach is appropriate. This makes it possible to develop insights as the research progresses rather than being constrained by a model determined *a priori*. Studying multiple cases, rather than just one, enables the development of insights based on comparison (Ragin, 2014; Miles *et al.*, 2014) and affords increased confidence in the research findings (Yin, 2008).

A total of 18 negotiators in two European B2B firms in creative sectors were interviewed. The choice of firms and negotiators within the firms was theoretically driven, i.e. rather than seeking representativeness, the participants were chosen with the goal of observing a wide range of instances of negotiations and, thereby, a broad variety of negotiation tactics.

Miles *et al.* (2014) offer a tentative recommendation that the number of cases included in a multiple-case sample should not exceed ten, while McCracken (1988) recommends larger numbers. Thus, the inclusion of 18 cases might be said to stretch the limits relative to recommendations. However, by including a relatively large number of cases, what was sacrificed in terms of achievable depth was deemed to be more than offset by what was gained in terms of the ability to replicate and compare findings. The number of cases was not pre-determined; instead, it was allowed to increase over the course of data collection, as cases were added until a level of saturation had been reached, meaning that no additional information was noted in the latter interviews (Guest *et al.*, 2006; Merriam, 2009).

Data collection

The two firms from which the 18 cases were drawn are Firm A (a pseudonym), an architectural firm with 17 employees, and Firm B (a pseudonym), which develops virtual reality applications and has 50 employees. By including negotiators from two different firms in creative sectors, the potential bias caused by a single empirical context was mitigated (Miles *et al.*, 2014).

An interview protocol was developed from drawing from the literature review summarized in Table I, as well as the theoretical lenses adopted. The interview protocol was allowed to evolve as interviewing progressed to incorporate new insights.

The interviewees were asked to describe their negotiation experiences – first in general and then for a specific negotiation – in their own words. When they mentioned any kind of negotiation tactics or behaviors, they were asked to elaborate further. The interviews lasted about 1 h in length and were recorded and transcribed. Interviewees were referred to by pseudonyms in the transcriptions to ensure anonymity.

Data analysis

Within-case coding was conducted by two researchers by using a coding scheme consistent with the interview protocol described above. The codes are listed in Table II. Both researchers coded the transcripts independently and later

Table II Codes used in analyzing case interviews

Code categories	Initial codes based on literature	Codes added during coding
Tactics	Traditional cooperative bargaining, attacking opponent's network, false promises, misrepresentation, inappropriate information gathering, tacit bargaining, procedure focused, issue focused, aggression, assertion, reserved, progress seeking, option generating, positional information, restructuring, priority information, concessions and rejection	Closure-seeking, speeding up the negotiation process
Motivations/drivers	Negotiations driven by monetary concerns and non-monetary concerns	Avoidance of financial aspects, desire to get on with creative aspects

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compared their coding and reached agreement on any inconsistencies.

Following the within-case coding, cross-case analysis was used to compare the negotiation tactics used by the 18 negotiators studied and their motivations for using these tactics. Cross-case analysis was conducted by systematically tabulating the coding and noting patterns that emerged.

Findings

Evidence was found for the use of tactics from 8 out of the 18 groups listed in Table I. In addition, a group of tactics was identified that did not fit in the existing taxonomies. This group of tactics was termed *closure-seeking tactics* and refers to tactics negotiators use to speed up the negotiation process, sometimes at the expense of potential gains. Table III presents the findings for creative sectors negotiators studied juxtaposed with existing findings for other sectors (Table I).

When compared with existing research, the findings suggest that although negotiators in creative sectors use many of the same tactics as negotiators in other sectors, they might be less likely to use tactics involving attacking an opponent's network, misrepresentation, inappropriate information gathering, aggression, assertion, reserved, option generation, progress seeking, rejection and restructuring. While negotiators in the retail and wholesale, manufacturing, finance and construction sectors use mainly distributive tactics and negotiators in the health-care sector use mostly integrative tactics, creative sectors are aligned with service sectors in that both integrative and distributive tactics appear to be used. Even though B2B negotiators in creative sectors and service sectors use both distributive and integrative negotiation tactics, they also differ, as negotiators in service sectors are reported to use more questionable and aggressive tactics than we observed among negotiators in creative sectors.

Closure-seeking tactics

A group of the tactics not anticipated by existing literature was identified and labeled *closure-seeking tactics*. This group includes tactics such as offering unnecessarily generous discounts to avoid disputes over price and giving something away for free based on anticipated reciprocity. Generally, closure-seeking tactics are tactics that are intended to speed up the negotiation process and settle as quickly as possible. Often, interviewees connected their desire to close quickly to their discomfort about discussing money and their prioritization of the desire to start the creative process ahead of their financial interests.

Table III Summary of tactics observed among creative sector negotiators along with findings for other sectors for comparison

Groups of tactics	Creative sectors	Retail and wholesale	Manufacturing	Services	Finance	Construction	Health care
Traditional competitive bargaining (Robinson, *et al.*, 2000)	1, 2, 3, 4, 11, 12, 14	X	X	X	X		
Attacking opponent's network (Perdue, 1992; Robinson *et al.*, 2000)	Not observed	X	X	X			
False promises (Robinson, *et al.*, 2000)	2		X		X		
Misrepresentation (Robinson, *et al.*, 2000)	Not observed	X	X	X	X		
Inappropriate information gathering (Robinson, *et al.*, 2000)	Not observed	X	X	X	X		
Tacit bargaining (Schelling, 1960; Wall, 1985)	16		X	X			
Procedure focused (Rahim, 2001)	4, 18			X		X	
Issue focused (Wong and Cheung, 2005)	3			X		X	X
Aggression (Perdue, 1992; Volkema and Fleury, 2002; Walton and McKersie, 1993)	Not observed	X		X		X	
Assertion (Walton and McKersie, 1993)	Not observed			X		X	
Reserved (Volkema and Fleury, 2002)	Not observed			X		X	
Progress seeking (De Dreu and Van Kleef, 2004)	Not observed			X		X	
Option generating (Walton and McKersie, 1993)	Not observed						
Positional information (Olekalns *et al.*, 1996)	1, 2	X					
Restructuring (Olekalns *et al.*, 1996)	Not observed						
Priority information (Olekalns *et al.*, 1996)	6						
Concessions (Olekalns *et al.*, 1996)	1, 2, 9	X					
Rejection (Olekalns *et al.*, 1996; Perdue, 1992)	Not observed						
Closure-seeking (new group of tactics identified in this research)	1, 2, 3, 10, 11, 14, 15, 18						

Notes: The numbers in the table refer to case subjects; X indicates that a group of tactics was observed in a sector in existing research

Several interviewees explained that it was more common for them to give in rather than hold their ground because they were afraid that negotiating for appropriate prices could scare potential clients away. As one interviewee explained, "I would rather work for free for some hours to be able to provide a bigger discount and land the deal and prevent endless disputes over price" (Case 18). The interviewees seemed to be driven by the motivation to create long-term relationships rather than short-term gains, e.g. "We often do things that will be a basis for good future cooperation" (Case 3). There was also a sense that interviewees preferred to avoid talking about money, which is in line with the notion that people working in creative sectors do not like to monetize their art. For example, "I don't like talking about money; it feels like money is in some way dirty and [...] it makes the relationship between the firm and the client toxic" (Case 6). This is consistent with the literature (Schei, 2013; De Pauw *et al.*, 2011) and reflects the prevalent sentiment in creative sectors that money is impure and that negotiating about money should be avoided.

The use of closure-seeking tactics seemed to be driven by the desire to avoid talking about money; by speeding up the process to bypass, or give insufficient attention to, monetary issues, negotiators seemed to want to avoid cheapening their work by emphasizing on pedestrian concerns about money over artistic value. Indeed, as the research progressed, a pattern was noted among the negotiators, who expressed that they were less interested in making money and more interested in being able to continue to create something, as long as they survived. As one of the interviewees explained:

> To tell you the truth, over the last two years, we never lost a deal, only a tender. We lost several tenders but never a deal. But we never lost a deal during negotiations. That does not mean we are good at it, because sometimes, or often times, we are giving too steep discounts, but still we are doing these projects so it's cool (Case 1).

"Sometimes we forget to negotiate, we just start the project before finalizing the deal because it is so exciting" (Case 18). This suggests that once a level of agreement has been reached on a project, negotiators in creative sectors are willing to settle for less than they might have been able to achieve through further negotiation. Their predominant goal is to land the deal so they can get on with doing what they do best, namely, creative work.

Some of the interviewees explicitly stated their dislike of the negotiation process, for example:

> I hate negotiations, because it's hard. I can be strong in my opinion, but sometimes I'm afraid to be strong, because I don't really know if I can be and sometimes I have to discuss with the client after the sale, unfortunately [...] sometimes these agreements are very general and there are a lot of things to discuss and decide later on (Case 7).

This interviewee felt truly uncomfortable about the process of negotiation and the topic of money in general, describing a willingness to make concessions to get negotiations over with as quickly as possible, rather than try to get a better deal. However, interviewees also admitted that rushing negotiations could create problems later on in large long-term projects. One interviewee described the problems encountered because of rushing the finalization of negotiations:

> Not enough information flow and jumping too soon on signing the agreement; we are in a hurry to close a deal because we want the project and will deal with problems later (Case 3).

Negotiation tactics observed

Table IV provides a summary of the creative sector negotiation tactics identified by the research.

In addition to closure-seeking tactics, the interviewees described the use of several tactics anticipated by existing taxonomies. There was evidence of traditional cooperative bargaining tactics in which negotiators tried to hide their bottom line or provide less information. These descriptions also included allusions to mistrust. For example, a lack of trust was expressed as "sometimes I feel that they are bluffing" (Case 3) and "not say too much, try to keep your cards to yourself" (Case 12). Interviewees also explained that they anticipate counter-offers: "Sometimes we start with an offer that we know is too high, but we do it because we know we will need to make concessions" (Case 4). Both these categories – closure-seeking tactics and traditional cooperative bargaining tactics – fall under the broad heading of distributive tactics, as they are about value-claiming rather than value-creating. The negotiators were also found to use tactics categorized as false promises, which is consistent with the motivation to do anything needed to land the deal and get to start the project.

Interviewees also mentioned the use of tacit bargaining, e.g. using silence to gain more power in the negotiations:

> Sometimes I truly don't know how to react and therefore I use the method of just listening and staying silent, then I stand up and say that I need to think about it, so I won't say something that will harm the deal (Case 16).

Negotiators also described using tactics classified as procedure-focused, "My strategy is very simple, it is telling the truth even if it harms my position; be open minded and have everything on the table" (Case 4), and issue-focused, "We are sharing information and taking a huge risk. I am not OK with that, but I think that we have to take the risk" (Case 3).

A particular issue that was reported to occur frequently was the necessity of negotiating for additional costs not foreseen in original negotiations. In these cases, negotiators reported using tactics classified under the positional information group of tactics. Unwilling to cover unforeseen costs, they asked clients to cover them and framed the additional cost as the clients' responsibility:

> Well now we are paying 10 per cent more for the computers we are using in the project, so we adjust the original offer and add 10 per cent to the total amount (Case 1).

This could reflect the presence of small margins, which in turn might point to rushed or pressured negotiations.

Although it seems that negotiators in creative sectors are willing to make concessions (Cases 1, 2 and 9) and want to spend the shortest possible amount of time on the process of negotiating, they reported using priority information tactics where they were focusing on justifying the price set for the client: "I try to deliver as specific information as possible at the beginning and to justify the price for the project" (Case 6).

While both belong to creative sectors, the two firms from which the data were drawn differ in size and the nature of their business. To probe potential differences, we made a comparison of tactics between the two groups of negotiators. We found that both groups used mainly two groups of tactics, traditional competitive bargaining and closure-seeking tactics. Use of other groups of tactics differed between the two groups, but these differences were overshadowed by the similarities and the prominent use of closure-seeking tactics.

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Table IV Negotiation tactics observed in creative sector B2B negotiations

Groups of tactics	Definitions from literature	Representative quotes from case interviews	Identified characteristics of creative sector negotiations
Traditional competitive bargaining	Exaggerate opening offers and convey a false impression that you are under pressure (e.g. time pressure) when you are not (Robinson *et al.*, 2000)	"Never get nervous, poker face" (Case 1) "I would not say how low I can go" (Case 2) "Sometimes we start with an offer that we know is too high, but we do it because we know we need to make concessions" (Case 4) "Sometimes I feel that they are bluffing" (Case 3) "Not say too much, try to keep your cards to yourself" (Case 12) "We are often pressed to make concessions as our opponent threatens to take his business elsewhere if we do not agree" (Case 11)	Lack of trust is the main reason for negotiators to use tactics in this group. Experience is what drives them to use these tactics particularly when the margin is small
False promises	Promise something that you can either not keep or deliver (Robinson *et al.*, 2000)	"On sales meetings X is selling something that does not yet exist so X is willing to promise something that is not for sure possible" (Case 2)	Reluctant to use unethical distributive tactics to claim value but do it occasionally
Tacit bargaining	Covertly communicated tactics consisting of hints, signs and all kinds of non-verbal expressions (Schelling, 1960)	"Sometimes I truly don't know how to react and therefore I use the method of just listening and staying silent, then I stand up and say that I need to think about it, so I won't say something that will harm the deal" (Case 16)	Tacit bargaining is used seldom by negotiators; it is used when they feel they have nothing to lose or when the margin is small
Procedure focused	Suggesting a range of options or tradeoffs across issues and acknowledging the opponent's view (Rahim, 2001)	"My strategy is very simple, it is telling the truth even if it harms my position; be open minded and have everything on the table" (Case 4)	Negotiators are open and willing to play fairly
Issue focused	Share information, build trust and ensure fairness (Wong and Cheung, 2005)	"We are sharing information and taking a huge risk. I am not OK with that, but I think that we have to take the risk" (Case 3)	Negotiators are willing to take risks to seal the deal and they do want to build trust with their counterparts
Positional information	Introducing new topic late in the process, deny relevance of an opponents arguments and make arguments in support of own position (Olekalns *et al.*, 1996)	"Well now we are paying 10% more for the computers we are using in the project, so we adjust the original offer and add 10 % to the total amount" (Case 1) "Lack of willingness to agree on the most important points and because of that we did not sign" (Case 2)	
Priority information	Ask for or provide priority information on the values of issues (Olekalns *et al.*, 1996)	"The main thing I try to do is to deliver as specific information as I can at the beginning, when I'm giving the price for the project, to justify the price well" (Case 6)	Negotiators try their outmost to avoid surprises and conflict during the negotiation process
Concessions	Proposing or accepting less preferred offers (Kwon and Weingart, 2004)	"We try to do what is important for you, but please do the same for us" (Case 9) "Sometimes we start with an offer that we know is too high, but we do it because we know we will need to make concessions" (Case 2)	Fairness is important to negotiators and their experience influences their selection of tactics
Closure-seeking	Intended to speed up the negotiation process and reach agreement as quickly as possible	"It is more common that we give in rather than stay firm" (Case 11) "I don't have the conscience to ask for full price, I am afraid to scare off the client" (Case 14) "I'd rather work for free to be able to provide more discount and land the deal" (Case 18) "Provide good discount and make the client see that he is getting a good deal to prevent endless disputes over a price" (Case 18) "Willing to do whatever necessary to land the sale" (Case 2) "We are in a hurry to close a deal because we want the project and will deal with problems later" (Case 3)	Negotiators want to reach closure and want to avoid scaring off the client and, therefore, are willing to leave value on the table just to get the job

To summarize, the case study findings indicate that negotiators in B2B firms in creative sectors use a variety of bargaining tactics, including the closure-seeking tactics identified by this research. In addition, perhaps because of the excitement of starting new projects and creative endeavors – doing what gives them joy – negotiators are willing to settle for less money than they might have been able to get because they want to spend as little time negotiating as possible.

Discussion

This work focuses on the important and under-researched context of B2B negotiations in creative sectors. Three important contributions of value for both theory and practice are offered. First, tactics used in B2B negotiations in creative sectors are identified. Second, differences and similarities compared with other sectors are examined. Finally, the characteristics of creative sectors that drive the selection of negotiation tactics in this context are investigated.

Implications for theory

The lenses of social identity theory (Hogg *et al.*, 1995), social network theory (Tsai and Ghoshal, 1998; Wasserman and Faust, 1994) and expectancy theory (Vroom, 1964) can help make sense of the unique characteristics of B2B negotiations in creative sectors. First, negotiators within creative sectors are driven by the need to create art (Swedberg, 2006; Bauer *et al.*, 2011), and at the root of their social identity lies an avoidance of economic discussion. Second, negotiators choose a set of negotiation tactics on the basis of expectations that the tactics will result in an outcome that will seal the deal, which resonates with expectancy theory, and strengthen the B2B relationships at play, which is in line with social network theory. By sealing the deal, negotiators as representatives have fulfilled the need of the group (social identity theory) and can start to create.

