Emotions in Negotiations: Implications from Pharma Key Account Management Activities towards German Statutory Health Insurances

Dr. Matthias J. Kaiser / Maximilian Stieler (Department of Marketing and Services, University of Bayreuth)

Objectives

- This research work aims to illustrate, how emotions might influence bilateral negotiations in the healthcare sector, e.g. the selective contract negotiations between National Pharma Key Account Management (PKAM) and German Statutory Health Insurances (SHI).
- Business situations are highly social in nature and emotions play a major role in the way the individuals communicate (Hatfield et al. 1994, Parkinson 1996).
- Research on emotions in negotiations has particularly stressed the importance of cooperative negotiation strategies (Forgas 1998) and a pleasant atmosphere during the negotiation episode (Barry et al. 2004).
- They manifest itself in the pharmaceutical industry in Key Account Management (KAM) activities for institutional clients in the so-called Pharma-health insurance-dialogue (Germany).

Methods (incl. data)

- Although experimental designs are common in the field of emotion research, they have their shortcomings when it comes to external validity.
- Therefore, we employ a qualitative approach to study the phenomenon of emotion more holistically.
- We conducted qualitative expert interviews with pharmaceutical contract managers in health insurance funds every year from 2009 to 2016 (n = 20 p.a.) in all types of health insurance funds (mainly top 30 SHIs in Germany).
- Content analysis was employed to work out the subtle emotional states of both negotiation parties and how they influence each other. Moreover, by using thematic coding, we identified different patterns of how the emotionality of both parties influence the overall negotiation result.

Current Results

- In strategic negotiating situations the identification of the negotiating partner’s emotional state (“How’s he doing today?”) has a significant impact on the regulation of own feelings (this also applies to SHI-negotiation persons).
- Although it has been shown that the display of a negative emotion (e.g. anger) during the negotiation situation might have a positive impact on the negotiation result (Kleef et al. 2006) – our study shows contradictory findings.
- A positive atmosphere during the negotiation episode influences the overall negotiation result positively for both parties.
- These findings can be explained by the recurring nature of the contract negotiations that both parties go through.
- A negative negotiation outcome would massively influence the atmosphere during the next negotiation episode.

<table>
<thead>
<tr>
<th>Relationship of study participants to the Industry</th>
<th>Main categories</th>
<th>Evaluation*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partnerships with health insurances</td>
<td>100 Points</td>
<td>(n=5)</td>
</tr>
<tr>
<td>内部, positive, flexible and customer-oriented relationship (n=5, 1+5)</td>
<td>70 Points</td>
<td>(n=3)</td>
</tr>
<tr>
<td>Project-related relationship (n=5, 1+5)</td>
<td>60 Points</td>
<td>(n=3)</td>
</tr>
<tr>
<td>Neutral, rational work relationship (n=5, 1+5)</td>
<td>40 Points</td>
<td>(n=3)</td>
</tr>
<tr>
<td>Relationship with a common objective (n=5, 1+5)</td>
<td>20 Points</td>
<td>(n=3)</td>
</tr>
<tr>
<td>CSI</td>
<td>0 Points</td>
<td>(n=1)</td>
</tr>
</tbody>
</table>

Exemplary outcomes

- "They have become very active and did really accelerate. This was striking. They became, they know who is ahead of them. They have deal-making competence; they are well prepared and they are flexible."
- "The collaboration has improved. Not at all, they gave me a call, but then nothing else happened. The understanding has grown. I would evaluate it as good."
- "They make continuous deal-making proposals. Unfortunately a company with a lot of turnover. Things are always changing."
- "Annoyed me once again."
- "A very prominent company, because of its market activities. This is far beyond good business."
- "Did not stick to the agreements."
- "For me, it has become too quiet."
- "Always very co-operative and friendly."
- "Sometimes I have the feeling they stand with their backs to the wall."
- "We have a good relationship with them."
- "Concerning contracts they are right up front. They have a specific contact person, which works very well."
- "Very good reliability."
- "Very good relationship; regular contact and also contracts."
- "Concerning continuity they are right up front. They have a specific contact person, which works very well."
- "Very good relationship."

Participants’ characteristics

1. Professional background: pharmacist(10%), SCI (5%), lawyer (14%), business/economics (14%), health economics (10%), doctors (5%)
2. Position participant; leading level (24%), regular level (24%), i.e. (15%)
3. Overlays with past study and interview participants: Repeat (20%), new contacts (34%)
4. Regional SHI network: Regional office (31%), headquarter with nationwide responsibilities (25%), following geographical distribution
5. Work level vs. Department head: Work level (18%), department head (62%)
6. Background experience: All contacts 10 years in the business (40%), 20% of the contacts are experienced in dealing with pharmaceutical company representatives

Example of code tree with emotions