The first question addressed by this research is about the negotiation tactics used in creative sector B2B negotiations and how these tactics differ from those used in other sectors. Answering this question yields the first two of the three contributions of this research listed above. This research contributes to the negotiation literature by identifying and describing negotiation tactics used in B2B negotiations in creative sectors, including a group of tactics not anticipated by existing literature, referred to as *closure-seeking tactics*. Based on our findings, creative sectors differ in important ways from other sectors when it comes to the B2B negotiation process. Negotiators in creative sectors seem to have a tendency to put their need for engaging in creative endeavors above earning money or even survival, as some of the projects described in the case interviews were started before an agreement was formalized and ended up barely breaking even. This is in line with Jelincic and Vukic's (2015) findings on identity and drivers in creative sectors. There are fundamental differences in core concerns among sectors (Burton, 1990), and these differences might be explained by social identity theory as industry sectors hold similar beliefs, values and culture. Our findings provide insight into the social identity of creative sectors, which explains their selection of negotiation tactics and indicates a unique identity in creative sectors, different from that which is prevalent in other sectors.

RQ2 is about the factors that drive the selection of negotiation tactics in creative sector B2B negotiations. The use of closure-seeking tactics in the creative-sector case firms studied appears to be driven by negotiators' aversion to discussing money and by their strong desire to get on with the creative work instead of spending time negotiating. The findings indicate that the primary concern in creative sectors is having the freedom to create, and therefore, negotiators' choice of negotiation tactics will be driven by decisions aiming to fulfill this primary concern.

In B2B contexts, the relationships created and nurtured during the negotiation process are of key importance. Using the lens of social network theory helps explain how a new or existing relationship may influence the negotiation process, the style of communication and bargaining behaviors, namely, the negotiation tactics used. When business relationships are strong and have existed for a long time, there is a mutual understanding that both parties need to be satisfied to maintain the strong relationship. Meanwhile, firms might be prepared to accept losses in one round of negotiations for the sake of building a relationship to create future business. Indeed, our findings indicate that creative sector negotiators are very cognizant of the importance of long-term business relationships, and that this knowledge is among the drivers of their choice of negotiation tactics.

The research findings resonate with the existing literature on creative sectors with respect to risk-seeking behavior (Lampel and Germain, 2016), as negotiators were observed to be willing to deal with upcoming issues later during the project, risking smaller margins and being willing to go to great lengths to sell a product despite uncertainty about the its specifications.

Managerial implications

This work yields important implications for practitioners. Negotiation tactics play a pivotal role in B2B negotiations. It is important for managers within creative sectors to understand the tactics they use and their likely effects, as well as to understand that negotiators on the other side of the table may use other tactics, particularly if they come from other sectors.

When negotiations occur across sectors, it can be assumed that parties have different priorities because of different values and core identities. This means that in the end, each party might end up with an agreement that meets their primary concern, without diluting the other party's achievement of their primary concern. Negotiators from different sectors, who bring different goals and expectations to the table, have different motivations and are, therefore, likely to use different tactics to reach their goals, as anticipated by expectancy theory. Agreement occurs when parties move from their initial positions to an ideological center (Druckman, 2001). For example, considering the case of negotiations between firms in creative sectors and financial sectors, it can be expected that the financial sector firm will end up with larger economical gains as it is economically driven, and the process, including communication and negotiating behavior, will be distributive-oriented, aiming on claiming value. Meanwhile, the creative sector negotiator(s) will most likely be more integrative oriented, using mixed tactics, aiming to create value and to fulfill the need to create.

This insights arising from this research can be useful when preparing for negotiations. The use of two main groups of tactics, traditional competitive bargaining and closure-seeking tactics, indicates that negotiators within creative sectors maintain discretion about their position without being unethical, which is essential for successful competitive negotiation (Karrass, 1974). Meanwhile, they seem to lack stamina as they have a tendency to begin to use closure-seeking tactics too quickly and thus leave value on the table. According to Aykac *et al.* (2017), deceptive tactics, such as misrepresentation, exaggerating and lying, are more frequently used when teams are responsible for negotiating in B2B settings than when individuals negotiate, and consequently, teams tend to generate more profit. However, this may jeopardize long-term relationships, which might make it less germane in B2B settings. Thus, practitioners can be recommended to invest effort in preparation and use of tools such as the negotiation scorecard proposed by Fleming and Hawes (2017). Furthermore, the weaknesses identified in the negotiations described in the cases can offer precautionary guidance, and indeed, it might be appropriate to advise against using closure-seeking tactics to speed the negotiation process, as the stories told in the case interviews indicate that these types of tactics can result in monetary loss.

In the light of the importance and economic role of creative sectors, studying their negotiation behavior is timely and important. When putting the findings in a practical perspective including the view of counterparts, negotiators may gain a clearer idea of how to approach negotiators within the creative sectors and can prepare accordingly.

Limitations and directions for future research

A limitation of this research lies in the fact that the negotiators interviewed were also the people who executed the projects negotiated; they were not dedicated sales persons or professional negotiators. This stems from the relatively small sizes of the firms from which the cases were drawn, but which are characteristic of creative sectors. The findings, particularly with respect to the eagerness to get started on enjoyable projects, even at a loss, might have been different had dedicated sales persons or professional negotiators been interviewed. However, the reality is that many firms in creative sectors are small, and therefore, negotiation often falls into the hands of people lacking both negotiation skills and monetary incentives. Further research is needed to understand differences between the tactics used by dedicated negotiators and *ad hoc* negotiators in creative sectors.

Finally, the findings should be validated using quantitative research among creative sectors in B2B firms to further deepen our understanding. The results of this research could be used to generate hypotheses for future research focused on sector-specific negotiation tactics.

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Use of Strategies, Tactics and Variable Pay in Business-to-Business Negotiations: It Matters whether you are a Buyer or Seller

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ABSTRACT

The purpose of this paper is threefold: first, to examine difference between buyers' and sellers' use of negotiation tactics in face-to-face business-to-business (B2B) negotiations; second, to explore how negotiation strategies influence buyers' and sellers' use of tactics; third, to investigate how financial incentives or variable pay (VP) influence buyers' and sellers' use of negotiation tactics. The methodology is a multiple case study analysis of 18 negotiators from 12 companies in six real-life buyer-seller negotiations in B2B settings analyzed with qualitative research methods, including both comparative analysis and frequency analysis. The findings confirm that buyers and sellers use different negotiation tactics, the use of tactics differs by selected strategy, and that financial incentives influence both buyers and sellers. This research increases our understanding of buyer-seller negotiations, and the findings contribute both to the negotiation theory, as well as the business-to-business literature.

Keywords Negotiation, negotiation tactics, negotiation strategy, variable pay, business-to-business, observation, buyer-seller negotiation, face-to-face negotiation

INTRODUCTION

Negotiations have been defined as decision-making processes involving at least two parties, each with their own interests and preferences (Davis 1976). Negotiations are considered an important part of the company sales cycle (Bazerman and Lewicki 1983); therefore, they are essential for companies' success in today's business environment (Alexander, Schul and Babakus 1991). A significant portion of the working day can be spent in negotiating: managers can spend up to 20 per cent of their day (Hendon, Henson and Herbig 1999), and buyers can spend up to 50 per cent (Adler and Graham 1989; Kumar, Rai and Pati 2009). These high percentages speak to the importance of negotiation in business practice (Chonko 1982) and call for greater emphasis on research into practitioners' behavior in business-to-business (B2B) settings.

In B2B transactions, negotiations determine the purchasing performance of buyers and sellers in increasingly competitive markets (Clopton 1984; Hageen, Kedia and Oubre 2011; Thomas et al. 2013). Since profit is an objective result of buyer-seller commerce (Mintu-Wimsatt and Graham 2004), choosing the right negotiation strategy - including a combination of negotiation tactics employed by managers, buyers and sellers, with particular individual negotiation style - is important to maximize the company's profitability for its shareholders. B2B negotiations are one of the key elements in industrial markets (Ford and Hakansson 2006), involving various issues to be negotiated, such as price, delivery time, and method of payment, among other issues (Perdue 1992; Fang 2006).

The literature has shown that negotiators´ selection of both strategy (Krause, Terpend and Petersen 2006) and tactics (Weingart, Hyder and Prietula 1996) affects the outcome. In addition, financial incentives, such as variable pay (VP), can impact the course of the negotiations and outcome, by motivating behaviors, strategy selection, and use of certain tactics (Stuhlmacher, Gillespie and Champagne 1998; Tenbrunsel 1998; Murnighan, et al. 1999). Variable pay has been defined by as "pay that is tied to some measure of worker output" (Lazear 2000; 410). However, despite its demonstrable importance, the difference between buyers and sellers in their selection of negotiation tactics has not received much attention in the B2B literature. Overall, there has been a decline in the number of studies that collect data from practicing managers, from five percent in 2003 down to only three percent in 2011 (Mestdagh and Buelens 2003; Herbst and Schwarz 2011); most of the studies have collected data from students in experimental settings, with notably few exceptions (Malshe 2010). Firms consider information exchange during buyer-seller negotiations highly classified and sensitive, so lack of access may account for some of the neglect (Herbst, Knöpfle and Borchardt. 2015). Due to the scarcity of real-life data, the relationship between managers' choice of negotiation tactics and negotiation strategy in buyer-seller B2B settings is not well understood, nor are the elements that influence the relationship. Further, in B2B negotiations, relationships between buyers and sellers are of great importance and satisfaction with negotiated agreement is therefore important for future business transactions.

In this paper, the need for involvement of practitioners and focus on real bargaining problems is addressed (Eliashberg 1994). The findings contribute to both the B2B literature and the negotiation literature by increase understanding of which negotiation tactics buyers and sellers use in B2B negotiations and how the negotiation strategy influences the negotiator's use of tactics. Further, the findings also provide valuable information for managers with respect to how financial incentives (namely, VPs) influence the negotiator's use of tactics and whether they are feasible or not.

THEORETICAL FRAMEWORK

The literature suggests that negotiation success is improved through face-to-face communications in buyer-seller contexts (Boles, Croson and Murnighan 2000), as well as through flexibility and responsiveness (Lapierre 2000). Purdy, Nye and Balakrishnan (2000) examined different types of communication between businesses and found that face-to-face communication is generally the most effective in terms of time consumption, outcome efficiency, and overall satisfaction between parties involved. Moreover, face-to-face communication fosters long-term business relationships and is more likely to result in a collaborative relationship (Valley 1999; Purdy et al. 2000). Hence, face-to-face negotiations are considered a core competence for businesses that wish to stay in long-term business relationships (Harwood 2008). Thus, it is important to understand what behavioral factors, such as negotiation tactics and negotiation strategy, drive decision-making in face-to-face negotiations (Peterson and Lucas 2001).

Negotiation Tactics

Drawn from Weingart, Thompson, Bazerman and Carroll (1990) and Narsimhan and Ungarla (2016), *negotiation tactics*, also known as *bargaining tactics*, are defined as a general set of behaviors, employed overtly and/or covertly, by negotiators to move the negotiation process towards a preferred outcome. Negotiation tactics have been described as behaviors that lead to changed perceptions of how negotiators settle (Lax and Sebenius 1986). Several taxonomies of negotiation tactics have been proposed. For the purposes of this study, the authors surveyed existing taxonomies of negotiation tactics in the literature and identified 18 categories of classified tactics. These classified tactics informed data gathering and analysis, as they were used to develop survey questions and generate the coding scheme. The categories of tactics are: *traditional competitive bargaining, attacking opponent´s network, false promises, misrepresentation, inappropriate information gathering, tacit bargaining, procedure focused, issue focused, aggression, assertion, reserved, progress seeking, option generating, positional information, restructuring, priority information, concessions* and *rejection*. For the sake of space, of these categories of tactics, only those which are applicable to the study's findings will be discussed in detail.

Two tactics from Robinson, Lewicki and Donahue's (2000) taxonomy of ethical and unethical bargaining tactics were applicable to this study. The first tactic, *traditional competitive bargaining,* is the only one out of the five tactics in this taxonomy that is considered ethical and therefore acceptable (Volkema 1999). *Traditional competitive bargaining* includes tactics such as hiding the bottom line from counterparts or exaggerating demands. The use of this tactic is considered to be effective for extracting concessions (Chertkoff and Barid 1971). The second tactic, *attacking opponent´s network,* is considered unethical in this taxonomy and consists of tactics such as trying to get counterparts onto the negotiators' sides, or putting a counterpart in a difficult position towards his or her superiors.

Other classifications of bargaining focus on communication styles instead of ethicality. These include: *tacit bargaining*, *defensive tactics, procedure focused tactics, reserved tactics, progress seeking,* and *option generating. Tacit bargaining* was proposed by Wall (1985) and includes all covert communications, such as hints, signs, and all kinds of non-verbal expressions. Tacit bargaining is typically used when the trust between the negotiators is low (Schelling 1960). Cheung, Chow and Yiu (2009) drew out tactics from the literature, organized them into seven factors and lined them up by usefulness with respect to outcome. For example, Cheung et al. (2009) found that by using *procedure focused* tactics (Rahim 2001), negotiators proposed counter-offers or offered various tradeoffs across issues to move the negotiations closer to agreement. This type of tactic, which is described as the most common and generic type of negotiation tactic, enables the negotiator to lower the counterpart's expectations. *Issue focused* tactics aim to re-build trust through information sharing and commitment (Wong and Cheung 2005). When *aggression* or aggressive tactics are used, negotiators tend to be firm on their position and attempt to gather information about the other party that would benefit their own position—even if the information has a price tag (Volkema and Fleury 2002). *Progress seeking* tactics aim to push negotiations towards agreement by, for example, focusing on time pressures by emphasizing deadlines (De Dreu and Van Kleef 2004). The last factor in Cheung's et al. (2009) taxonomy, *option generating,* consists of tactics that enable both parties to identify options that are mutually beneficial to both parties (Walton and McKersie 1965). Olekalns, Smith and Walsh (1996) proposed a taxonomy of six groups of tactics depending on whether they were cuing or responding tactics. These groups are *restructuring, priority information, concessions, positional information* and *rejection*. Both research questions one and two are drawn from the above descriptions of negotiation tactics.

Research on negotiation tactics suggests that choice of tactic may differ between buyers and sellers in B2B settings: Perdue (1992) researched purchasing managers and their preferred selection of tactics, finding that buyers view purchasing negotiations as a competition. As a result, they employ competitive and aggressive tactics, particularly time pressure and threats to walk away from the table. However, it remains unclear whether choice of negotiation tactics differs as a result of negotiation position, i.e. buyer or seller, or whether it is a function of the individual manager's personality. Thus, the first research question is: *Do buyers use different negotiation tactics than sellers in B2B settings?*

Negotiation Strategy

While negotiation tactics describe particular behavior in negotiations (Weingart et al. 1987), negotiation strategy refers to "interaction patterns used by parties in conflict to achieve resolution" (Ganesan 1993, 184). In this paper, negotiation style refers to particular style within a category of a strategy and not an individual style. With that caveat, style and strategy can be used interchangeably in the following discussion. Most researchers identify five different negotiation strategies (Blake and Mouton 1964, Thomas 1976, Rahim 1983): *competing, collaborating, compromising, avoiding and accommodating.* Thomas and Kilmann (1974) developed the *Thomas-Kilman-Conflict-Mode Instrument (TKI)*, a questionnaire to distinguish between these five styles. This instrument has been used to indicate negotiators' bargaining styles (Shell 2001). The c*ompeting* style is power oriented, assertive, and uncooperative. An example of a negotiator's statement from *TKI* is, "I am firm in pursuing my goals." *Collaborating*, on the other hand, is both assertive and cooperative. Using this style, the negotiator attempts to find an integrative solution that fully satisfies both parties' concerns. An example of a negotiator's statement from *TKI* is, "I am very often concerned with satisfying all our wishes." *Compromising* is a style that incorporates elements from both *assertive* and *collaborative* styles and can be seen as intermediate in both dominating and integrating dimensions. An example of a negotiator's statement from *TKI* is, "I try to find a fair combination of gains and losses for both of us." *Avoiding* is unassertive and uncooperative, in many ways the opposite of collaborating. Negotiators using this style sidestep issues and diplomatically refuse to address the conflict (Thomas 1976; Thomas and Kilmann 1974), thereby satisfying no one's concerns. An example of a negotiator's statement from *TKI* is "I feel that differences are not always worth worrying about." *Accommodating* is unassertive and cooperative and can be seen as the opposite of competing. Negotiators using this style neglect their own concerns to satisfy the concerns of the other person (Thomas 1976; Thomas and Kilmann 1974); negotiators may even employ selfless generosity or charity. An example of a negotiator's statement from *TKI* is, "I sometimes sacrifice my own wishes for the wishes of the other person. "

Research in B2B negotiations (Day, Michaels, and Perdue 1988; At-Twaijiri 1992) has indicated that 97 per cent of purchasing managers surveyed use only three styles (collaborating, compromising and competing) when dealing with sellers (Perdue et al. 1986). Hagen, Shahid and Tootoonchi (2007) have analyzed sellers' selection of negotiation styles and found that they select the collaborative style first and competitive style second. Perdue, Day and Michaels (1986) and Hageen, Kedia and Oubre (2011) found that the most commonly used style in Western culture is collaborative, followed by competitive; moreover, they found that the collaborative negotiating style is the predominant among purchasing managers. Chonko (1982) studied individual negotiation style with respect to buyers and sellers and found that a competing style, also known as Machiavellianism, can be considered a personality characteristic of sellers. Hagen, et al. (2007), in their study of sellers, also found that a compromising negotiation style, followed by competitive, predominates as in the West. Despite several studies on purchasing managers and their behaviour and negotiation style, very few compare buyers and sellers, and few focuses on the seller in relation to tactical behaviour. Against this background, the second research question arises: *Does the negotiation style influence buyers and seller's use of negotiation tactics?*

Variable pay

Various studies have addressed several issues related to the use of competitive negotiation tactics (Volkema, Fleck and Hofmeister 2010); however, the focus has seldom been placed on financial payment as a factor in the negotiator's decision-making with respect to negotiation tactic selection. Poitras, Bowen and Byrne (2003) found it effective to use financial incentives to bridge broken relationships, as the incentives gave the negotiators motive to sit down at the table. However, few studies have focused on financial incentives as related to negotiator performance as a whole. The little work that has been done either addresses a single competitive negotiation tactic or neglects to account for the situational context of the negotiation, which itself may account for strong motivational encouragement to use competitive tactics (Thompson 1990). This study aims to increase our understanding on how variable pay influence negotiators' use of tactics.

By definition, a variable pay [VP] is monetary compensation linked to the output of the agent or company (Lazear 2000). The logic behind VP schemes can be explained by the *Principal-Agent Theory* (Damiani and Ricci 2014). In business relationships, wherein a company relies on an agent to carry out certain actions on their behalf (John and Weitz 1989; Anderhub, Gächter, and Königstein 1999), it is possible that the company and the agent may have different interests and risk preferences (Eisenhardt 1989). In these cases, incentives are sometimes used to align the interests of both parties (Arrow 1984). Monetary incentives in form of VPs are therefore intended to motivate agents to achieve their goals: the expectation is that agents will modify their behavior, i.e. compete more aggressively, in order to be rewarded for performance (Murnighan et al. 1999). Designed to increase organizational productivity (Gerhart, Rynes and Fulmer 2009), VPs have been linked to improved individual performance within firms (Murnighan, et al. 1999; Cloutier 2013).

Research has shown that variable pay does influence negotiation behavior. For instance, Murnighan et al. (1999) concluded that large financial incentives activate greed and lead experienced negotiators to withhold information from their less experienced counterparts. Similarly, Tenbrunsel (1998) found that if financial incentives are high, negotiators are not only more likely to misrepresent information, but also to expect deceit from their opponent. On the other hand, when financial rewards are low, negotiators are less inclined to be withholding or deceitful, as they can afford to be fair. Stuhlmacher, Gillespie and Champagne (1998) also found that financial incentives reduced cooperative behavior. In light of this existing research on how financial incentives influence negotiators using competitive behavior, this paper addresses the following research question: *Does variable pay influence the negotiators use of negotiation tactics?*

METHODOLOGY

In order to increase understanding of what elements influence negotiators' choice of negotiation strategies and use of negotiation tactics, if buyers and sellers differ, and how the VP influences negotiators' use of tactics in face-to-face B2B settings, the observation of 18 real-life buyer-seller negotiators, 8 buyers and 10 sellers, from 12 different companies in six negotiations in B2B settings was performed. In this research, a multiple case study design (Eisenhardt and Graebner 2007; Yin 2008) was adopted, as multiple cases add confidence to findings (Miles and Huberman 1994). The qualitative research methods included both comparative analysis and frequency analysis. The data was collected from German, Danish and Polish firms across different sectors, i.e. the creative sector, food retail sector, production sector, manufacturing sector, and the construction sector. The data was collected over the period of fourteen months. The vast majority of the managers had diverse backgrounds, as their nationality was different than the country in which they worked. Among participants were managers from the Netherlands, Poland, Russia, Pakistan, Denmark and Germany. The negotiations were conducted in negotiators' local language, audio recorded and observed by researchers and transcribed. The transcripts were translated to English by professional translators, and then translated back to their original language by a bilingual research assistant to make sure no errors were made, and no content was lost or misunderstood. In this multi-case study, a comparative method analysis (Ragin 2014) was used and either the buyer/s or the seller/s were analyzed in each case. In some cases, both the buyer/s and seller/s were analyzed (depending on accessibility).

For each negotiator, the following was analyzed: (1) pre-negotiation survey data, collected 30 min to one hour before negotiations, including answers to questions about background and other personal and organizational information, and a 30-item questionnaire measuring negotiation strategy drawn from TKI (see Appendix A); (2) researcher observation notes from the negotiation sessions and audio-recordings, observing negotiation tactics actually used during the negotiations; (3) post-negotiation survey data, collected immediately after the end of the negotiation, measuring negotiation tactic selection during the negotiation (see Appendix B). Negotiators were specifically asked to think only about the particular negotiation they just finished. A frequency analysis was used to analyze the pre- and post-negotiation questionnaires. Negotiators were directly asked whether they received VP or not.

The data collection method was drawn from the negotiation literature to measure negotiation strategy: the Thomas-Kilmann conflict mode instrument (TKI) was used (Kilmann and Thomas 1977). In order to identify the negotiating strategy, five categories of negotiation strategies were drawn from the literature (Rahim 1983) - namely, *competing, collaborating, compromising, avoiding* and *accommodating* - and those strategies reflected particular behaviors in negotiations. To measure tactics, which were measured just after the actual negotiations, the identified taxonomies of tactics from the literature were used (see above). Analysis utilized a narrative method to capture the sequence of events in negotiations and enable multiple perspectives to be incorporated.

CASE STUDY AND FINDINGS

Buyers vs. Sellers

The aim of this research is to examine the difference between buyers' and sellers' behavior in B2B negotiations, if they differ in use of negotiation tactics, and how their choice of strategy influences their use of tactics. Further, the influence of VPs on negotiators use of tactics was also examined.

Based on a multiple case study, evidence was found for use of thirteen out of the eighteen categories of negotiation tactics identified in the literature. The most used tactic among both buyers and sellers was *positional information*, in which they were firm on their position, put forward arguments to support their own view and even used threats or promises to change their counterparts' position. Out of eighteen negotiators observed, sellers used this tactic twelve times while the buyers used it four times in order to direct the negotiations in their favor. For example, negotiators said: "Yes, you have to consider that the price is 200.000€ and I also pay for maintenance and transport" (case 14); "I have more business in the future" (case 13); "You will have a guarantee that the next projects will also be going to you and not any other company" (case 3), see Appendix C. However, although this tactic was most commonly used by participants in these in B2B settings, a comparison of buyers and sellers demonstrated that sellers used this tactic much more often than buyers. The tactic *priority information* was identified six times during six negotiations and just as frequently used by buyers as sellers. *Tacit bargaining* was more (five times) used by sellers, who employed both silence and expressions of surprise, while buyers used only silence and only a single time.

As the research progressed, a pattern of a particular unethical behavior was noted among both sellers and buyers: surprisingly, the tactic *aggression* was used at eight occasions during the observations, in six out of six negotiations. Negotiators frequently aggressively interrupted their counterparts and pointed fingers at them while speaking: “We are giving you another chance to make amendment” (case 15); “As I have mentioned before, we do still have two further negotiations coming up, and I will be expecting a revised offer from you, maybe in the next couple of days even, so that we can get started. That’s if we can agree on something” (case 9). Further, this tactic was used more among buyers than sellers, who occasionally even used threats: “Yes, I am really looking forward to do business with you in the future, but this has to be a bit, you know, it should not be one-sided; if you are an honorable business man, then I am sure you don´t want to be talked about in a negative way” (case 14). This is particularly surprising as businesses depend on long-term partnerships, making B2B negotiations important platforms to maintain positive relations.

Concessions were more used by sellers than by buyers, and the concessions from buyers were aimed to close the negotiations. For example, buyers said: “So I would give you… let’s go the middle way: 25% was your suggestion; I would say 15%” (case 14); “You can pay me this price, and I will take care of the transport [fitting]” (case 14). However, the concessions from sellers were sometimes not as strategic: sellers often gave unnecessary concessions. For example, seller (case 15) seemed to have forgotten what he had offered earlier and proposed a 50% decrease in prices. This, among other observation notes, indicated that this particular seller was not well prepared.

Rejection was identified seven times and in four out of those eight, it was sellers who employed this tactic. The most common way negotiators used this tactic was to claim that their power was limited or that their hands were tied. For example, “But I think the budget is from the development council for this, so we have to ask them” (case 4); “Hmm you know, I need to talk about it with the guys, it´s not up to me” (case 5); “As I´ve said before, it’s not down to us anymore” (case 15). Other forms of rejection—apart from the general “No, thank you”—included cordial admission of budget limitations: “Thank you very much; it is a nice solution, but due to some reasons, I don’t have that much money to pay for this [the offer was therefore rejected]" (case 13). Further, to summarize other findings, buyers more frequently used aggression and restructuring tactics, while sellers used a much larger variety of tactics than buyers (summary provided in Appendix C).

Influence of Variable pay and Other Findings

Analysis of negotiators who received VPs (more than half) as compared to those who did not revealed that recipients of VPs were more competitive and less compromising: in general, they used solely competitive tactics and were less willing to compromise. These findings are in line with the literature (Stuhlmacher et al. 1998; Murnighan et al. 1999; Tenbrunsel 1998). The findings of the observed use of negotiation tactics and the influence of variable pay are summarized in Table 1.

Table 1. Buyer vs. Seller, Tactics and Variable pay

Observed tactics during negotiations	**Buyer**	**Seller**	**VP**	**No VP**
Traditional competitive bargaining	-	1	1	-
Tacit bargaining	1	5	3	2
Procedure focused	1	5	3	3
Issue focused	-	1	-	1
Aggression	5	3	5	3
Progress seeking	-	1	1	-
Option generating	2	3	4	1
Positional information	4	12	10	4
Restructuring	2	1	1	2
Concessions	2	4	4	1
Rejection	3	4	4	3
Priority information	3	3	3	2
Attacking opponents' network	-	1	1	-

n=14

With respect to satisfaction with the negotiation outcome, negotiators not receiving VP were most satisfied with the outcome. According to Hofmann et al. (2012), sellers are more likely to get VP than buyers, and they also get higher VPs than buyers. Despite unequal gender division among participants in this study, no difference was found between genders with respect to time spent in negotiations. Finally, participants were asked during the pre-negotiation survey to rate how much time they spend negotiating as part of their daily work routine. Participants indicated that the average amount of time is 25 per cent; thus, the findings are consistent with the literature (Hendon et al. 1999; Kumar et al. 2009; Adler and Graham 1989).

Negotiation Strategy's Impact on Negotiation Tactics

B2B negotiators were grouped by their negotiation style using their responses to the TKI pre-negotiation questionnaire. Most of them—six out of twelve—were found to be *compromising*; four were *competing*; two were *collaborating*, and one was *avoiding*, but none indicated that they were *accommodating.* The observed style was in accordance with negotiators' own assessment about their negotiating style. According to the research team's observations, the majority of negotiators had either *competitive* or *compromising* style. Negotiators with a competitive style several times used aggressive tactics, such as frequent interruptions, direct confrontations or sentences indicating the negotiator had reached their limit. For example, "So why won't you lower the price?" [capricious tone] (case 13); "No, I told you that you will take care of that yourself. I cannot offer you that plus the discount: the transport and maintenance must be your responsibility" (case 14). Negotiators also employed aggressive tones of voice, leading the authors to label those phrases as aggressive and competitive: "You have to understand that I would also like to know what to expect in order to be able to offer you a good deal" (case 10). Five out of eighteen had collaborating style, and these negotiators used positional information tactics most often; for example, "I can promise you more business in the future" (case 13).

A comparison between the two prevalent styles, *compromising* and *competing*, revealed that negotiators who employed a *compromising* style were more likely to use *tacit bargaining, procedure focused,* and *progress seeking* tactics. On the other hand, negotiators with a *competing* style were more likely to use *aggression, option generating, concessions,* and *rejection.* The findings of the observed use of negotiation styles are summarized in Table 2.

Table 2. Observed Tactics and Negotiation Style

Observed tactics during negotiations **Classified styles from pre-survey (TKI)**

	Avoiding	Collaborating	Competing	Compromising
Tacit bargaining	-	1	1	3
Procedure focused	-	-	1	4
Issue focused	-	-	-	1
Aggression	2	-	3	2
Progress seeking	-	-	-	1
Option generating	-	1	3	1
Positional information	2	4	4	4
Restructuring	-	1	1	1
Concessions	1	-	3	1
Rejection	1	1	2	1
Priority information	2	1	1	1
Attacking opponents' network	-	-	1	-

n=12

Those who were *compromising* clearly indicated their style via such statements as: "We could perhaps consider meeting halfway between forming a partnership and simply selling our product"; "Here, unfortunately, we have to compromise. You need to set the price ceiling and then we could together see what ideas fit under it" (case 1). On similar notes: "Ok let's make another middle way: the price will be without maintenance" (case 13). Many negotiators were willing to work together, make *concessions* and find a mutually beneficial agreement for both parties. Despite being *compromising*, negotiators were still firm on their positions and used *aggressive* tactics. The authors found that the *compromising* style needed to be employed by both parties in order to result in a favorable outcome for both sides. Those who were competitive indicated their style through the use of direct questions, firm statements, and ultimatums, for example: "I don't think I would agree to 25% lower price because I am taking the responsibility to transport it to you. So, are you going to pay the transport?" (case 14). *Positional information* was used by all styles, as well as *rejection* and *priority information.*

DISCUSSION AND THEORETICAL IMPLICATIONS

This study offers important insights into the difference between buyers and sellers' selection of negotiation tactics, and how their negotiation strategy influences their choice of tactics in face-to-face B2B settings. In general, the study underlines the observation of many practitioners, that in B2B buyer vs. seller negotiations *positioning*, *rejection* and rather aggressive tactics are used much more frequently than the predominance of the Harvard Win-Win concept in the literature suggests. The application of these tactics is consistent with the finding that many of the participants used a competitive or compromising strategy, which requires assertiveness and makes the application of these rather confrontational tactics reasonable. In addition, it is worthwhile to differentiate between buyers' and sellers' use of tactics.

Overall, there is not a significant difference in the tactics applied between the competing and the compromising strategy. One explanation might be that participants are not fully aware of the overall set of available tactics and the effects of their use, e.g. due to a lack of professional training on negotiation tactics. Alternatively, the similarity between the tactics used by negotiators with competing and compromising strategies might be due to the specific nature of buyer vs. seller negotiations which always involves a large distributive part, where both competing and compromising elements are simply required. This would require the development of stronger differentiation of different negotiation types, for example via a morphology to understand which types of negotiations require which types of strategies and tactics.

The results also shed light on how VPs influence negotiators' use of tactics when employing a particular negotiation strategy, or how VPs might influence the negotiators' behavior. The findings suggest that while the negotiator works with a particular negotiation strategy decided during preparation, the VP can influence the use of particular negotiation tactics and, therefore, the outcome. Managers who received VPs chose competing strategies more often than managers who didn't, and those same managers chose compromising strategies less often. At the same time, however, managers who received VPs used *concession* tactics and *priority information* more often. Managers without variable pay did not use *progress seeking* tactics and did not try to take the lead of the negotiations. In general, it seems like VPs had less influence on tactical choice than whether managers were in a buyer or seller role.

Furthermore, for recipients of VPs, a competitive strategy does not seem to bring a successful outcome according to the negotiators themselves. Nevertheless, negotiators receiving VPs may always be slightly unsatisfied with their results, as the value of the negotiated agreement reflects their own VP. This finding raises the question of whether businesses should offer their negotiators a VP at all, as negotiators' competitive behavior may jeopardize the B2B relationships. In B2B settings, changing business partners is expensive, and so satisfaction plays a big role, as businesses depend on each other for long-term relationships.

Implications for Management and B2B relations

Apparently assertive negotiation tactics and competitive negotiation strategy play a pivotal role in B2B negotiations. The overall weak correlation between negotiators' planned strategies and the tactics they actually applied, indicates that managers are not always fully aware of how to create a meaningful fit between their overall strategies and their short-term tactics. Managers have to make sure that their negotiators are knowledgeable and properly trained about these tactics and their effects. This is especially relevant for businesses outside the US, as negotiation is a standard subject in US business schools, but virtually absent for example in European universities and business schools. In addition, it is worthwhile for managers to understand that negotiators on the other side of the table may use other tactics. It is important for sellers to understand which tactics buyers prefer to use and vice versa.

With regard to VPs, it is important that companies carefully determine in advance to what extent an excessive use of assertive tactics and competitive strategies might hamper medium-term relationships and cause reduced trust in collaboration partners. Nevertheless, the fact that most sales organizations use VP for quite a long period indicates that there is some benefit to it.

FUTURE RESEARCH AND LIMITATIONS

The study has shown that competitive negotiation strategies and assertive tactics play a crucial role in real-life B2B negotiations. In addition, the results suggest that sellers and buyers have different preferences for the tactics they apply. Given the importance of B2B negotiations for most business, these results call for further research on dominant tactical behaviors in real-life settings. In addition, it seems worthwhile to further differentiate between different types of B2B negotiations and develop a morphology for possible B2B negotiation types. Based on such a morphology, one might find a stronger correlation of negotiation strategies dependent on the negotiation type.

Overall the results show that VPs influence tactical choices, although the influence is not too pronounced. This study suggests that further research in this subject with a greater number of participants may prove valuable. In addition, further studies could show if this behavior is purely driven by a negotiator being incentivized by the VP or by the fact that companies which foster a more competitive approach tend to work more with VPs. While a compromising strategy and tactics were most popular among negotiators in this study, negotiators also frequently used competitive strategies and tactics. This happened despite the fact that the use of competitive tactics may jeopardize the long-term business relationship, which is highly valued in B2B settings. This suggests that future research into competitive behavior in B2B settings could be valuable. Future research on negotiators' selection of tactics should also focus on what tactics are more effective when dealing with negotiators' particular strategies. In addition, further research may investigate how demographic factors, such as age and experience, may affect negotiators' selection of tactics.

The results of this explorative study can be used to generate hypotheses for future research focused on determining more specifically how VPs affect the selection of negotiation tactics, and whether negotiators receiving VPs are less invested in preserving B2B relationships. According to Hageen, Kedia and Oubre (2011), younger and less experienced negotiators are found to be more competitive, whereas older negotiators are more collaborative. This suggests that it might be more effective for businesses to reserve VPs for older and more experienced managers.

The main strength of this study is the originality of the data obtained in real-life B2B negotiations. However, the small number of participants and few numbers of negotiations does represent a limitation: there is a need to repeat this study with larger scale survey for quantitative data analysis that would be statistically significant.

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APPENDIX A

Thank you for agreeing to participate in this research. Please answer all the questions to the best of your knowledge and keep in mind that there are no right or wrong answers. Please circle your answers or write where appropriate.

Completing the survey should take about 10 minutes.

Please answer the following background questions:

1. Gender?

a. Male

b. Female

2. Age? __________

3. Migration background (e.g. mother/father or grandparents from different country)

a. No

b. Yes

i. (Please elaborate) ____

4. Have you lived abroad?

a. Yes

i. If yes, how many years in total _________________________

ii. In how many countries ________________________________

b. No

5. Highest degree of education? _______________________________________

6. How many siblings do you have? ____________________________________

The following questions are related to you and the company you work for:

1. In what year was the company founded? ______________________________

2. Did the company operate at a profit or a loss in 2014? ___________________

3. What was the company's turnover in 2014? ___________________________

4. What is your position in the company? ________________________________

5. For how many years have you been in this position? ____________________

6. For how many years have you worked for the company you currently work for?

____

7. How many years of working experience have you in working in the same sector as the company you currently work for? ___________________________

8. What are the main activities within the company you work for? (E.g. banking, marketing, technology, retail etc.) _______________________________________

9. How many employees work for the company ________________________

10. How many of them are your subordinates?

a. ____________

b. None

Consider situations in which you find your wishes differing from those of another person. How do you usually respond to such situations?

On the following pages are several pairs of statements describing possible behavioral responses. For each pair, please circle the "A" or "B" statement, which is most characteristic of your own behavior. In many cases, neither the "A" nor the "B" statement may be very typical of your behavior, but please select the response which you would be more likely to

use.

1. A. There are times when I let others take responsibility for solving the problem.
   B. Rather than negotiate the things on which we disagree, I try to stress those things upon which we both agree.

2. A. I try to find a compromise solution.
   B. I attempt to deal with all of another's and my concerns.

3. A. I am usually firm in pursuing my goals.
   B. I might try to soothe the other's feelings and preserve our relationship.

4. A. I try to find a compromise solution.

B. I sometimes sacrifice my own wishes for the wishes of the other person.

5. A. I consistently seek the other's help in working out a solution.
B. I try to do what is necessary to avoid useless tensions.

6. A. I try to avoid creating unpleasantness for myself.
B. I try to win my position.

7. A. I try to postpone the issue until I have had some time to think about it.
B. I give up some points in exchange for others.

8. A. I am usually firm in pursuing my goals.
B. I attempt to get all concerns and issues immediately out in the open.

9. A. I feel that differences are not always worrying about.
B. I make some effort to get my way.

10. A. I am firm in pursuing my goals.
B. I try to find a compromise solution.

11. A. I attempt to get all concerns and issues immediately out in the open.
B. I might try to soothe the other's feelings and preserve our relationship.

12. A. I sometimes avoid taking positions, which would create controversy.
B. I will let another have some of their positions if they let me have some of mine.

13. A. I propose middle ground.
B. I press to get my points made.

14. A. I tell another my ideas and ask them for theirs.
B. I try to show him the logic and benefits of my position.

15. A. I might try to soothe the other's feelings and preserve our relationship.
B. I try to do what is necessary to avoid tension.

16. A. I try not to hurt the other's feelings.
B. I try to convince the other person of the merits of my position.

17. A. I am usually firm in pursuing my goals.
B. I try to do what is necessary to avoid useless tensions.

18. A. If it makes the other person happy, I might let them maintain their views.
B. I will let the other person have some of their positions if they let me have some of mine.

19. A. I try to get all concerns and issues immediately out in the open.

B. I try to postpone the issue until I have had some time to think it over.

20. A. I attempt to immediately work through our differences.
    B. I try to find a fair combination of gains and losses for both of us.

21. A. In approaching negotiations, I try to be considerate of the other person's feelings.
    B. I always lean toward a direct discussion of the problem.

22. A. I try to find a position that is intermediate between mine and another person.
    B. I assert my wishes.

23. A. I am often concerned with satisfying all my wishes.
    B. There are times when I let others take responsibility for solving problems.

24. A. If the other's position seems important to them, I would try to meet their wishes.
    B. I try to get the other person to settle for a compromise.

25. A. I try to show the other person the logic and benefits of my position.
    B. In approaching negotiations, I try to be considerate of the other person's wishes.

26. A. I propose a middle ground.
    B. I am nearly always concerned with satisfying all my wishes.

27. A. I sometimes avoid taking positions that would create controversy.
    B. If it makes the other person happy, I might let them maintain their views.

28. A. I am usually firm in pursuing my goals.
    B. I feel that differences are not always worth worrying about.

29. A. I propose middle ground.
    B. I feel that differences are not always worth worrying about.

30. A. I try not to hurt the other person's feelings.
    B. I always share the problem with the other person so that we can work it out.

APPENDIX B

You are asked to indicate how appropriate it would be to use these tactics asked below in a business negotiation you would conduct on behalf of your company. Then assign a rating to each question, evaluating how appropriate it would be to use this tactic in the context specified above.

Based on the following scale:

1	2	3	4	5	6	7
not at all appropriate		somewhat appropriate.			very appropriate	

Question	Rating
1. Promise that good thigs will happen to your opponent if s/he gives you what you want, even if you know that you can´t (or won´t) deliver these things when the other´s cooperation is obtained.	
2. Intentionally misrepresent information to your opponent in order to strengthen your negotiating arguments or position.	
3. Attempt to get your opponent fired from his/her position so that a new person will take his/her place.	
4. Intentionally misrepresent the nature of negotiations to your constituency in order to protect delicate discussions that have occurred.	
5. Gain information about an opponent´s negotiating position by paying your friends, associates, and contacts to get this information for you.	
6. Make an opening demand that is far greater than what you really hope to settle for.	
7. Convey a false impression that you are in absolutely no hurry to come to a negotiated agreement, thereby trying to put time pressure on your opponent to concede quickly.	
8. In return for concessions from your opponent now, offer to make future concessions which you know you will not follow through on.	
9. Threaten to make your opponent look weak or foolish in front of a boss or others to whom s/he is accountable, even if you know that you won´t actually carry out the threat.	
10. Deny the validity of information which your opponent has that weakens your negotiating position, even though that information is true and valid.	
11. Intentionally misrepresent the progress of negotiations to your constituency in order to make your own position appear stronger.	

12. Talk directly to the people who your opponent reports to, or is accountable to, and tell them things that will undermine their confidence in your opponent as a negotiator.	
13. Gain information about an opponent´s negotiating position by cultivating his/her friendship through expensive gifts, entertaining or “personal favors.”	
14. Make an opening demand so high/low that it seriously undermines your opponent´s confidence in his/her ability to negotiate a satisfactory settlement.	
15. Guarantee that your constituency will uphold the settlement reached, although you know that they will likely violate the agreement later.	
16. Gain information about an opponent’s negotiating position by trying to recruit or hire one of your opponent’s teammates (on the condition that the teammate bring confidential information with him/her.	

Please rate each statement on how you handle the negotiation. Please indicate to what extend you agree or disagree with the following statement according to the scale below.

Based on the following scale:

1	2	3	4	5	6	7
disagree			neutral			strongly agree

Question	Rating
1. In the negotiation, I try to be considerate of the other person´s wishes.	
2. There are times when I let others take responsibility for solving the problem.	
3. I attempt to get all concerns and issues immediately out in the open.	
4. I try to win my/our position.	
5. I try to get the other person settle for a compromise.	
6. I make some effort to get my way.	
7. I try to find a position that is intermediate between his/her and mine/ours.	
8. In the negotiation I always share the problem with the other person so that we can work it out.	
9. I try to postpone the issue until I have had some time to think it over.	
10. I might try to soothe the other´s feelings and preserve our relationship,	
11. I feel that the differences in the negotiation were not always worth worrying about	
12. If it makes other people happy, I might let them maintain their views.	
13. I always lean towards a direct discussion of the problem.	
14. I am firm in pursuing my/our goals.	
15. I propose a middle ground.	

How satisfied are you with the negotiation and the results?
Based on the following scale:

1	2	3	4	5	6	7
very dissatisfied			somewhat satisfied			very satisfied

1. How satisfied are you with this negotiation?
2. How satisfied are you with the results of this negotiation?

APPENDIX C

Classified Tactics	Quotations from representatives	Case number
Traditional competitive bargaining	"First offer: a split between three parties to finance the project where X and Y get ownership but no money. Second offer: as X and Y did not agree and wanted 750 000 PLN payment and ownership, which was agreed."	3
Attacking opponent´s network	S: "Yes, I am really looking forward to do business with you in the future, but this has to be a bit, you know, it should not be one-sided, if you are an honorable business man, and I am sure you don't want to be between the teeth of people. "	14
Tacit bargaining	Facial expressions; use of silence	1, 2, 3, 15, 16
Procedure focused	"I understand you, but if you want to include the maintenance, then we need to cut off the discount." "Here, unfortunately, we have to compromise - you need to set the price ceiling and then we could together see what ideas fit under it." "Well, we've been doing the math's, and we've been thinking about your offer (40.000€). Should no problems arise, including the service fee, we offer 37.500€." "I won't overlook the fact that, from a business point of view, it would probably be easier for us just to create and sell the content by ourselves, but this is not crossing the partnership option out of the picture." "Just to summarize, this includes the whole solution. The second option would be a monthly fee, right?" "I think, in comparison with the prices we currently have and what we've done, that you should take another look at our offer. Well, in our opinion, that's what we can give."	1, 4, 9, 14, 18
Issue focused	"We would want to get involved in the start and deliver everything you need… We are very open… For us, it's so much fun, and we love what we do, so it would be great if we could enter into some kind of partnership."	1
Aggression	"You have to understand that I would also like to know what to expect in order to be able to offer you a good deal...But those are things we aren't currently able to predict." "We have received two further offers. But as we have worked together before..." "As I mentioned before, we do still have two further negotiations coming up. I will be expecting a revised offer from you, maybe in the next couple of days, even so that we can get started. That's if we can agree to something." Use of interruption	5, 9 ,10, 15

	"We are giving you another change to make amendments." "As I've said before, it's not down to us anymore. It's coming from Verden, where the people are saying things like 'no, thinner production control or production optimization could be quicker,' or whatever." "As said before, and we said, well, we had an internal discussion. Some people said we should just carry on with those, but we would like to start a competition so that every provider has the opportunity to see how they'd be able to further develop their product."	
Progress seeking	"Let's say we have an hour."	2
Option generating	"We are concerned about..."; negotiators remain firm on their position. "Oh, then I've said too much again, so I think we are still bargaining with you." "Should we also think about additional bullet points when it comes to education content as well?" and "We are now brainstorming just about one to three pretty basic sets"..."Today let's just think about feasible scenarios for the upcoming future." "So, let's do it this way: you pay the price, but you can deduct the cost of transporting the product to you, and if you buy a new one, you would have to pay more. So, you get this price from me, excluding or deducting the cost of transporting it to you." "Then we only have to cut down on the costs."	1, 14, 15, 16
Positional information	*Negotiator directs the conversation to the form, avoids talking about the price.* "As I've said before, if you decide to accept our offer, it will take one to two weeks for the boiler to arrive." "Because we have certain production going on, and I don't want it to stop, so actually it is important for us to get it delivered as soon as possible"; "if you can deliver it very, very quickly, let's say next week, I will pay, I am prepared to pay as much as you paid for it when you bought it new"; " yep, but you will have to deliver it really fast... 200.000€." "I can sell it to you for 200.000 euros"..."So we make a deal of 200.000 euros? I will pay you back all the costs of transporting it, or I will be responsible for transporting the goods to you." ... "Yes, you have to consider that the price is 200.000 and I also pay for maintenance and transport." "I have more business in the future." "I said something earlier, and it seems to have gone unnoticed. I'd like to add something regarding the...because the deeper you draw the bottom part of the product, the	1, 2, 3, 10, 11, 13, 14, 15, 16, 18

	thinner the foil becomes.... you see, our product has a singular foil strength all the way through, which you just don't have with a deep-drawn product." "We haven't had any problems to be honest." "The chimney sweep is not included in the offer, but I'm sure we can talk about that later." *Negotiator placed arguments in support of own position various times.* "Add universities to the topic." "Are you saying that no more is possible? There's not more to expect?" (asking for lower price) "So, if we were to say, we'll write a contract within the next year, the coming 6 months or something like that, where would that get us? Are we heading towards 15 cents per kilo next year?" "I said something earlier, and it seems to have gone unnoticed. I'd like to add something regarding the...because the deeper you draw the bottom part of the product, the thinner the foil becomes.... you see, our product has a singular foil strength all the way through, which you just don't have with a deep-drawn product." "Well, then let's just start with the shape. Right?" "You will have a guarantee that next projects will also be going to you and not any other company."	
Restructuring	"That is why we would perhaps like to gain a bit more insight into your perspective"…"What is dependent on what?" ..." I think that would allow us to get closer to the matter of cost, and I assume that for you it might be the main consideration prior to making a decision." "...can you tell me a little bit more about that?" "...so why don´t you lower the price?"	1, 11, 13
Priority information	" I need to know approximately how much money we would have to spend on 2-3 sets, and how much time it would take to create it." "How do you imagine our cooperation? What would you feel good about and what would be the thing that you would not necessarily feel comfortable with?" "Can we be sure that you have chosen one of the cheaper boilers?"; "but for us it would be important to know how much the whole thing is going to cost us, or that double the amount will be added under additional cost."; "you provided us with an offer for 40.800€. Is that the full price including the boiler?" "Well, I think it's a good price for a boiler and suits your needs."	3, 9, 10, 11, 15

	"For me the question arises on what's still possible. Where will we go price-wise?" "Have you tried to get rid of it before?"	
Concessions	"Ok, to try to move a bit forward here, I could take out some things from my excel sheet in order to show you how we see the first phase of the project from the financial point of view"; negotiator agreeing to the counterpart's counter-offer from just ownership to payment (750 000 PLN) and ownership. "You can pay me this price, and I will take care of the transport [fitting] "So, I would give you… let's go the middle way: 25 percent was your suggestion; I would say 15 percent" "Personally, I think anything below 40 000€ will be critical." "I think we would be able to strike a deal at 39.000€." Negotiator offers significantly higher price than before (6 compared to 15, without counterpart asking for it).	3, 9, 10, 14, 15
Rejection	"But I think the budget is from the Council of Development for this, so we have to ask them." "Hmm you know, I need to talk about it with the guys; it's not up to me." "It´s definitely understandable that we can't ask you to provide so much money upfront." "Everything below that [40.000€] I will have to discuss with my colleague who...is my boss. Personally, I think anything below 40.000€ will be critical."; "That's just the way it is. We are an ordinary business, so we don't have a lot of storage facilities...we will only buy it once you've confirmed our offer." "Thank you very much, it is a nice solution. Umm...due to some reasons, I don't have that much money to pay for this." "Yes, we really should do that. Until then, judging by what I've heard, we're done on the subject corners." "Ah well, yes. We are still bargaining away. As I´ve said before, it's not down to us anymore."	4, 5, 9, 10, 13, 15, 16

Integrative and Distributive Negotiation Tactics and Risk Propensity in B2B Settings

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ABSTRACT

The relationship between negotiation tactics and firm performance is widely debated. Negotiation tactics are particularly important in B2B settings because of the long-term relationship goals at play. This research examines the links between integrative and distributive tactics, respectively, and market performance in B2B firms. The findings indicate that the use of integrative negotiation tactics is positively related with market performance and when combined with distributive negotiation tactics, the relationship is stronger. Taking into account culturally determined risk propensity, the findings also suggest that distributive tactics are more commonly used in a risk averse culture than in a risk taking culture. In the risk taking culture, the use of integrative negotiation tactics is expected — and, therefore, does not constitute a competitive advantage — while the use of distributive negotiation tactics is frowned upon, as evidenced by a negative relationship with market performance. In the risk averse culture, the use of both integrative and distributive tactics is positively related to market performance, which indicates that in this case the use of integrative tactics might bring competitive advantage and the use of distributive tactics is acceptable. These findings yield a more nuanced perspective on the relationships between negotiation tactics and firm performance than is offered by existing research.

Keywords: negotiation tactics, market performance, business-to-business, risk propensity, culture.

INTRODUCTION

Negotiations are crucially important in business and particularly in business-to-business (B2B) contexts (Lax & Sebenius, 1985; Beersma & De Dreu, 2002). In these contexts, negotiations frequently occur face-to-face and/or among people who are familiar with one another, and as such tend to be less anonymous than negotiations in B2C settings (Weigand *et al.,* 2003). Furthermore, long-term relationships are more prevalent and more important in B2B than B2C contexts, and negotiations are important contributors to forming and sustaining such relationships (Sharland, 2001).

Negotiation tactics are a key element of negotiations, and recent research indicates that there is a scarcity of studies on negotiations tactics in B2B contexts (Agndal, et al., 2017). Following Weingart *et al.,* (1990) and Narsimhan and Ungarla (2016), we define negotiation tactics as *a general set of behaviors, employed overtly and/or covertly, by managers to move the negotiation process towards a preferred outcome*. Negotiation research distinguishes between two categories of negotiation tactics (Thompson, Peterson & Brodt, 1996) — distributive tactics and integrative tactics. Distributive negotiation tactics focus on claiming value, are individualistic and competitive, and tend to result in a 'win-lose' solution. Conversely, integrative negotiation tactics focus on creating value, are collaborative, and aim to achieve a 'win-win' solution for all parties.

Which of these categories of tactics are more effective? This is a topic of ongoing debate in business research and practice. On one hand, it is argued that integrative tactics create more space for each party to achieve better performance (Malhorta & Bazerman, 2007). Furthermore, integrative tactics are supportive of, or even required, to realize the 'win-win' solutions commonly believed to be desirable (Fisher, Ury & Patton, 1991). For these reasons, many researchers believe that integrative tactics are more effective at increasing performance in the long term than distributive tactics. On the other hand, integrative tactics can expose negotiators to risk since collaborative behavior can be exploited by their counterparts (Lewicki & Robinson, 1998; Lewicki *et al.,* 1997). Distributive tactics might not be particularly polite, but they can help negotiators guard against potential exploitation.

Culture can be an important force at play in this discussion. According to Salacuse (1991), culture is understood as, “socially transmitted behavior patterns, norms, beliefs and values of a given community” (p. 45). All negotiations take place in, and are shaped by, cultural environments. Thus, culture can influence both the choice of negotiation tactics and their effects on the negotiation (Lügger et al., 2015; Volkema and Flurey, 2007). Risk propensity — ranging from risk avoidance to risk seeking — has also been found to influence the use and effectiveness of negotiation tactics in B2B settings (Westbrook, 1996). Bringing the two forces of culture and risk propensity together and taking into account that cultures exhibit varying levels of risk propensity (Hofstede, 2001), this research examines relationships between negotiation tactics and performance in two cultures characterized by different levels of risk propensity.

Using survey data collected from 175 firms, including a roughly equal division between a risk taking culture and a risk averse culture, this research contributes to the ongoing debate about integrative and distributive negotiation tactics in B2B settings. Relationships between integrative and distributive tactics, respectively, and market performance are examined, as well as the moderating effect of culturally determined risk propensity.

This research makes a number of important contributions. First, we confirm the findings of existing research that integrative negotiation tactics are related with performance. Secondly, we add a contingency by examining the interaction between integrative and distributive negotiation tactics and find that the relationship between the use of integrative tactics and market performance is stronger when distributive negotiation tactics are also used. Thirdly, we bring to bear a second contingency by studying negotiation tactics in two cultures — a risk taking culture and a risk averse culture. Together, these contributions offer a more nuanced view of the relationships between negotiation tactics and performance in B2B settings than offered by existing research.

In the next section, we provide a review of research on negotiation tactics and develop hypotheses about relationships between the use of negotiation tactics and market performance based on B2B marketing theory and Hofstede’s (2001) cultural dimensions.

We then describe the methodology used to test the hypotheses, followed by a presentation of the findings. We conclude with theoretical and managerial implications, limitations and directions for future research.

THEORETICAL BACKGROUND AND HYPOTHESES

Negotiations and tactics

Negotiations are defined as, “back and forth communication designed to reach an agreement” (Fisher et al., 1991). This definition is particularly insightful as it highlights two aspects of every negotiation: the substance and the negotiators. Negotiations are joint decision-making processes that carry with them the mandate of reaching an agreement. In the B2B context, the substance typically relates to a business agreement. Agreements are reached (or not reached) as a result of a communication process. In these communications, negotiators tend to be concerned with emotions, developing trust (or distrust) and building relationships. We posit that this relational structure, which has been conceptualized by Curhan et al. (2006), is also likely to drive the choice of tactics in B2B negotiations, which are a sub-group of negotiations that relate to business organizations and typically concern buyer-seller relationships.

Negotiation tactics are behaviors or activities with limited scopes (Lewicki & Robinson, 1998) that — unlike negotiation strategies or negotiation styles — are not holistic in nature (Pruitt, 1991). This means that several different tactics can be used within one negotiation. Essentially, tactics are used in an attempt to cause effects that influence negotiation processes and outcomes (Thompson, 1990). The choice of negotiation tactics influences the perceived power of negotiation counterparts, which in turn influences their own choice of negotiation tactics (Kim, Pinkley & Fragale, 2005). Examples of this are tactics that give the other party an impression of being in a position of power, or tactics that are used to achieve a better understanding of the other party’s underlying interests. Negotiation tactics are used to reach a preferred outcome. They are therefore essential for negotiation processes as well as negotiation outcomes.

A large number of negotiation tactics have been identified in the literature. Several taxonomies organize this variety (e.g., Anton, 1990; Lewicki & Robinson, 1998; Robinson et al., 2000; Shelling, 1960; Rahim, 2001). In this work we focus on one of the most commonly made distinctions, namely between distributive and integrative negotiation tactics.

Distributive tactics are used in order to claim value, they are individualistic, they are intended to gain concessions from an opponent (win-lose) and are likely to result in unbalanced negotiation outcomes (Pruitt, 1981; Lewicki & Robinson, 1998; Giordano, Stoner, Brouer & George, 2007; Francis, 2015). Distributive tactics include bluffing or even lying, displaying anger, exaggerating proposals or counter-offers, and can also include unethical behavior such as making false promises (Anton, 1990; Lewicki & Robinson, 1998). Negotiators who use distributive tactics are often referred to as 'takers,' as they tend to display individualistic behavior, focusing on their own gain, and a lack of concern for the outcomes for others and the need to reciprocate (Mintu-Wimsatt, 2005). If they misrepresent negative emotions, such as anger, in order to gain concessions (an approach categorized as distributive), the likelihood of the tactic backfiring is increased (Van Dijk et al., 2008; Van Kleef et al., 2009), resulting in less trust (Van Kleef and De Dreu, 2010) and a compromised business relationship in the future (Campagna et al., 2016). Distributive tactics tend to be used when making one-time deals (Lewicki & Robinson, 1998) or when there is no thought or intention of a future business relationship. Negotiators in a situation where they believe the opponent will get more out of a deal are more likely to employ distributive behavior (Glass & Wood, 1996). Distributive tactics are common, to some extent, in most negotiations, unless both parties have highly compatible interests (Lax & Sebenius, 1985).

In contrast, integrative tactics are used in order to create value. They strive to fulfill all parties' interests and allow creative ideas and information to flow to maximize a jointly favorable outcome, popularly referred to as 'win-win' (Weingart, Hyder & Prietula, 1996). Integrative tactics can therefore be considered collective in nature (Giordano et al., 2007; Pruitt 1981; Weingart, et al., 1996). Integrative tactics have been found to be more effective when the negotiating parties have differing preferences, because they are more likely to express their preferences and priorities openly, resulting in a better outcome for the parties involved (Weingart et al., 1990; Neale & Bazerman, 1991). With integrative tactics, the negotiation process becomes more transparent, opponents commonly share information, trust one another and try to reach mutually beneficial agreements by behaving in a way that ensures fairness to all parties involved. Integrative negotiation tactics are considered more positive and more ethical than distributive tactics as they focus on sharing information (Adair et al., 2001), preferences and priorities (Pruitt, 1981; Weingart et al., 1996).

Negotiation tactics and negotiation performance

B2B firms claim and create value by using negotiation tactics in their business transactions (Balakrishnan & Eliashberg, 1995). The relationship between negotiation tactics and performance, both on a conceptual and empirical level, has been well established in the literature for the B2B context (Graham, 1986; Balakrishnan & Eliashberg, 1995). However, the specific contributions of distributive and integrative tactics, and interactions between the two, are not well understood.

As outlined above, negotiation tactics are used to bring about specific outcomes. These outcomes depend on three factors: First, the choice of negotiation tactics. For example, the tactic of bluffing is used to convey an impression of strength to a counterpart, thus manipulating their perception of power. Secondly, how the tactic is executed. If a bluff is not done well, it not only fails to serve its purpose, but can also undermine the negotiator's credibility. Thirdly, the effectiveness of a negotiation tactic is dependent on the reaction of the counterpart.

Existing research is fairly consistent about the effects of distributive and integrative tactics (Thompson, 2012). It suggests that if both negotiation parties use integrative tactics to realize win-win potentials, the result will be better outcomes for both parties. If both parties use distributive tactics, win-win potentials will not be realized (or only to a lesser extent), which is likely to result in poorer outcomes for both parties. However, the use of integrative tactics can render negotiators vulnerable and is therefore considered risky. If a negotiator reacts to integrative tactics with distributive tactics, they can realize additional gains at the cost of the party using integrative tactics. In this scenario, one party takes advantage of the other.

B2B relationships tend to be built on a complex string of negotiations in which long-term relationships are typically established and participants develop certain expectations and reputations. B2B marketing theory provides us with a useful theoretical lens through which to develop a deeper understanding, particularly with regard to relationship value. B2B marketing theory draws from exchange theory (Rubin & Brown, 1975; Bagozzi, 1978; Homans, 1974), which focuses on economics-based decision-making and is rooted in transaction-based marketing and behavioral theory (Alderson & Cox, 1948; Katona, 1953; Lavidge & Steiner, 1961). Exchange theory characterizes negotiations as a process of information sharing and making demands during which communication between parties leads to a particular negotiation outcome (Hadjikhani & LaPlaca, 2013), while behavioral theory characterizes B2B relationships in terms of future business potential (Turnbull et al., 1996). Thus, B2B marketing theory suggests that managerial decisions during B2B negotiations are made with both economic goals and future business potential in mind. Against this backdrop, industrial network approaches regard interaction processes as essential for understanding business exchanges (Håkansson and Snehota, 1995).

B2B marketing theory also considers how an individual's personal attributes and situational behavior influences the negotiation process in general as well as its overall performance (Campbell et al., 1988). This brings us to the second dimension of the definition of negotiation by Fisher et al. (1991): the negotiator. In this regard, trust is an important factor of B2B negotiations. Trust can be defined as, "the willingness of one party (trustor) to be vulnerable to the actions of another party (trustee)" (Mayer et al., 1995). Because integrative tactics make negotiators vulnerable, it is reasonable to use them only if one can trust that the other side will collaborate. In other words, B2B negotiators will be reluctant to use integrative negotiation tactics when the trust level is low in order to protect themselves. Trust is linked with information sharing and the use of integrative tactics (Butler, 1999). Indeed, various studies indicate that higher trust is associated with the use of integrative negotiation tactics and lower trust is associated with the use of distributive negotiation tactics (e.g. Schurr & Ozanne, 1985).

In light of this, research has formulated clear expectations regarding the use of distributive and integrative tactics in B2B negotiations. The literature indicates that value creation is the most important element that drives relationships between businesses (Lindgreen et al., 2006) and Ulaga & Eggert (2006) argue that relationship value is a key factor in B2B relationships. When using integrative tactics, businesses negotiate various issues and offer concessions and trade-offs (Ulaga, 2003). This process evolves over time (Ulaga & Eggert, 2006) and relationship value is thus created. Value creation is linked to trust and has a positive effect on commitment (Gil-Saura et al, 2009). In B2B relationships, collaboration forms the basis for strong business relationships (Dwyer et al., 1987), as it contributes to both parties reaching better performance (Graham, 1983). Trust is usually expected between negotiating parties in B2B settings (Dwyer et al., 1987; Zaheer et al., 1998) as each party believes the other party trusts them (Schurr & Ozanne, 1985). According to Dabholkar et al. (1994), negotiators tend to mirror the negotiation behavior of their counterparts; this is known as the concept of reciprocity (Molm et al., 2006).

Indeed, reciprocal behavior and information exchange is viewed as pivotal for achieving successful outcomes in B2B markets (Putnam & Jones, 1982; Molm et al., 2007). When firms employ integrative negotiation tactics, they are more likely to be met with similar integrative behavior by their counterparts. Negotiators who repeatedly negotiate with the same counterparts, as is common in B2B settings, expect their counterparts' behavior to be amicable and integrative (Patton & Balakrishnan, 2010) and are willing to make larger concessions, believing that they will recover the concessions next time (Bagchi et al., 2016). Trust in B2B contexts can therefore be viewed as an emotional investment between negotiating parties, where the principle of reciprocity is practiced (Bazerman et al., 1985).

In B2B negotiations, problem-solving tactics, which belong to the category of integrative tactics, are essential elements in the negotiation process (Hutt et al., 1985; Mintu-Wimsatt & Calantone, 1996) as they encourage collaborative behavior. According to Ulaga and Eggert (2006), fewer and closer relationships are preferred in B2B contexts, and consequently the use of integrative negotiation can be expected to be related with improved performance. Both parties are concerned for one another, as their future business depends on today's successes. This enables negotiators to develop relationships and build trust. Firms that use integrative negotiation tactics expect information exchange, openness, trust, compromises and an understanding of needs and preferences, all of which are essential for parties to obtain mutually beneficial agreements (Graham et al. 1994). The use of integrative tactics is an indication of the establishment of trust relationships and the expected realization of win-win potentials that benefit both parties. This leads us to our first hypothesis:

> ***H1:*** *The use of integrative negotiation tactics is positively related to performance in B2B firms.*

In contrast, the use of distributive tactics can be interpreted as an indication of a failure to establish trust relationships, leaving win-win potentials unrealized. Strategic gains from exploiting integrative tactics by the counterpart only occur infrequently and, if successful, only serve in the short term. Because of this and the importance of win-win potentials for B2B relationships, our second hypothesis is:

> ***H2:*** *The use of distributive tactics in B2B negotiations is negatively related to performance.*

The above hypotheses are based on the assumption that gains achieved by win-win potentials exceed those achieved by exploiting the negotiating parties' collaborative behavior using distributive tactics. Meanwhile, negotiators are likely to use both integrative and distributive tactics in the course of the same negotiation, depending on where they are in the process (Preuss and Van der Wijst, 2017; Zachariassen, 2008). Furthermore, according to Pruitt & Rubin's (1986) dual concern model, both types of tactics may be required to achieve win-win agreements. Thus, we can formulate expectations regarding the interaction between distributive and integrative negotiation tactics in contributing to performance in B2B settings. As argued above, the use of distributive negotiation tactics is not conducive to the development of trust relationships. This might lead a counterpart to end a relationship or use distributive tactics reciprocally. In such a setting, the use of integrative tactics is not effective in terms of value creation and adds to the danger of one party exploiting the other. Thus, our third hypothesis is:

H3: *The use of distributive tactics negatively moderates the relationship between the use of integrative tactics in B2B negotiations and performance.*

Cross-cultural differences in negotiation behavior

The behavior of negotiators, and so their choice of tactics, is influenced by the person or firm they are negotiating with and/or the location where the negotiations take place (Acuff, 1997; Gelfand et al., 2011). This points to the potential importance of negotiators' cultural backgrounds and the cultures in which negotiations take place.

Salacuse (1991) defines culture as "the socially transmitted behavior patterns, norms, beliefs and values of a given community" (p.45). Negotiation practices have been found to differ among cultures and negotiators tend to be shaped by their home cultures and negotiate according to those cultures' norms (Weiss, 1994; Donaldsson, 1996). Some attempts at business creation in cross-cultural settings have failed, in part due to a lack of understanding of different culture-specific behaviors and norms (Currie, 1991). Culture is a relevant element for explaining individual behaviors, even though personal differences exist, and individuals are capable of diverging from cultural norms (Lügger et al., 2015). As discussed earlier, the environment in which negotiations take place can influence negotiation behavior, so culture, with its implication of a specific place and type of environment, is likely to exert an influence on both the choice of tactics and the effectiveness of tactics.

In his research, Jeswald Salacuse (1991) developed a framework in order to understand how culture can influence negotiation processes and outcomes. This framework distinguishes between ten negotiation traits, or "…areas where cultural differences may arise during the negotiation process" (1991, p.222). One of these traits is the negotiators' "…attitudes to the negotiation process" (1991, p.223), distinguishing between a win-win and a win-lose attitude. This trait can be related directly to the choice of negotiation tactics. Intuitively, the more a certain culture favors a win-lose attitude, the more distributive negotiation tactics are likely to be used. By extension, it will therefore be more difficult to establish long-term trust relationships in win-lose cultures. This is in keeping with the observation of Gunia et al. (2011) that culturally determined values, beliefs and norms influence the level of trust.

Salacuse's framework resonates with the well-researched cultural dimensions proposed by Hofstede (2001). In Hofstede's framework, four cultural dimensions are put forward: individualism-collectivism; masculinity-femininity; power distance; and uncertainty avoidance.

We focus on the fourth dimension of Hofstede's framework, namely uncertainty avoidance, which is closely related to risk propensity (Rubin et al., 1975), which has been found to influence the use and effectiveness of negotiation tactics in B2B settings (Westbrook, 1996). Thus, we bring together the two forces of culture and risk propensity by taking into account that cultures exhibit varying levels of propensity for risk.

Risk propensity focuses on tolerance for, or avoidance of, unknown situations and the extent to which people use their belief system to manage and control their decisions under uncertain circumstances. In risk taking (low uncertainty avoidance) cultures, businesses tend to place a high level of trust in their employees and favor leadership strategies geared toward leading by example and coaching, which allows for individual leeway, rather than a hierarchical structure and commands (Hofstede, 2001). Firms operating in these cultures are likely to accept changes to a greater degree than firms operating in risk averse (high uncertainty avoidance) cultures. Risk taking cultures are also characterized by increased information exchange (Volkema, 2004), indicating that they are more likely to use integrative negotiation tactics. Risk averse cultures have histories of behavioral customs and regulations about the way individuals behave intended to limit risk and uncertainty (Hofstede, 1991). Risk averseness indicates a culture that values stability and knowing what is ahead rather than uncertainty (Volkema, 2004). In contrast, risk taking cultures have been found to be more open and more tolerant towards creativity (Natlandsmyr & Rognes, 1995), which suggests the likelihood of integrative negotiation tactics.

Conditions occurring during negotiations can create uncertainty and cultures differ in how they deal with such uncertainty (Volkema & Fleury, 2002). Risk propensity has been found to be related with negotiation behavior (Westbrook, 1996) and trust in B2B settings (Sheppard & Sherman, 1998); those who are more trusting tend to be more risk taking (Smith & Barclay, 1997; Elahee et al., 2002). Natlandsmyr and Rognes (1995) found that in highly risk averse cultures, negotiators are less likely to use integrative negotiation tactics than in risk taking cultures (Westbrook, 1996). Risk averse negotiators have been found to be more cooperative in behavior (Bottom & Studt, 1993), while risk taking negotiators have been found to make fewer concessions (Harnett et al., 1968) and use more aggressive negotiation tactics (Westbrook, 1996). All these research findings suggest that there is a close link between cultural risk attitudes and the use of negotiation tactics, which brings us to our final hypotheses:

H4: *The use of integrative negotiation tactics is higher in risk taking cultures than in risk averse cultures.*

H5: *The use of distributive negotiation tactics is higher in risk averse cultures than in risk taking cultures.*

METHODOLOGY

The research model was tested using data collected from managers of firms from a broad range of sectors over a period of one year, from 2015 to 2016. Data were collected in two countries, Denmark and Poland, which represent extremes in risk propensity, with Poland being risk averse and Denmark being risk taking (Mansson & Sigurdardottir, 2017). On Hofstede's uncertainty avoidance dimension Poland scores 93 points, out of 100 and Denmark scores 23 out of 100.

The samples were drawn from public records and managers were contacted by telephone and asked to fill in an online survey. If they agreed, a link to the survey was sent. Up to two reminder phone calls were made within a few weeks to those respondents who had not filled in the survey. The response rate was 12%, which is considered a good response rate for an internet survey (Krosnick, 1999; Manfreda et al., 2008), particularly when topic sensitive (Cook et al., 2000). Managers were asked whether their firms sold products or services to other firms, to consumers or to both. Only responses for those firms selling only to other firms were included in analysis to ensure a B2B sample. After excluding responses with missing values, a total of 175 usable responses were retained, consisting of 85 Danish firms and 90 Polish firms. The firms employed an average of 32 people and were on average 21 years old. The firms represent a broad range of industry sectors as summarized in Table 1.

Table 1: Distribution of data sample among industry sector groups.

Industry sector groups	Proportion of sample
Professional services	16%
Engineering	15%
Advertising and public relations	13%
IT services	13%
Other services	12%
IT consulting	9%
Architecture and design	6%
Research and development	6%
Management consulting	4%
Arts, entertainment, recreation	3%
Technical testing and control	2%
Manufacturing	1%

The survey was initially developed in English. The survey was then translated into Danish and Polish by experienced translators. Next, the Danish and Polish versions of the survey were translated back into English by a second set of experienced translators. The original English version and the back-translated versions were compared, and all discrepancies were discussed by the research team and the translators to achieve the closest possible translations.

Firms that sustain long-term B2B relationships have been found to establish mutual value, which results in improved performance (Caceres & Paparoidamis, 2007). Repeated business transactions encourage loyalty (Oh, 2000) and firms achieve better market performance if their customers are loyal (Awara & Anyadighibe, 2014). Customer behavior has been linked to customer satisfaction (Gallarza & Saura, 2006), and — along with trust and commitment — customer satisfaction is one of the key factors for building and maintaining business relationships (Gil-Saura et al, 2009), which is reflected in positive relationships with market performance (Van der Wiele, Boselie & Hesselink, 2001). Because of the high importance of long-term relationships with customers in B2B settings, we use market performance as our dependent variable. Drawing on Homburg & Pflesser (2000) and Homburg et al., (2010), we define market performance as *satisfying customers by creating value for them and fulfilling their needs and retaining loyal customers*. Therefore, a variable measuring market performance, made up of four items derived from Griffin and Page (1996; 1993), was used as the dependent variable to test the hypotheses (see Table 2).

A systematic process of scale development was followed to construct variables to measure integrative and distributive negotiation tactics. An initial set of 30 items was adapted from Robinson *et al.* (2000), Olekalns *et al*., (1996), Walton and McKersie (1993), and Rahim (2001). A pilot data set of 60 responses was used for scale development. Based on exploratory factor analysis with Varimax rotation, the initial set of 30 items was reduced to 22 items, all of which had loadings of at least 0.4 and no cross-loadings over 0.4. This was followed by an iterative process of measurement model testing, in which composite reliabilities and average variances extracted were examined and poorly fitting items were dropped. The final set consisted of five items to measure integrative negotiation tactics and five items to measure distributive negotiation tactics; see Table 2. All questions were posed as statements and respondents asked to indicate their agreement on a five-point Likert scale.

Table 2: Variables and survey items. AVE=average variance extracted, CR=composite reliability. Measurement model fit statistics: X^2=165 (74 d.f.), RMSEA=0.059, CFI=0.97, SRMR=0.05.

Variables	Items	AVE	CR
Integrative negotiation tactics (Olekalns *et al.*, 1996; Rahim, 2001; Walton and McKersie, 1993)	*If you imagine that you were negotiating with another company (represented by a person or persons referred to below as the "opponent") about something that matters a lot for your company, how likely or unlikely is it that you would use the following tactics to negotiate a solution?* Try to integrate my ideas with those of my opponents to come up with a decision jointly Ask which issues are more or less important to other party Try to work with the opponent for a proper understanding of a problem Give some to get some Exchange information	0.55	0.86
Distributive negotiation tactics (Robinson *et al.*, 2000)	*If you imagine that you were negotiating with another company (represented by a person or persons referred to below as the "opponent") about something that matters a lot for your company, how likely or unlikely is it that you would use the following tactics to negotiate a solution?* Intentionally provide incorrect information to your opponent in order to support your position Acquire negative personal information about your opponent and use that information to force them to give you what you want Guarantee that your constituency will uphold the settlement reached, although you know that they will likely break the agreement later Threaten to leave the negotiations entirely unless your opponent offers some concessions, when in fact you are not at liberty to leave entirely Present your opponent with factual, but misleading information, which may lead your opponent to erroneous conclusions about your position	0.62	0.89
Market performance (Griffin & Page, 1996; Griffin & Page, 1993)	*Thinking about the last calendar year, please indicate the degree to which you agree or disagree with the following statements:* Our customers were more satisfied than our competitors' customers We created more value for customers than our competitors We fulfilled customers' needs better than our competitors did We were better able to retain existing customers than our competitors	0.76	0.92

The data were collected from single respondents, which raises the potential issue of common method bias. Procedural remedies recommended by Podsakoff *et al*. (2003) were employed in the development of the survey. To reduce the likelihood of more socially acceptable responses, the survey clearly stated that respondents would remain anonymous. To test for common method bias, items measuring a variable unrelated to this study's research topic were included in the survey (Bagozzi, 2011; Lindell & Whitney, 2001). The variable — concerning firms' activities to protect the environment — was measured with four items. When included in factor analysis, these items loaded on one variable and did not have any cross-loadings with other variables. Finally, a Harman's test was conducted, which resulted in the expected multiple factors with no single factor accounting for the majority of the covariance. Together, these tests provide reasonable confidence that the data did not suffer from common method bias.

Two control variables were included in the model, firm size and firm age — both of which are likely to be related to performance outcomes and negotiation tactics (Chipty & Snyder, 1999; Rovenpor, 2004). To obtain distributions closer to normal, the logarithms of the number of employees and the year since founding, respectively, were taken for those two variables.

FINDINGS

Descriptive statistics for the model variables are shown in Table 3, both for the combined data set, and the risk taking culture (Danish) and risk averse culture (Polish) sub-samples separately. One-way ANOVA tests were conducted to examine differences between the two sub-samples. We note that there is a statistically significant difference between the two sub-samples in average firm size, with on average larger firms in the Polish sub-sample. We also see a statistically significant difference in the average use of distributive negotiation tactics, which is higher in the risk averse culture (Poland) than in the risk taking culture (Denmark), which supports hypothesis H5. Meanwhile, we do not see a statistically significant difference between the two cultures for the use of integrative negotiation tactics, so hypothesis H4 is not supported.

Table 3: Summary statistics and comparisons between the risk taking culture (Denmark) and risk averse culture (Poland) sub-samples.

	Both cultures		Risk taking culture		Risk averse culture		One-way ANOVA	
	Mean	Std.dev.	Mean	Std.dev.	Mean	Std.dev.	F	p
Firm size	32.08	62.96	24.43	43.48	43.84	83.49	5.69	0.02
Firm age	21.03	22.24	21.62	23.89	20.11	19.52	0.27	0.60
Use of integrative negotiation tactics	3.82	0.71	3.87	0.58	3.77	0.80	0.94	0.33
Use of distributive negotiation tactics	1.90	0.81	1.63	0.58	2.15	0.92	20.17	0.00
Market performance	3.46	0.70	3.54	0.71	3.37	0.69	2.80	0.10

Table 4 shows pairwise correlations between the variables for the combined sample and each sub-sample. We note a relatively large negative correlation between the use of integrative and distributive tactics, which supports making a distinction between the two sets of tactics. We also note a relatively large correlation between firm size and firm age, which is intuitive; older firms tend to be larger. The correlations among variables raise the possibility of multicollinearity. Variance inflation factors (VIFs) were computed and the highest VIF was found to be 1.74, which is well below the conservative threshold of 5 (Marquaridt, 1970), indicating that multicollinearity was not likely a problem.

Table 4: Pairwise correlations between variables. Statistically significant correlations are shown in ***bold*** *font.*

		Both cultures				Risk taking culture				Risk averse culture			
		1	2	3	4	1	2	3	4	1	2	3	4
1	Market performance												
2	Use of integrative negotiation tactics	**0.22**				0.12				**0.28**			
3	Use of distributive negotiation tactics	-0.10	**-0.22**			-0.16	**-0.44**			-0.01	-0.11		
4	Firm size	-0.01	0.02	-0.09		-0.01	-0.13	-0.03		0.00	0.09	-0.17	
5	Firm age	0.05	0.10	-0.11	**0.21**	0.19	0.02	-0.14	**0.22**	-0.11	0.13	-0.10	**0.25**

The research model was tested using hierarchical moderated regression analysis. First, only the control variables were included in the regression models, then the independent variables for the use of integrative and distributive tactics were added and then finally the interaction between the two types of negotiation tactics. As recommended by Aiken *et al*. (1991), the variables were standardized prior to analysis. Hierarchical regression analyses were conducted on the combined sample, and the Danish sub-sample and the Polish sub-sample, as shown in Table 5.

Table 5: Results of hierarchical regression analysis with market performance as the dependent variable.

	Both cultures				Risk taking culture				Risk averse culture			
	Coef.	Std.Err.	p		Coef.	Std.Err.	p		Coef.	Std.Err.	p	
Step 1: Control variables												
Firm size	0.10	0.08	0.23		0.02	0.13	0.90		0.18	0.11	0.11	
Firm age	0.06	0.13	0.66		0.18	0.20	0.36		-0.18	0.18	0.32	
R^2	2%				1%				3%			
Step 2: Independent variables added												
Firm size	0.06	0.08	0.43		-0.04	0.12	0.74		0.09	0.10	0.37	
Firm age	0.03	0.13	0.85		0.04	0.19	0.84		-0.07	0.16	0.68	
Use of integrative negotiation tactics	0.17	0.05	0.00	***	-0.06	0.08	0.47		0.29	0.06	0.00	***
Use of distributive negotiation tactics	-0.03	0.05	0.55		-0.34	0.10	0.00	***	0.09	0.06	0.10	*
R^2	11%				17%				29%			
Change in R^2	0.10	***			0.16	***			0.26	***		
Step 3: Interaction added												
Firm size	0.06	0.07	0.40		0.01	0.12	0.93		0.08	0.09	0.39	
Firm age	0.01	0.12	0.96		-0.08	0.20	0.68		0.01	0.15	0.94	
Use of integrative negotiation tactics	0.13	0.05	0.01	***	0.00	0.08	0.96		0.19	0.06	0.00	***
Use of distributive negotiation tactics	-0.03	0.05	0.52		-0.28	0.11	0.01	**	0.07	0.05	0.18	
Interaction: Integrative X Distributive	0.21	0.05	0.00	***	0.20	0.11	0.07	*	0.20	0.05	0.00	***
R^2	22%				21%				43%			
Change in R^2	0.11	***			0.04	*			0.14	***		

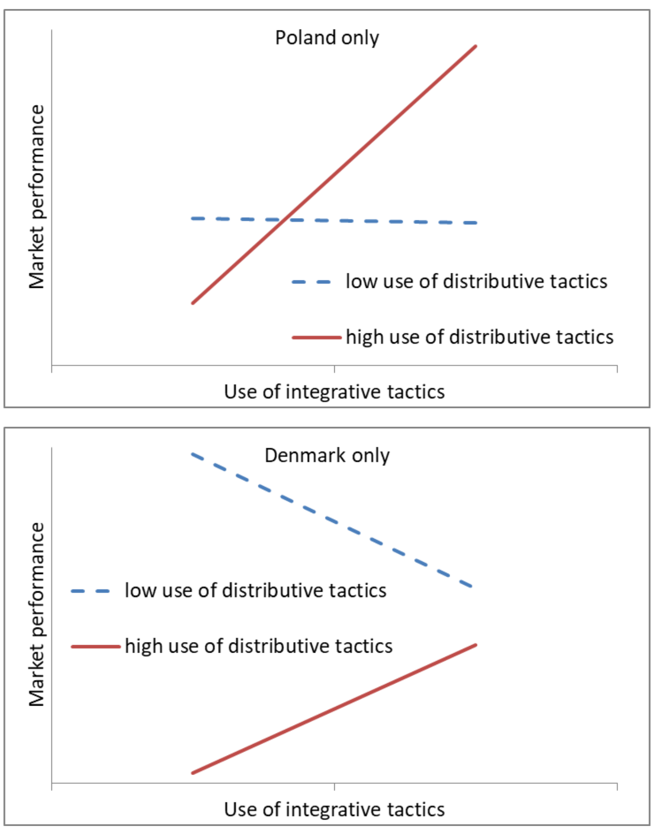
*p<0.1 **p<0.05 ***p<0.01

In Step 1 of the hierarchical regression, we see that neither firm size nor firm age are related with market performance at statistically significant levels. In Step 2, the use of integrative negotiation tactics is positively related with market performance in the combined sample and in the Polish sub-sample (risk averse culture); in the Danish sub-sample (risk taking culture), the relationship is not statistically significant. This provides partial support for hypothesis H1. The results for Denmark, where there is no statistically significant relationship between the use of integrative tactics and market performance, are somewhat surprising as the literature suggests that integrative negotiation tactics are more frequently used in risk taking cultures such as Denmark but not in risk averse cultures like

Poland. However, the prevalence of use of integrative tactics in risk taking cultures should not necessarily predict that these tactics are particularly effective in these cultures.

The relationship between the use of distributive negotiation tactics and market performance is negative and statistically significant in the Danish (risk taking culture) sample, which is consistent with H2, but positive and statistically significant in the Polish (risk averse culture) sample, which contradicts H2. In the combined sample, the relationship is not statistically significant, which is not surprising since the effects in the sub-samples cancel each other out.

Turning now to Step 3 of the hierarchical regression, in which the interaction between the use of integrative and distributive negotiation tactics is added to the model, we see a consistent pattern in the combined sample and the two sub-samples. The interaction is positive and statistically significant in all three samples, thus contradicting hypothesis H3. The interaction diagrams are shown in Figure 1.



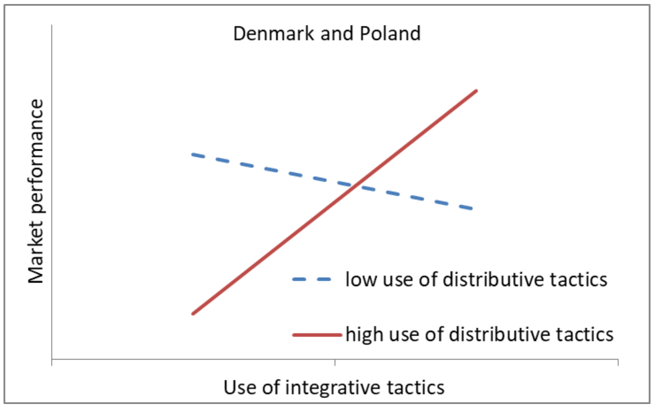


Figure 1: Interaction diagrams showing the relationships between the use of integrative negotiation tactics and market performance at levels of use of distributive tactics one standard deviation below and one standard deviation above the mean (Aiken et al., 1991).

Simple slopes analysis (Aiken *et al.,* 1991) was conducted to further probe the moderated relationships. Starting with the combined sample, simple slopes analysis revealed that for use of distributive tactics one standard deviation above the mean, the slope was positive and statistically significant (β=0.4, p=0.00). For use of distributive tactics one standard deviation below the mean, the slope was not statistically significant (β=-0.09, p=0.25). At the mean value of use of distributive tactics, the slope was positive and statistically significant (β=0.13, p=0.01). We can therefore surmise that for the combined sample, the use of a combination of integrative and distributive tactics is related with higher market performance and the relationship is stronger the higher the level of use of distributive tactics.

In the risk taking culture, sub-sample (Denmark), the simple slope for the mean of distributive tactics and above is not statistically significant (β=-0.00, p=0.96 and β=0.19, p=0.22, respectively), but at one standard deviation below the mean it is negative and statistically significant (β=-0.20, p=0.07).

In the risk averse culture, sub-sample (Poland), the simple slope at one standard deviation below the mean of the use of distributive tactics is not statistically significant, but at the mean and one standard deviation above the mean, the slope is positive and statistically significant (β=0.19, p=0.00 and β=0.38, p=0.00, respectively).

As a second test of the hypotheses, we conducted structural equation modelling (SEM) with a grouping variable for country and another grouping variable for low or high integrative tactics. The results were consistent with the hierarchical regression analyses reported above, which further supports the findings.

DISCUSSION

This research offers a number of important contributions of value for both theory and practice. First, we confirm the findings of existing research that integrative negotiation tactics are indeed related with performance, more specifically market performance. Secondly, we examine the interaction between integrative and distributive negotiation tactics, finding that the relationship between integrative tactics and market performance is stronger when combined with distributive integrative tactics than when used in isolation, and *vice versa*. Thirdly, by studying negotiation tactics in two cultures — a risk taking culture and a risk averse culture — we find that relationships between integrative and distributive negotiation tactics and market performance vary depending on culturally determined risk propensity. Together, these contributions offer a more nuanced view of the relationships between negotiation tactics and performance in B2B settings than offered by existing research.

The research findings indicate that the use of both integrative and distributive negotiation tactics is related with market performance, but some of the relationships are contrary to the expectations raised by existing literature. Consistently with existing literature (Butler, 1999; Smirnova *et al.,* 2011), we find that the use of integrative negotiation tactics is positively related with market performance while the use of distributive tactics is not. However, when these relationships are examined separately for the risk taking (Denmark) and risk averse (Poland) cultures, the story becomes more complicated.

We confirm existing research (Adler *et al.,* 1987; Campbell *et al.,* 1988) suggesting that the use of distributive tactics is more prevalent in risk averse cultures than risk taking cultures, but we do not find evidence of the opposite; that the use of integrative tactics is more prevalent in risk taking cultures. When examining the relationships between integrative and distributive negotiation tactics, respectively, and market performance, we find that there is no statistically significant relationship between integrative negotiation tactics and market performance in the risk taking (Denmark) culture, while there is a statistically significant relationship in the risk averse (Poland) culture. This might be explained by the notion that in the risk taking culture, characterized by low uncertainty avoidance, the use of integrative negotiation tactics is expected and, therefore, does not constitute a competitive advantage. Integrative negotiation tactics might be viewed as a baseline requirement in risk taking cultures, rendering their use necessary but not sufficient to influence performance. Conversely, in the culture characterized by high uncertainty avoidance, the use of integrative tactics is less expected and using such tactics might afford competitive advantage. This means it might be possible to realize untapped 'win-win' potential with integrative tactics in risk averse cultures. This finding highlights the possible gains that might be attained by going against the mainstream and doing what others are not doing in risk averse cultures.

Turning to distributive negotiation tactics, we find a statistically significant negative relationship between distributive tactics and market performance in the risk taking culture (Denmark) and a positive relationship in the risk averse culture (Poland). The negative relationship in the risk taking culture is somewhat intuitive. In a risk taking culture where collaborativeness and joint decision making are valued, the use of distributive negotiation tactics is likely to harm relationships and negotiators using such tactics might become unpopular and even ostracized.

Examination of the interaction between integrative and distributive negotiation tactics, indicates that the use of these two types of tactics is better in combination. This finding holds for the combined sample and each sub-sample. Why are integrative negotiation tactics more effective when used in conjunction with distributive tactics, such as the provision of incorrect information, the acquisition of negative personal information and so on? This might be because the use of some distributive tactics (such as, bluffing, posing threats or exaggerating) provides structure to the negotiation process, while also providing a measure of protection against exploitation. Another possible explanation might be that, as described in the 'good cop-bad cop' scenario, an opponent becomes more responsive to collaboration and other integrative tactics after they have formed negative expectations, stemming from distributive tactics, in the beginning of the negotiation process.

Our fourth hypothesis paves the way from Hofstede to Salacuse, as frequent use of distributive negotiation tactics can be attributed to a win-lose attitude. These findings suggest that uncertainty avoidance and negotiation attitudes are indeed correlated.

Managerial implications

Negotiations are vital to B2B firm performance and thus strategic use of negotiation tactics is essential. The findings of this research have several important managerial implications. First, the awareness of cultural effects on relationships and outcomes. Negotiators should familiarize themselves with their counterpart's cultural conventions. Secondly, there are implications specifically for negotiators from risk taking cultures, such as Denmark. Our findings indicate that when Danish (or other risk taking cultures) and Polish (or other risk averse cultures) businesses negotiate, the Danish negotiators are in great danger of being taken advantage of by not implementing sufficient distributive tactics. Danish negotiators should thus display toughness and demonstrate their claiming skills in order to avoid being victimized, i.e. behaviors that are too integrative could be viewed as a weakness in highly distributive cultures, and could be taken advantage of. By not showing their Polish counterparts signs of weakness, the Danish negotiators furthermore might gain their respect. Thirdly, Danish negotiators should highlight their long term benefits from integrative relationships, hence be explicitly integrative and use this to their advantage, as their Polish counterparts tend to think short term rather than long term. Meanwhile, Polish negotiators should estimate the value of the relationship by focusing on potential future negotiations. They should also keep in mind that when negotiating with counterparts in risk taking cultures, such as Denmark, distributive negotiation tactics tend to be ill-received in such cultures, and they should moderate their use of such tactics.

On a more general note, the findings furthermore indicate that Polish firms are not as good as Danish firms at maintaining B2B relationships. According to Sigurdardottir et al. (2018), B2B firms tend to make long term agreements and often there are issues that parties need to renegotiate about in the middle of a project or agreement. This suggests that when B2B firms negotiate agreements, the negotiation process may be as important as the outcome and firms using distributive negotiation tactics heavily might be face difficulties if renegotiations are needed. Culture influences the use of negotiation tactics, and it is our recommendation for B2B firms to focus on their long-term gains while maintaining a respect for the cultural conventions of their business partners. Meanwhile, negotiators should be aware that the more integrative tactics are employed the greater the likelihood of higher market performance, particularly when coupled with distributive negotiation tactics.

Together, the findings allow us to infer that cultural environments influence the performance effects of distributive and integrative negotiation tactics. Adhering to the *status quo*, i.e. using distributive tactics in risk averse win-lose cultures and integrative negotiation tactics in risk taking win-win cultures, can be expected to lead to average performance, as these behaviors remain in line with cultural expectations. However, keeping B2B marketing theory in mind, choosing integrative tactics against cultural expectations in risk averse win-lose cultures can be seen as an indication that firms have been successful in establishing long-term trust relationships that allow them to realize win-win potentials with their counterparts. These firms are thus successful in escaping the predominant cultural logic and creating their own sub-cultures.

Limitations and directions for future research

This research has a number of limitations. In the first place, there is the risk of self-reporting bias as managers reported on their own firms' behavior during negotiations. Secondly, the data were collected from only two European countries and even though they are culturally different, the findings may not be generalizable to other countries. Thirdly, we considered only one of Hofstede's cultural dimensions, since our focus was on risk propensity.

The limitations and the findings of this study suggest several directions for future research. First, when and how might distributive negotiation tactics not have negative performance effects in risk taking cultures? Second, how can integrative tactics be used in a culture that favors distributive tactics without risking exploitation? Third, how might findings differ depending on Hofstede's other three cultural dimensions? Fourth, future research should examine the link between relationship value and how firms interact. And finally, is there indeed a systematic arbitrage gain to be enjoyed from behaving contrary to a culture's dominant norms? Why and how?

CONCLUSION

In the beginning of the paper, we asked: Which type of tactics, integrative or distributive, are more effective? As it turns out, it seems that a combination of integrative and distributive tactics is most likely to lead to success. However, there is no one-size-fits-all solution for the use of negotiation tactics; the effectiveness of negotiation tactics depends on the business environment, which is shaped by culture, and performance effects can be achieved by using tactics that do not match cultural norms, i.e. using integrative tactics in a culture that favors distributive negotiation tactics. The findings suggest that the question we should be asking is not so much which group of tactics is more effective, but rather, what is the most effective way to *combine* groups of tactics, to bundle them together into an overarching strategy and approach, to optimize performance. We need to broaden our perspective on negotiation tactics and shift the perspective away from studying integrative and distributive tactics as contradictory.

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6 DISCUSSION

In this section, the contributions of each of the three papers are summarized, the findings discussed, and implications for both theory and practice are offered. The section closes with a presentation of directions for future research.

6.1 Paper 1

Paper 1 provides insights into negotiation behavior in creative sectors, which are understudied in negotiation literature. It examines the use of negotiation tactics in B2B negotiations in creative sectors and utilizes social identity theory in particular for its theoretical framework (Hogg et al., 1995). For example, we can expect different negotiation behaviors between creative sectors and financial sectors, due to variances in social identity. Social identity is grounded in values and beliefs, which are likely to influence motivations and decision-making in negotiations, which is also the essence of expectancy theory (House, 1971) as particular behaviors are expected from particular groups (Dutton et al., 1994). Social identity theory can explain why certain negotiation tactics, such as attacking opponents' networks, are less widely used in creative sectors, as negotiators within creative sectors tend to be cooperative and focused on individual talent and their social identification stems from an individual classification of creator.

The findings reveal that an array of negotiation tactics is used in creative sectors, including so-called closure seeking tactics, a previously unclassified category of tactics. A general aversion to negotiation was noted. Negotiators seemed driven primarily by a need to create rather than monetary concerns, which is consistent with choosing tactics that might expedite closure and in contrast to findings in financial sectors (Fleck et al., 2016).

Social network theory (Tsai and Ghoshal, 1998: Wasserman and Faust, 1994) was also applied in this study, as is appropriate in a B2B context. Relationship value has been found to influence negotiators' behavior (Volkema and Rivers, 2012) and thus it was expected to play a role in creative sector negotiators' choice of tactics because of the inherent value of long-term relationships in B2B settings. Indeed, the findings indicate that creative sector negotiators are quite cognizant of this value and the importance of their long-term business relationships, and that this knowledge influences their choice of negotiation tactics, which is in line with Volkema and Rivers (2012).

These findings also extend some implications for practice. Firstly, the fact that negotiators in creative sectors use closure seeking tactics and display an inherent urgency to settle negotiations as quickly as possible might indicate that creative sector firms should enlist professional negotiators, rather than creatives, to conduct negotiations. Secondly, by understanding the unique characteristics of creative sector negotiators, practitioners can better prepare themselves for negotiating with creative sector businesses. Finally, the findings point to the possible need for examining what forms of value should be claimed in creative sectors.

6.2 Paper 2

Paper 2 studies how the behavior of buyers and sellers in B2B negotiations differs in terms of their choices of negotiation strategies. It also studies how variable payments influence buyers' and sellers' use of tactics.

The paper's findings indicate that buyers, even those who adopt compromising strategies, use mainly two types of negotiation tactics, aggressive and positional information tactics, whereas sellers employ a wider variety of tactics. The observations reveal more frequent use of competitive strategies (including distributive negotiation tactics), which is to some extent surprising given the importance of relationship value in B2B settings, the fact that the firms in this study were in long-term relationships with each other, and that distributive negotiation tactics are focused on claiming value rather than creating it. However, when viewed through the lens of B2B marketing theory, and understanding that at its the core, business revolves around economic transactions and this economic consideration affects negotiators' decision-making processes, this result is less unexpected.

The effect of variable pay was examined through the lens of principal-agent theory (Damiani and Ricci, 2014), which states that individual interests might not always be the same as a firm's interests, as risk preferences can vary (Eisenhardt, 1989). Variable pay is associated with more competitive strategies, which usually goes hand-in-hand with greater use of distributive negotiation tactics. This paper's findings show that negotiators who receive variable pay are also less compromising, which is in line with existing literature (Stuhlmacher et al., 1998; Murnighan et al., 1999; Tenbrunsel, 1998). Meanwhile, negotiators who do not receive variable pay, appear to be more satisfied with negotiation outcomes and more inclined to invest in maintaining business relationships than those who do receive it.

For practitioners, this paper highlights salient differences in negotiation behavior between buyers and sellers. Negotiators would do well to be aware of the prevalent strategies used by buyers and sellers in B2B settings. Furthermore, managers and stakeholders are advised to be selective when deciding on variable pay for negotiators. Variable pay is generally offered as a motivator to get the most value out of a single agreement, and the results of this study indicate that negotiators who receive variable pay tend to utilize more competitive negotiation strategies and distributive negotiation tactics, which might be detrimental not only to relational capital, but to the long-term relationships that are such an integral component of B2B environments. Financial incentives like variable pay might therefore not actually be cost-efficient in the long-term, especially if B2B relationship value is considered high.

6.3 Paper 3

This paper distinguishes between two types of negotiation tactics, integrative and distributive, and explores the relationships between these types of tactics and market performance in B2B firms. The findings indicate a positive relationship between integrative negotiation tactics and market performance. The relationship is stronger when distributive negotiation tactics are also used.

Social identity has been found to have an impact on the use of negotiation tactics. A negotiator should not underestimate the importance of knowing a counterpart's background, as values and beliefs contribute to relationship value and are closely related to trust. Trust, as previously discussed, appears to hold great significance when it comes to negotiation tactics. It is linked to risk in trusting cultures, or risk-taking cultures, such as Denmark, where members tend to prefer verbal agreements over written ones (Acuff, 1997). Integrative tactics have been linked with trust in the literature, as trusting cultures demonstrate low uncertainty avoidance (Hofstede, 2001) and would therefore be more comfortable taking risks. This is however not supported by the results of Paper 3, which is surprising. In contrast, the results of Paper 3 do bear out existing literature when it comes to cultures that are not as trusting, such as Poland, where competitive behavior and distributive tactics are more likely to be used (Acuff, 1997; Hendon et al., 1999) to protect interests. The explanation for this could be rooted in the risk of using mainly integrative negotiation tactics, which can expose firms to situations where they could be taken advantage of, as using integrative behavior is only considered beneficial when both negotiating parties are using the same strategy (Weingart et al., 1990). In general, the literature has been quite positive in regard to the use of integrative negotiation tactics. Integrative negotiation tactics have been viewed as positive and distributive negotiation tactics considered negative. The findings, however, suggest that B2B negotiators should actually apply a mix of both categories of tactics to boost market performance. While the results did find that market performance was enhanced by using integrative negotiation tactics, the positive relationship with performance was enhanced when distributive negotiation tactics were also used. Therefore, managers in B2B firms might benefit from using distributive negotiation tactics more frequently.

This paper also examines differences between two sub-samples of firms: firms in a risk-averse culture (Poland), and firms in a risk-taking culture (Denmark). The findings suggest that distributive negotiation tactics are more commonly used in the risk-averse culture than in the risk-taking culture, which is consistent with existing literature (Smith and Barclay, 1997; Elahee et al., 2002). Moreover, the findings indicate that the use of integrative negotiation tactics in the risk-taking culture is not related with market performance, while the relationship between distributive negotiation tactics and market performance is negative. From this finding we can surmise that the use of integrative negotiation tactics is anticipated in the risk-taking culture, and thus does not confer a competitive advantage; whereas distributive negotiation tactics are viewed with disapproval, meaning that their use may come as a negative surprise to the other side. In the risk-averse culture, the use of both integrative and distributive tactics is positively related to market performance, which suggests that in this case the use of integrative tactics might bring competitive advantage and the use of distributive tactics is acceptable. Viewing these findings through Hofstede's cultural dimensions (2001), which see trust as the integral element in risk propensity, confirms that the findings are consistent with existing literature, where positive links have been found between trust and negotiation tactics (Butler, 1999).

For practitioners, Paper 3 suggests that negotiators should familiarize themselves with the cultures in which they plan to conduct business, particularly in terms of culturally-determined risk propensity. Moreover, until now, tactic groups have been assessed only in isolation from each other, but as these findings highlight, the dynamics between groups of tactics seem to also be important when seeking improved market performance. These interactions need to be studied in greater detail, as they appear to be much more complex and nuanced than previously thought in the existing literature.

6.4 Summary

Altogether, the findings of this thesis suggest that the decisions negotiators make about what tactics they use may vary by sector and negotiator position (buyer or seller) and are dependent on factors such as risk propensity and variable pay. The use of different appears to be in part contingent on whether parties are buyers or sellers, signaling that sellers or buyers could use information on buyers' and sellers' strategic choices and their use of tactics to prepare for negotiations. Moreover, different types of tactics are found to interact with each other and have potential to shape not only negotiation outcomes, but also firm performance.

In fact, it is evident from all three papers that the quality and strength of a firm's overall performance is related to its use of negotiation tactics in B2B settings. Moreover, the use of competitive tactics or distributive tactics is not successful when used alone but rather in combination. Variable pay could be used as a tool to increase the use of distributive negotiation tactics where integrative negotiation tactics are more prevalent to increase firm performance.

B2B firms might benefit from putting variable payments to negotiators under scrutiny and implementing a system to track performance in the long-run, not only on an agreement-to-agreement basis. Meanwhile, as observed in Paper 1, monetary gains are not everyone's number one priority, as seen in the creative sectors, where the need and ability to create appears to be the primary objective and focus.

6.5 Directions for future research

The two qualitative studies could be used to generate hypotheses for testing with quantitative data. Such research could examine negotiation tactics by sector, or study how tactics are used by buyers versus sellers or by negotiators receiving variable pay versus those not receiving such pay. Furthermore, a comparison between younger and older negotiators receiving variable pay and those who do not receive it would provide deeper insights into the influence of variable pay and would give employers valuable guidelines on employee's salary structure that fits with companies' long-term goals in relation to relational value of their customers. Furthermore, a study on gender differences and variable pay is also untapped.

Future research could also examine the effects of using distributive negotiation tactics in risk-taking cultures, which are usually collaborative, and how integrative negotiation tactics can be used in risk-averse cultures without risking exploitation. This might fundamentally be an issue of reciprocity and would address the question of whether it is advantageous to use negotiation tactics that are contrary to prevalent culturally-determined norms. Finally, future research could examine differences between negotiations in B2B and B2C settings and the sequencing of integrative and distributive tactics and whether the sequencing makes a difference across cultures.

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APPENDIX A. INTERVIEW PROTOCOL FOR PAPER 1

Code	Questions
INTRO1	How would you describe the negotiation process?
LIKEA2	What do you like about the process? (Why?)
	What do you not like about the process? (Why? How?)
NEGOP3	Do you prepare before entering negotiations?
	How do you prepare? (Why?)
	Does it vary from project to project? (How?)
	Do you have a specific goal before you enter into negotiations? (Describe?)
	Do you have a walk away point? (How is it determined?)
	Do you always counter-offer? (Why or why not? How?)
ATTAB4	Can you give examples of what happens at first meetings with customers?
	At what point do you talk about prices?
	Do you have any kind of strategy before you enter in the negotiation meeting?
	Can you please describe?
	Can you walk me through the negotiation process? (What happens at the table)?
	Have you felt at any point uncomfortable with another party's demands? (Why? How? What did you do? Describe.)
	What did you feel uncomfortable about? (Why?)
	How did that make you feel? (Why?)
	How did you react? (Why?)
	How did the client react to your reaction? (Why?)
	Where did the meeting take place? (Why?)
	How did the meeting end?
	Did you reach an agreement?
	Did you propose a counter offer? (If no, why not? If yes, how?)
	Is this client still a customer?
	What issues were negotiated?
DURIN5	During the project do you renegotiate for some issues?
PROBL6	At what stage of the process do you think it is more likely for problems to arise?
	How are they expressed?
	Can you describe your emotions during the process? (Anger, arrogance, or other visible or noticeable emotions.)
MEMOR7	When you think back over recent years, what has been the most memorable communications, good and bad, between [firm name] and clients?
	Why are those the most memorable?
	What did you like or dislike about them?

	Was there something that bothered you about the communications? Results? Process?
	Are you satisfied with how you reacted to the situation? (Why not?)
	What did you learn from it?
	Have you changed anything in regard to the protocols or the process since?
EXPER8	If applicable, what do you think is the main source of problems with clients during negotiations?
	Communication?
	Misunderstandings?
	Unrealistic demands?
	Cultural differences?
	Language?
IMPROV9	If you could improve something in the process, from your end or the other, what would you want to improve?
NOTL10	What do you think is the main reason for not reaching an agreement with clients?
COMSE5	What kind of clients do you like communicating with?
	Do you see any differences between particular industries?
	Is one sector more difficult to deal with than another?
	Can you provide an example?
	Do you share more information under particular or specific circumstances than you would normally not do?
CULTU2	Do you prepare differently for a meeting with international clients? (How? Why?)
	Do you think it is different negotiating with international clients than with domestic ones? (How? Why?)
	Do you bargain harder when your client is from another culture?

APPENDIX B: CO-AUTHOR DECLARATIONS

Paper 1:

Date: December 15th, 2017

To: Reykjavik University School of Business

From: Marina Candi

RE: **Co-author Declaration**

I am co-author with Aldís Guðný Sigurðardóttir on the article entitled *"B2B Negotiation Tactics in Creative Sectors"* I hereby confirm that Aldís Guðný Sigurðardóttir contributed about 70% of the work involved in writing the article. More specifically, she contributed as described below:

	Description of PhD student's contribution
Research questions	Developed the initial research questions and made refinements in response to reviewer comments
Data collection	Conducted all data collection using interviews
Data analysis	Analyzed interview data in collaboration with her co-authors
Article section/chapter: Introduction	Did most of the writing with input from her co-authors
Article section/chapter: Background	Did most of the writing with input from her co-authors
Article section/chapter: Methodology	Did most of the writing with input from her co-authors
Article section/chapter: Findings	Conducted the analysis in collaboration with her co-authors; did most of the writing up
Article section/chapter: Discussion and Conclusion	Did most of the writing with input from her co-authors
Other	Was the corresponding author and was thereby responsible for responding to reviewers

Date: 13. December 2017

To: Reykjavik University School of Business

From: Anna Ujwary-Gil

RE: **Co-author Declaration**

I am co-author with Aldís Guðný Sigurðardóttir on the article entitled *"B2B Negotiation Tactics in Creative Sectors"* I hereby confirm that Aldís Guðný Sigurðardóttir contributed about 70% of the work involved in writing the article. More specifically, she contributed as described below:

	Description of PhD student's contribution
Research questions	Developed the initial versions of the research questions and made refinements in response to reviewer comments
Data collection	Conducted all data collection using interviews
Data analysis	Analyzed interview data in collaboration with co-authors
Article section/chapter: Introduction	Did most of the writing with input from co-authors
Article section/chapter: Background	Did most of the writing with input from co-authors
Article section/chapter: Methodology	Did most of the writing with input from co-authors
Article section/chapter: Findings	Conducted the analysis in collaboration with co-authors; did most of the writing up
Article section/chapter: Discussion and Conclusion	Did most of the writing with input from co-authors
Other	Was the corresponding author

Paper 2:

Date: 12. December 2017

To: Reykjavik University School of Business

From: Ali Hotait and Tilman Eichstädt

RE: **Co-author Declaration**

I am co-author with Aldís Guðný Sigurðardóttir on the article entitled "Use of Strategies, Tactics and Variable Pay in Business-to-Business Negotiations: It Matters whether you are a Buyer or Seller". I hereby confirm that Aldís Guðný Sigurðardóttir contributed about 60% of the work involved in writing the article. More specifically, she contributed as described below:

	Description of PhD student's contribution
Research model	Developed overall theoretical concept and approach
Data collection	Did the actual interviews
Data analysis	Conducted overall synthesis
Article section/chapter: Introduction	Fully
Article section/chapter: Background	Fully
Article section/chapter: Research Design	Fully
Article section/chapter: Findings	80% Draft
Article section/chapter: Discussion and Conclusion	60% Draft
Other	

Prof. Dr. Tilman Eichstädt, bbw University Berlin

December 13th, 2017

Date: 12. December 2017

To: Reykjavik University School of Business

From: Ali Hotait and Tilman Eichstädt

RE: **Co-author Declaration**

I am co-author with Aldís Guðný Sigurðardóttir on the article entitled "Use of Strategies, Tactics and Variable Pay in Business-to-Business Negotiations: It Matters whether you are a Buyer or Seller". I hereby confirm that Aldís Guðný Sigurðardóttir contributed about 60% of the work involved in writing the article. More specifically, she contributed as described below:

	Description of PhD student's contribution
Research model	Developed overall theoretical concept and approach
Data collection	Did the actual interviews
Data analysis	Conducted overall synthesis
Article section/chapter: Introduction	Fully
Article section/chapter: Background	Fully
Article section/chapter: Research Design	Fully
Article section/chapter: Findings	80% Draft
Article section/chapter: Discussion and Conclusion	60% Draft
Other	

Ali Hotait

December 17th, 2017

Paper 3:

Date: February 17th, 2018

To: Reykjavik University School of Business

From: Peter Kesting

RE: **Co-author Declaration**

I am co-author with Aldís Guðný Sigurðardóttir on the article entitled *"Integrative and Distributive Negotiation Tactics and Risk Propensity in B2B Settings"*. I hereby confirm that Aldís Guðný Sigurðardóttir contributed about 70% of the work involved in writing the article. More specifically, she contributed as described below:

	Description of PhD student's contribution
Research model	Came up with an initial research model and refined it.
Data collection	Was responsible for the data collection in Poland.
Data analysis	Conducted an independent round of data analysis.
Article section/chapter: Introduction	Led the collaborative development of the introduction.
Article section/chapter: Background	Conducted the literature review and wrote the corresponding section of the paper.
Article section/chapter: Research Design	Participated in describing the research methodology.
Article section/chapter: Findings	Participated in analysis and writing the findings section.
Article section/chapter: Discussion and Conclusion	Led the collaborative development of the discussion and conclusion.
Other	

P. Kesting

Date: February 19th, 2018

To: Reykjavik University School of Business

From: Marina Candi

RE: **Co-author Declaration**

I am co-author with Aldís Guðný Sigurðardóttir on the article entitled *"Integrative and Distributive Negotiation Tactics and Risk Propensity in B2B Settings"*. I hereby confirm that Aldís Guðný Sigurðardóttir contributed about 70% of the work involved in writing the article. More specifically, she contributed as described below:

	Description of PhD student's contribution
Research model	Came up with an initial research model and refined it.
Data collection	Was responsible for the data collection in Poland.
Data analysis	Conducted an independent round of data analysis.
Article section/chapter: Introduction	Led the collaborative development of the introduction.
Article section/chapter: Background	Conducted the literature review and wrote the corresponding section of the paper.
Article section/chapter: Research Design	Participated in describing the research methodology.
Article section/chapter: Findings	Participated in analysis and writing the findings section.
Article section/chapter: Discussion and Conclusion	Led the collaborative development of the discussion and conclusion.
Other	